

Antecedents and Consequences of Ethically-based Export Marketing Strategy

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Dedication

॥ ॐ श्री गणेशाय नमः ॥

To my twin daughters...

*Shimmer Rana-Shahi and Sparkle Rana-Shahi, who were born during this PhD
journey:*

*If it wasn't for setting the right example for you, my dearest girls, I might have been
a quitter. But here I am, standing tall and victorious. There is so much more joy in
being a survivor than being a quitter!*

Always remember, "Quitting is never an option, it never was, it will never be...!"

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I would also like to acknowledge the love I got from my daughters. Thank you completing my life with your presence and easing the stresses with your love, warmth and cuddles. Sincere

apologises for not opening my office door, whenever you both banged at it, saying, “I need my mummy!” You can be rest assured that it was far more painful for me to say “No” and continue working.

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May God shower his choicest blessing on you all!

Abstract

“Don’t find customers for your products, find products for your customers” - Seth Godin.

In the face of increasing consumers’ demand for ethical products, incorporating ethicality in the firm’s marketing strategies remains a key issue for marketing scholars and practitioners alike. With growing globalisation, intensifying competition, and dismantling trade barriers, numerous ethical transgressions regarding possible breach of ethicality in firms’ international operations have come to light. Despite these well-chronicled concerns about the exponential growth of ethical marketing problems worldwide, limited empirical attention has been given to research on the ethical aspects of exporting, which is the most common way for many firms to enter foreign markets. Accordingly, the aim of this thesis is to investigate the antecedents and consequences of the firm’s ethically-based export marketing strategy, as well as moderating effects caused by external forces in international markets. Drawing on the Resource-based View of the firm, the Industrial Organization theory and the Institutional theory, a comprehensive conceptual model is developed. This is empirically tested using structural equation modelling based on data collected from a sample of 208 UK exporting firms. The findings of the study underscore the critical role of certain organisational resources (i.e., reputational, relational and experiential) and capabilities (i.e., ethical leadership and ethical market orientation) in developing an ethically-based export marketing strategy (comprising product, price, distribution and promotional elements). They also suggest that the adoption of such an ethically-based export marketing strategy generates important reputational and ethical branding advantages for the exporting firms. However, this strategy-competitive advantage association was found to become stronger under conditions of high competitive intensity and low regulatory controls in the foreign market. The results also confirm that both reputational and ethical branding advantages are conducive to gaining enhanced social performance in the specific export market served. This positive social performance subsequently helps to improve export market performance, while enhanced export market performance has a favourable impact on export financial performance. Several theoretical, managerial, policy-making, and educational implications are derived from the study’s findings. There are several limitations which have to be taken into consideration in interpreting these findings. The thesis ends with useful directions for future research.

Keywords: ethical marketing, export marketing strategy, export performance, exporting.

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Chapter 1

Introduction

1.1 Introduction

This study aims to investigate the antecedents and consequences of ethically-based export marketing strategies. Drawing on the Resource-based View (RBV) of the firm, the Institutional Theory, and the Industrial Organisation theory, the study proposes and tests an integrated model that aims to capture the essence of an ethically-based export marketing strategy, in terms of its organization-based antecedents, performance consequences, as well as moderating effects. This chapter starts with a description of the broad context of the study, that includes the research domain that identifies ethical business and marketing concerns, defines business and marketing ethics and provides a brief insight into the status of international marketing ethics. This is followed by an account of historic evolution of the ethical marketing phenomenon since its inception in the early 1920s. Importance of ethics related topics in marketing is then listed followed by identification of gaps that led to the decision of studying this topic. The aims and objectives of the study followed by relevance and importance of this research are highlighted in the subsequent sections. The chapter ends with a summary of the organization of this thesis in a chapter-by-chapter format.

1.2 Research Context

This section presents the broad context within which this empirical investigation is undertaken. Prior to the advent of the “ethics era” (see Section 1.3 for historical evolution of the ethical marketing phenomenon), the consumers were expected to employ the maxim “buyer beware” while purchasing products; and marketing and selling products that might be harmful or might not live up to the seller’s promises was completely acceptable if it was within the boundaries of law (Smith, 1995b). However, since the 1970s, a multitude of corporate scandals have shed light on the several transgressions at the company level that could be labelled as unethical, illegal or both unethical and illegal. Therefore, when embarking on a study about marketing ethics, it is essential to distinguish ethical activities from illegal ones and clearly define the context of the study. When taking a strictly legal perspective, corporate illegality occurs when there is an organisational motive to achieve goals or to ensure survival as well as an opportunity for the

company to break the law, especially in circumstances where there are no effective controls in place to prevent or discourage such behaviour (McKendall et al., 2002). While ethical acts consist of a moral component whereby the individual (or group of individuals, such as an industry body) defines what is acceptable (Smith, 2001) and based on that, companies engage in transparent, trustworthy, and responsible personal and/or organizational marketing policies and actions that exhibit integrity as well as fairness to consumers and other stakeholders (Murphy et al., 2016). This study investigates export organisations' proactive approach to incorporate ethics into their export marketing strategies by employing specific resources and capabilities, as opposed to deterrence-based strategies where firms do not commit crimes due to the threat of negative consequences, such sanctions are implemented by the legal system (Gazley et al., 2016). Therefore, this study shall focus on the ethical aspects of marketing and not on its illegal aspects as they are beyond the scope of this study. In this section the researcher (a) identifies ethical marketing issues, (b) defines business and marketing ethics and (c) provides a brief insight into the current state of international marketing ethics and the scope of this research.

1.2.1 Identification of Ethical Marketing Issues:

The field of Marketing distinguishes itself as one of the most controversial discipline in business, both in public opinion (Landler, 1991) and among marketers (Farmer, 1977). Owing to its persuasive nature and proximity to the public, marketing ethics is considered as a functional area of business ethics that is most closely related to ethical abuse and consequently subjected to societal analysis and scrutiny (Murphy and Laczniak, 1981). For example, Gallup Polls results published in the Advertising age (2002) has evidenced concerns over marketers' ethicality by ranking them near the bottom among other professionals in honesty and ethical standards (Nill and Schibrowsky, 2007). Within the marketing discipline, while misleading advertising, selling of unsafe and harmful products, abuse of channel power, personal selling and marketing research have always been subjected to frequent ethical controversy, newer issues like stealth marketing and online auctions are the recent additions to debates on ethicality in marketing (Schlegelmilch and Öberseder, 2010).

The very many ethical issues that surface on the marketing and society interface (Ferrell et al., 2013) are indeed ever-growing in nature (Vitell et al., 1993a). This can be exemplified by a number of scandals that are being repeatedly recorded by the press. Selling of inferior and unsafe products in less developed markets, (e.g., freely distributing cigarettes to consumers regardless of their age in order to develop a market for tobacco products in Taiwan), Nestle's marketing of infant-formula in third world countries, overcharging by Bristol Myers, exploitation of cheap labour by Nike and Primark, and Toys 'R' Us pressurising manufacturers to limit sales to rival discount retailers, are some examples of how large corporations use unethical marketing methods to sell their products and systematically exploit consumers, specially from the less developed countries (Rallapalli, 1999, Carrigan et al., 2005, Leonidou et al., 2013d, Balmer et al., 2011, Munson et al., 1999, Ferrell et al., 2013). Even the much discussed financially inappropriate Enron and WorldCom fiascos in 2000s, involved classic selling manipulations with an emphasis on high pressure tactics that are often associated with unethical marketing practices more than inadequate accounting (Murphy et al., 2012).

Not only this, global incidences of false description and adulteration have increased significantly, thereby disrupting international food trade over food safety and quality requirements (Premanandh, 2013). The most recent example of such unethical marketing practices is the Horse-meat Scandal, where 100% horse-meat was found in products that were marketed as "Beef Products". This resulted in a decline in public trust in the food industry and has led to significant changes in the shopping habits of consumers in the UK (BBC Online 2013).

1.2.2 Defining Business and Marketing Ethics

Ethics is a historically significant branch of philosophy that focusses on morals and values (Yücel et al., 2009). The term "ethics" is understood as the study and philosophy of human conduct, with an emphasis on the determination of right and wrong; and for marketers, ethics in the work place refers to rules (standards, principles) governing the conduct of organizational members and the consequences of marketing decisions (Ferrell et al., 2005).

These well chronicled ethical inadequacies, as listed above, damage the reputation of businesses and are known to overlap between marketing and business areas. On one hand, while business ethics states “*the principles and standards that guide behaviour in the world of business*” (Ferrell et al., 2005 p.6), marketing ethics on the other, “*enquires into the nature and grounds of moral judgements, standards and rules of conduct relating to marketing decisions and situations*” (Tsalikis and Fritzsche, 1989 p.696). As a subset of business ethics, marketing ethics falls under the umbrella of both marketing and society as it examines moral issues confronting marketers like product safety and liability, advertising truthfulness and honesty, price fairness, distribution of power within channels, internet and database marketing, privacy and selling forthrightness, etc. (Murphy, 2002). It systematically studies application of moral standards to marketing decisions, behaviours and institutions (Murphy et al., 2005). The most recent definition of marketing ethics was given by Murphy et al. (2016), where they referred ethical marketing as “*practices that emphasize transparent, trustworthy, and responsible personal and/or organizational marketing policies and actions that exhibit integrity as well as fairness to consumers and other stakeholders*”.

However, there is no universally accepted approach for resolving marketing ethics-related questions (Ferrell, 2007). Extant literature provides for normative and descriptive marketing ethics perspectives that encompass most marketing ethics-related studies. The *normative (prescriptive) marketing ethics* discusses about the societal and professional standards of right and fair practices that are expected of marketing managers in their oversight of strategy formulation, implementation and control (Laczniak and Murphy, 2006). The *descriptive (empirical) marketing ethics* resides largely in the realm of management and business and is concerned with explaining and predicting individual’s actual behaviour (O’Fallon and Butterfield, 2005). Fundamentally, normative approaches conform to what individuals “*ought to do*” when faced with an ethical situation; while descriptive approaches focus on what individuals “*actually do*” on confronting an ethical situation (Fukukawa, 2003). Various theoretical approaches of ethics based on both normative and descriptive marketing ethics that have emerged through time are discussed in the literature review chapter of this thesis.

1.2.3 International Marketing Ethics Status and the Scope of this Research

Globalization has transformed the nature of business in the twenty-first century (Doh et al., 2010). The past few years have witnessed escalating expectations from marketing organizations to maintain heightened ethical standards, both domestically and within the international markets as well (Murphy, 2017). The emerging consensus is that companies must become more sensitive to cross cultural ethical differences and more sophisticated in applying the appropriate ethics in any given situation (Buller and McEvoy, 1999). However, ethical behaviour varies from country to country and culture to culture and the ethical issues experienced in international marketing may not be the same as experienced in domestic marketing (Javalgi and La Toya, 2015). MNCs face institutional pressures to conform to local norms of the host country and in order to balance ethical pressure from both home and host countries they must approach ethical issues in both home and host country differently (Tan and Wang, 2011).

This changing institutional landscape of global business has brought forward ways in which both business ethics and international business may inform each other more fruitfully (Doh et al., 2010). This is also the reason why international marketing ethics has found its place as a separate stream of research in the field of marketing ethics with specifically dedicated literature reviews by researchers like Nill and Schibrowsky (2007), Schlegelmilch and Öberseder (2010), and Javalgi and La Toya (2015) to its credit.

International marketing ethics is “the inquiry into the nature and grounds of moral judgements, standards and rules of conduct relating to international marketing decisions and marketing situations in international business” (Javalgi and La Toya, 2015; p.4). An understanding of international marketing ethics is deemed essential for academics and practitioners (Javalgi and La Toya, 2015), especially in today’s “ethics era” (Smith, 1995b); because as firms cross national boundaries, their international marketers are exposed to diverse environments and cultures, and consequentially face numerous complicated ethical issues (Leonidou et al., 2010b, Iyer, 2001). Furthermore, with increased internationalization of firms and dismantling of trade barriers, businesses are subjected to perpetual debates regarding possible breach of ethicality in their

overseas operations; and therefore the need to address international marketing ethics has risen manifold (Carrigan et al., 2005, Leonidou et al., 2010a, Schlegelmilch and Öberseder, 2010).

International trade is prominent worldwide, and exporting is understood to be the core vehicle for its growth; thereby making exporting research an established facet in the field of international marketing (Chabowski et al., 2018). It is the most common way for many firms, particularly those of small to medium size, to enter international markets, attributable mainly to the fact that compared to other foreign direct entry modes it involves fewer resources, lower risks and less costs (Leonidou et al., 2010b). The close relation between globalization and international marketing ethics problems exhorts the increase in ethical problems and the increasing number of international marketing personnel have to deal with this (Yücel et al., 2009). This is particularly relevant in case of exporting firms where perceived export marketing unethically is evidenced to negatively influence the exporter–importer relationship quality, that subsequently has harmful effects not only on the relationship, but also export business performance (Leonidou et al., 2013b).

On the contrary, good ethical practices and decision making will bring long-term benefits for the company, thus enhancing its image at the international level (Javalgi and La Toya, 2015). Hence, building ethical responsibilities in export markets is crucial due to growing public concern and the introduction of increasingly strict legislation regarding consumer protection and fair competitive practices in many countries (Leonidou et al., 2010b). Therefore, it is imperative that export marketers account for differences in ethical practices between their home and host countries if they wish to succeed in their export endeavours.

Despite being key driver of economic activity (Leonidou and Katsikeas, 2010), as well as being a critically important strategy that enables firms to grow (He et al., 2013), exporting (and even the broader field of international marketing) ethics stands wanting from the perspective of research related to product, price, distribution, and promotion elements of the marketing mix (Javalgi and La Toya, 2015, Nill and Schibrowsky, 2007, Schlegelmilch and Öberseder, 2010). This is surprising, given the fact that international/export marketers are faced with complicated decision-making regarding these elements of the marketing mix that are critical in creating value

and targeting customers with different political, legal, social, technological, and consumer environments (Chee and Harris 1998) while succeeding in their export endeavours at the same time.

Hence, this research is a response to calls by researchers like Robin and Reidenbach (1987b), Griffith and Mayo (1997a), Nill and Schibrowsky (2007), Schlegelmilch and Öberseder (2010), Martin and Johnson (2008), Javalgi and La Toya (2015) and many more who suggest integration of ethics into international marketing strategy. The investigator achieved this by developing and testing a comprehensive model that looks into the antecedents and consequences of ethically-based export marketing strategy of exporting firms in the UK. UK is the 10th largest exporter in the world (WorldAtlas, 2018), accounting for 28% contribution in its GDP in 2016 (Worlddevelopmentindicator database, 2018). Moreover, the United Kingdom is a developed country with favourable conditions for cultivating and flourishing ethically-inclined strategies (Zeriti et al., 2014), thereby making UK is the most appropriate country for this research.

1.3 Historic Evolution of the Ethical Marketing Phenomenon

Ethical issues have long been tormenting businesses right from their inception (Stevens, 2004). However, direct concern for business ethics was first evidenced in the 1920s (Tsalikis and Fritzsche, 1989), followed by significant marketing ethics-related concerns that surfaced in the late 1960s. Since then, and as we approach the end of second decade of the twenty-first century, a volume of marketing ethics related breeches have been reported (Murphy et al., 2016). An exponential increase in the width and depth of marketing ethics publications (Schlegelmilch and Öberseder, 2010) bears a testimony to this effect. Table 1.1 presents a categorical snapshot of historic evolution of marketing ethics since the 1960s.

The period from 1920s to 1950s focussed on the marketing and society interface while reflecting on consumer protection issues from societal or social issue perspective (Ferrell et al., 2013). This era evidenced early concerns regarding the antitrust and consumer protection, especially due to adulterated food products, misrepresentations and purposeful deception of consumers (Ferrell, 2007). One of the first business ethics-related books was published in 1937 by Sharp and Fox,

that catered mainly to fair competition in businesses. This was followed by one of the first marketing ethics related academic publication in the *Journal of Marketing* by Phillips (1939) that talked broadly about fair trade laws and customers not receiving complete information about the products and prices. The 1950s focussed mostly on issues like fair trade, antitrust, advertising and pricing (Ferrell, 2007).

The ***1960s*** laid the foundation for marketing ethics research beginning with Bartels (1967) first comprehensive model for ethics in marketing, that endeavoured to aid marketer's decision-making about right or wrong by using a logical framework for social and personal ethics. This decade witnessed the first few philosophically oriented studies highlighting ethical issues in marketing. Most common ethical issues reported were Automobile companies' disregard for safety of consumers, issues related to disposal of toxic and nuclear waste, pollution etc. Correspondingly, Consumers' Bill of Rights was passed to protect basic consumer rights [right to safety, to be informed, to choose, and to be heard] (Ferrell et al., 2005). The publication of an article entitled, "Would you want your daughter to marry a marketing man?" by Farmer (1967) in the *Journal of Marketing* is indicative of researchers and consumers starting to develop a mind-set that associates marketing to unethicity.

The ***1970s*** evidenced increased interest in marketing ethics as reported by Whysall (2000). Teaching materials gave extensive attention to the existence of an "ethics gap" [due to differences in ethical frameworks] between marketers and other members of society (Hunt and Vitell, 2006 p. 143). Research in this decade studied managers' beliefs about marketing ethics and set the stage for frameworks that describe ethical decision making within the context of marketing organization (Ferrell, 2007). Issues relating to ethicality in marketing education, product management and advertising started emerging during this time (Schlegelmilch and Öberseder, 2010). Social Marketing related issues also made their debut during this time, as a landmark study by Kotler and Zaltman (1971) proposed an approach to a planned social change. The essence of increased consumers' distrust in marketing activities was captured again by a follow-up article by Farmer (1977); entitled, "Would you want your son to marry a marketing lady?"

Table 1.1: Marketing Ethics: Historic Evolution

DECADES	ETHICAL ISSUES	GOVERNMENT LEGISLATIONS AND CODES	RESEARCH FOCUS (EMERGENT STREAMS)	LANDMARK STUDIES
<u>1920s-1950s</u>	Consumer protection, false advertising, adulterated food products, misrepresentations and purposeful deception of consumers, and fair-trade laws	None, as ethical behaviour was believed to driven morally by social obligations faced by businesses.	Mainly textbooks discussing business ethics in the domain of product, price, promotion and distribution and marketing channel ethics.	(Sharp and Fox, 1937), (Phillips, 1939)
<u>1960s</u>	Automobile companies' disregard for safety, issues related to disposal of toxic and nuclear waste, pollution	The then U.S. President John Kennedy's declared basic consumer rights (to safety, to be informed, to choose and to be heard) in the form of Consumers' Bill of Rights	Marketing research, corporate ethical decision making, norms and codes	Bartels (1967)
<u>1970s</u>	Bribery, deceptive advertising, price fixing, product safety	Ethical concepts and issues began to be embraced by business educators	Marketing education ethics, Product development ethics, and social marketing ethics.	(Kotler and Zaltman, 1971)
<u>1980s</u>	Nestlé's marketing of infant formula milk substitute in developing countries	1. Business ethics consolidated in business education in the USA, 2. Institution of ethics committees and codes of conduct by prominent companies, 3. The defence Industry initiative on business ethics and conduct. 4. Politically, new federal sentencing guidelines developed to control fraud and abuse.	Corporate ethical values scale established, International marketing ethics, Sales related ethical issues, Deontological and teleological arguments	(Ferrell and Gresham, 1985b, Chonko and Hunt, 1985, Hunt et al., 1989, Robin and Reidenbach, 1987c, Dubinsky and Loken, 1989, Hunt and Vitell, 1986)
<u>1990s</u>	Health concerns about consumers related to selling of harmful products like cigarettes	In 1991, Federal sentencing guidelines for organizations laid down standards of business behaviour and made organizations responsible for employees' misbehaviour.	Corporate ethical decision making, norms and codes, marketing ethics education, promotion ethics, marketing research ethics, international ethics, price ethics, religion ethics, marketing to vulnerable consumers, Green marketing, Consumer ethics.	(Goolsby and Hunt, 1992, Drumwright, 1994, Donaldson and Dunfee, 1994, Dunfee, 1991)
<u>2000s</u>	Antitrust and consumer protection issues, adulterated food products. Scandals like Enron, WorldCom, Tyco etc.	1. Amendment to the Federal sentencing guidelines in 2005 added oversight of ethics and compliance programs to the responsibilities of board of director positions. 2. Passage of Sarbanes-Oxley Act in 2002 to protect investors against accounting frauds 3. American Marketing Association (2004) approved a new code of ethics entitled "Ethical Norms and Values for marketers".	Mature research on themes that emerged in 1990s with an addition of marketing ethics in the context of the Internet.	(Yaprak, 2008, Martin and Johnson, 2008, Marta et al., 2008, Kelly and Jean, 2008, Vitell et al., 2006, Vitell and Hidalgo, 2006, Laczniak and Murphy, 2006, Hunt and Vitell, 2006, Vitell and Paolillo, 2004, Maignan and Ferrell, 2004)
<u>2010s</u>	Mercedes' Bribery Scandal and Barclays' Libor Scandal in 2012. Horse Meat in Beef Products Scandal, 2013, Volkswagen "cheat ware" scandal 2015, Exporting of fake bomb detectors to Iraq	None	Institutional Theory and importance of ethics institutionalization.	(Marta et al., 2012, Singhapakdi et al., 2012, Singhapakdi et al., 2010, Laczniak and Murphy, 2012)

The ***1980s*** were characterized by massive developments in the field of marketing ethics in terms of academic research, as well as government and organizational led initiatives. In the field of research, *normative* (Laczniak, 1983, Hunt and Vitell, 1986) and *descriptive* (Ferrell and Gresham, 1985b) conceptually grounded process oriented models were proposed to describe ethical decision making in marketing that laid the foundation for empirical research. This decade was marked by a flurry of activity by marketing scholars who attempted to conceptually evaluate the nature and role of marketing ethics (Carrigan et al., 2005). For example, a strong link between corporate ethical values and organizational commitment in marketing was established by Hunt et al. (1989), who developed a scale for measuring corporate ethical values, that is widely used in organizational ethics research. Not only this, an Ethics Positioning questionnaire (EPQ) was developed by Forsyth (1980) to measure normative ethical perspectives of individuals in marketing positions. This decade also witnessed a deepening of debate within the already established marketing ethics sub-disciplines, as well as development of new sub topics like ethical distributions, ethicality in sales and International marketing ethics (Schlegelmilch and Öberseder, 2010). The enormous amount of academic interest in this decade led to the appearance of the first ever literature review by Tsalikis and Fritzsche (1989), entitled, “Business Ethics: A literature review with a focus on Marketing Ethics”. By this time, due to increased public scrutiny, governments also started to develop regulatory systems, and provide support for ethics programmes that codify laws to incentivise ethical conduct in organizations and penalise any unethical behaviour (Ferrell, 2007). Owing to the pressure by the public and the government, for the first time many companies and professional associations began to adopt certain codes of ethics in conducting their operations (Leonidou et al., 2012c).

During the ***1990s*** the field of marketing ethics took a step ahead and moved from what was earlier believed as the oxymoron stage to one of academic legitimacy (Murphy, 2002), as evidenced by the greatest number of marketing ethics publications between 1990-1999 (Schlegelmilch and Öberseder, 2010). The concept of Integrative Social contracts was used to bridge the gap between normative and descriptive research in marketing ethics (see eg. Donaldson and Dunfee, 1994, Dunfee, 1991, Dunfee et al., 1999). Not only this, a Multidimensional Ethics Scale was developed

in by Reidenbach and Robin (1990) for improving evaluation of business ethics which was later applied and extended to marketing practices and groups (Reidenbach et al., 1991). The 1990s also saw a strong focus on Consumer Ethics that had been virtually neglected in the past (Vitell et al., 1993b). Overall Marketing ethics moved from more general to specific topics, with stronger focus on previously studied topics like marketing education, promotion, marketing research, international marketing, corporate ethical decision making and norms and codes, as well as burgeoned new topics like ethical issues related to price, religion, vulnerable consumers, green marketing and law (Schlegelmilch and Öberseder, 2010).

The post-technology bust period of the early 2000s witnessed major ethical scandals like Enron, WorldCom, Tyco, Sunbeam etc. These scandals involved classic selling manipulations using marketing principles as segmentation, targeting and positioning, with an emphasis on high pressure tactics to locate, oversell and package mortgages with other securities to a mostly unsuspecting target group [while assuring them of no major ramifications] (Murphy et al., 2012). This deepened the financial crisis that affected not only the US but also the EU, and subsequently led to the passage of various regulations and acts. The Federal sentencing Guidelines for organizations, established in the 1990s was revised in 2005 that made board members more responsible for monitoring and auditing ethics programs, including Marketing Ethics (Ferrell, 2007). Passage of Sarbanes-Oxley Act in 2002 to protect investigators against accounting frauds and approval of a new code of ethics entitled “Ethical Norms and Values for marketers” by American Marketing Association (2004) captured the limelight in this decade. In addition, most corporations started developing comprehensive codes of conduct to address specific ethical risk areas in marketing practice (Ferrell, 2007). On the research front, the themes already discussed previously [e.g. ethical issues related to consumers, marketing education, corporate ethical decision making, norms & codes in international marketing ethics] started maturing with the origination of new themes like Internet Marketing Ethics. Towards the end of this decade, marketing ethics started evolving into a specific sub discipline and was no longer an integral part of the general marketing disclosure.

The **2010s** mark the dawn of studying Marketing ethics from a macro marketing perspective. As we approach the end of this decade, marketing ethics continues to be studied with varied new approaches. Indeed, ethical organisation culture (Swaidan, 2012, Schwartz, 2012), ethics institutionalization [by introducing institutional theory to the study of marketing ethics] (see Martin et al., 2011, Singhapakdi et al., 2010) and adoption of stakeholder orientation (Ferrell et al., 2010, Laczniak and Murphy, 2012) are the emerging themes underlying marketing ethics that have gained recent attention. Sagar et al. (2011) introduced the Ethical Positioning Index (EPI), an innovative ranking scale based on the ethical issues in brand positioning that employed ethics as a product differentiator to create a strategic advantage. With a plethora of research and awareness on ethical marketing practices, one would wish to report that lessons from past years have been learned and that business and marketing ethics across the world are much improved, but unfortunately that is not the case (Murphy et al., 2016). From the very start of 2010 there have been incidents of two major companies which suffered setbacks from an ethical marketing perspective: (1) Toyota, that encountered a series of mechanical malfunctions because they not only had safety and product design flaws, but also compromised on product quality in their quest to be the largest car company in the world, and (2) Johnson & Johnson, that experienced numerous product contamination and recalls, and declining product quality in several plants (Murphy et al., 2012). This was followed by the horsemeat scandal in 2013 where horse meat in beef products raised significant concerns about the ethical labelling of food product and services not only in the UK but also across the globe (O'Mahony, 2013). A classic case of unethical export marketing came to light when British-made bomb detectors (A.D.E. 651s), falsely advertised as being fool-proof were sold and exported to the Iraqi government for tens of millions of dollars, and to other countries, despite them being fake and nothing more than just a toy (BBCNews, 2014, Stern, 2015). Most recently, another major exporting scandal broke in 2015, where Volkswagen installed computerised “cheat ware” on their diesel automobiles that deceive consumers to pass government-mandated emission tests when in fact the vehicles were polluting the environment at up to 40 times the stipulated limits (Murphy et al., 2016).

1.4 Importance of Ethics-related Topics in Marketing

Historic evolution of the ethical marketing phenomenon marks its importance and evolvement into a separate sub-discipline over the years. The importance of ethics related topics in marketing is justifiable on five major grounds; for managers at *company level*, industry associations at *industry level*, policy makers at *government level*, the general public at *societal level* and the company at *performance level*.

At the *company level*, the acumen of marketing ethics is fundamental to enhance company's reputation, facilitate managers' decision making and drive their ethical performance in today's age of ethics. Considerable compliance oversight of marketing activities is crucial because some of the most significant ethical risks [like misuse of organizational resources, abusive behaviour, lying to customers, deceptive sales and advertising practices, channel stuffing, bribery, product issues and price fixing] related to marketing issues (Ferrell et al., 2013). It is noteworthy that the ethical climate of an organisation as reflected by its identity (Martin, 2007, Kelly and Jean, 2008, Martin et al., 2011), marketing ethics statements (e.g., Murphy, 1995, Murphy, 2002) and ethically augmented organizational activities (e.g., Crane, 2001), not only enhance company's reputation and influences its own business (Hosmer, 1994) but also the businesses of other related organizations (Crane, 2001). Secondly, it facilitates managerial ethical decision making by identifying important stakeholders and related issues, deciding on the intensity (importance/relevance) of the perceived issues (Jones, 1991) and resolving them. This is particularly important as organizations are now under a pressure to demonstrate initiatives that take a balanced perspective on stakeholder interests (Maignan et al., 2005). It has also been understood that familiarity with principal, theoretical frameworks from the field of moral philosophy facilitates ethical decision making in marketing (Murphy et al., 2005). Lastly, implicit ethics institutionalization by promoting ethical leadership (Schwartz, 2012, Singhapakdi et al., 2010); and rewarding and communicating favourable ethical performance widely across the organization (Krugman and Ferrell, 1981) tends to improve ethical performance of managers and practitioners alike.

At the *industry level*, these well chronicled ethical inadequacies recapitulate marketing transgressions thereby contesting the legitimacy and credibility of marketing. Due to rising importance of ethical conformity in marketing (Martin and Johnson, 2008, Martin, 2007), various associations, like AMA, Chartered Institute of Marketing's members code of practice, and ICC/ESOMAR International code of marketing and social research practice, have been formed to observe industry standards and enforce ethically responsible marketing behaviour. There is an opportunity for normative ethical guidance at the industry level as exemplified by many industries such as the Direct Selling Association and the Better Business Bureau, which offer industry codes for specifically identifying risks and appropriate responses (Ferrell et al., 2013). Research has also suggested that if firms communicate to the lawmakers and policy-makers that its industry is self-policing and self-monitoring, formalized regulations and their subsequent negative implications like heightened security or tightening up or imposing restrictions might be avoided (Martin et al., 2011).

Governmental cognizance of marketing ethics is capable of resolving stubborn ethical issues by enforcing regulations, imposing restrictions and legal bindings (Murphy, 2002). An exponential increase in the number of ethical scandals and incidents of marketing unethicity requires policy makers to deputise proactive measures. For example, the phenomenal growth in use of internet and online commerce has surfaced a number of ethical (Nardal and Sahin, 2011) and public policy concerns (Caudill and Murphy, 2000, Murphy, 2002) like privacy, security and jurisdiction. Several government regulatory agencies like the Federal Trade Commission's Bureau of Consumer Protection have not only developed formal mechanisms to deal with ethical issues related to marketing (Ferrell, 2007) but also imposed "implied duties of good faith" in marketing exchanges (Gundlach and Murphy, 1993). Such type of obligation of good faith adopts an institutional and/or legal approach to enforcing ethical conduct in marketing (Ferrell, 2007), when monitored and enforced in international marketing scenarios, facilitates governments' aim of earning good reputation in overseas markets (Windsor, 2009).

While many basic principles have been codified as laws and regulations to require marketers to conform to society's expectations of conduct, marketing ethics goes beyond legal and regulatory

issues (Ferrell, 2007). At the *societal level*, marketing's visible interface with customers and other stakeholders like the media, investors, regulatory agencies, channel members, trade associations etc. precipitates ethical marketing practices and principles as core building blocks for establishing trust factor in building long-term marketing relationships (Ferrell, 2007). This can result in a mutually beneficial relationship where the society gets provided with ethically sound products and services and the firm enjoys reputational performance due to its ethically augmented marketing activities as exemplified by companies like Johnson and Johnson, Ben and Jerry's etc. (see., Sinclair, 1993, Martin and Johnson, 2008). Walmart [the world's largest retailer], despite being accolated as "the most admired company in America", when faced with a chorus of ethically-based criticism, instituted a proactive combination of socially, politically and legally comprehensive nonmarket strategy to counter the critics and contentious environment threatening its future growth and financial success (Hemphill, 2005).

Recent work suggests consumers' increasing interest in ethical, socially conscious products (e.g., Trudel and Cotte, 2009). At the *performance level*, adopting a "morally myopic" [distorting the firm's moral visions] and/or "morally mute" [rarely talking about ethical issues] attitude can prove detrimental to business performance and lead to business failure (Creyer, 1997). This is because growing number of consumers consider ethics related issues while making purchase decisions (Creyer, 1997, Murphy et al., 2007, Roman, 2007), and high levels of perceived unethical marketing behaviour decreases consumer trust (Leonidou et al., 2012c). This, in turn harms firm's reputation among buyers, decreases consumer trust and satisfaction, adversely affects their loyalty, and results in poor market and financial performance due to non-repeated purchases, consumer boycotts and penalty payments (Leonidou et al., 2013d). It can be safely derived from the above that performance cannot simply be a matter of firm's own discretion (Ferrell, 2004). The relationship between a customer and an organization exists because of mutual expectations built on trust, good faith and fair dealing in their interaction (Ferrell, 2007). This trust when gained, legitimizes firms to take various risks like developing new products, introducing support services and entering new markets that can ultimately enhance their market and financial performance (Leonidou et al., 2012c). It can be safely concluded that in an era

characterised by intensive competition, economic recession and strict regulations, pursuing unethical marketing practices may not only take away the opportunity of attracting new customers, but also risks its most committed customers, and as a result significantly damage financial performance (Leonidou et al., 2012c).

Since marketing is at the forefront of a firm's external communication, discussion of ethical issues should not be a foreign concept and clear and candid communication can help to surmount marketing-related ethical problems (Murphy, 2002). In light of this, predominant gaps in marketing ethics literature are highlighted in the next section.

1.5 Gaps in the Literature

While rich literature exists on marketing ethics, as evidenced by numerous literature reviews (e.g., Tsalikis and Fritzsche, 1989, Ford and Richardson, 1994, O'Fallon and Butterfield, 2005, Loe et al., 2000, Murphy, 2002, Nill, 2003, Nill and Schibrowsky, 2007, Schlegelmilch and Öberseder, 2010, Ferrell et al., 2013, Lehnert et al., 2015, Javalgi and La Toya, 2015), the field still stands disadvantaged by a number of limitations and gaps that this research is going to address.

Firstly, notwithstanding the explosion of marketing ethics literature both in volume and importance in recent years, marketing ethicality still stands wanting to be studied from a strategic point of view (Litz, 1996, Martin and Johnson, 2008). Although a lot of studies have been conducted on ethical marketing both from the consumer side and the supplier side, strategic issues pertaining to an integration of ethics into marketing strategy have only been touched peripherally (see Batory et al., 2005, Robin and Reidenbach, 1987c, Hosmer, 1994). Specifically, empirical research on ethically-based export marketing strategy leading to achievement of sustainable competitive advantage in exporting is virtually absent. It is surprising that whilst there has been a vast amount of conceptual and empirical research in various closely related fields, like green marketing strategy (Leonidou et al., 2017, Leonidou et al., 2013a), sustainable export marketing strategy (Zeriti et al., 2014), environmentally friendly export business strategy (Leonidou et al., 2015a), and eco-friendly export marketing strategy (Leonidou et al., 2013c), there has been limited empirical validation of the drivers and consequences of an ethically-based export

marketing strategy. The key challenges facing the organizations and researchers are not going to be solved by just discussing and examining marketing ethics from a narrow issues perspective (Ferrell, 2007). Instead, it has now become very crucial to conceptualise and study an ethically-based export marketing strategy and how firms can take an institutionalised approach towards ethical augmentation of their products and services.

Secondarily, elements of the marketing mix [namely, product, price, promotion and distribution], despite being questioned time and again for possible breach of ethicality, remains the most under researched area in the field of marketing ethics, as their discussion is predominantly confined to textbooks (e.g., Brenkert, 2008, Smith and Quelch, 1993). Furthermore, ethicality in the marketing mix has been subjected to fragmented and unequal distribution of empirical research. While promotion/advertising ethics [owing to its overt nature and responsibility to extol the benefits of products and services to a large number of people] (Krugman and Ferrell, 1981) has attracted maximum attention, there has been a void of research pertaining to product, pricing and distribution ethics (Schlegelmilch and Öberseder, 2010, Nill and Schibrowsky, 2007). Furthermore, all the elements of the marketing mix have rarely been put together in a strategy format and subject to empirical investigation of their ethicality. Not only this, as most ethical marketing studies have been conducted at domestic level, there is a dearth of knowledge regarding ethical practices at an international level, and more specifically within the context of exporting firms; thereby calling for further research (Javalgi and La Toya, 2015, Schlegelmilch and Öberseder, 2010).

Thirdly, extensive study of extant literature suggests that international marketing ethics is a comparatively new area, as most ethical marketing studies have been conducted at domestic level (Schlegelmilch and Öberseder, 2010). An integration of ethics into firm's international/cross-cultural marketing strategy has only been studied from a philosophical perspective (see Griffith and Mayo, 1997b). Consequentially, there is a dearth of knowledge regarding ethical practices of firms engaging in international business, particularly exporting which is not only the most common foreign market entry mode, but also rigorously encouraged by governments in an attempt to deal with the consequences of the recession, namely, shrinking domestic markets, falling GDP

and rising unemployment (Beleska-Spasova et al., 2012). Extant research has studied the effects of business unethicity on exporter-importer relationships and export performance, and as an impediment to consumer trust (e.g., Leonidou et al., 2013b, Leonidou et al., 2013d). In light of this, it would be interesting to know about the drivers of ethical exporting practices, so that long-lasting and rewarding exporter-importer relationships could be achieved by examining and shedding light on marketing ethical practices of firms when crossing national boundaries (Leonidou et al., 2012c).

Fourthly, there is a lack of empirical validation of RBV-grounded integrative models of the resource–performance relationships on a comprehensive pool of firm-specific resources and capabilities (Beleska-Spasova et al., 2012). Specifically, empirical research has not traced whether an ethically sound export marketing strategy could help in achieving a sustainable competitive advantage in business and especially in exporting firms. Although, firms like Benn and Jerry’s, Patagonia, and Green mountain coffee, Johnson and Johnson, Levi Strauss & Company, and The Body Shop, are known to enjoy ethical association advantage that attracts consumers (see Martin and Johnson, 2008, Ferrell, 2007, Murphy, 2002), there is no empirical evidence that links this to achieving sustainable cost advantages in the same way.

Lastly, the contribution of competitive advantage generated from firms’ integration of ethics with its strategic marketing planning process in enhancing business performance has only been theoretically suggested by (Hosmer, 1994, Robin and Reidenbach, 1987c) and lacks empirical validation. It would be interesting to know whether an ethically sound export marketing strategy is capable of acquiring competitive advantage that can enhance firms’ financial, market, and social performance in the context of exporting firms. The possibility of achieving a non-financial gain (in the form of social performance) in addition to the traditionally studied market and financial performances, due to competitive advantages generated from adoption of ethically-based export marketing strategy, fills a major gap in the literature while significantly contributing to the theory and research.

1.6 Research Aims and Questions

It is evident from the discussions in the previous sections that there is a clear lack of research on ethicality in export marketing strategy in terms of its conceptualization, antecedents and consequences. This study aims to fill these voids by developing a new key construct, namely *ethically-based export marketing strategy*, and testing it in the context of UK exporting firms.

1.6.1 Research Aim: The aim of this research is to investigate the antecedents and consequences of ethically-based export marketing strategies [EMS] of firms in the UK.

1.6.2 Research Questions:

- What is the effect of specific organizational resources and capabilities in shaping an ethically-based export marketing strategy?
- Does adoption of an ethically-based export marketing strategy lead to achievement of reputational and ethical branding advantages in the export market?
- What is the impact of reputational and ethical branding advantages on social performance of firms in the export market?
- What is the impact of firm's export social performance on its market and financial performance?
- How does firm's export market performance affect its export financial performance?
- What is the moderating role of foreign market competitive intensity and regulatory framework on this association between ethically-based export marketing strategy and export competitive advantage?

1.7 Value of the Study/ Expected Contributions of the Study

This research aims to empirically validate the need for firms to adopt an ethical lens while developing their export marketing strategies if they wish to achieve a sustainable and ethical performance in foreign markets. This research aims to strengthen strategic knowledge on the subject by conceptualising and testing a theoretically anchored model that examines the drivers and outcomes of ethically-based export marketing strategy within the context of exporting firms in the UK. The outcomes of this research will be beneficial to managers, public-policy makers, and researchers and marketing educators.

At the *company level*, this research will influence exporting firms' ethical export marketing strategy-related decisions. The findings of this study shall enable the firms to firstly decide on (a) the level of conformity to ethicality [over-conformity, conformity or under-conformity (see, Martin and Johnson, 2008)] in their strategic export marketing endeavours, (b) adapt their marketing mix programs in accordance with the idiosyncratic pressures from the host countries where they are exporting, (c) determine an appropriate budget for ethical exporting, as ethical conformity decisions can imply elevated costs associated with increased attention to front-end product inputs [like development, production and fabrication], as well as customer interface activities [like distribution, advertising, pricing etc.] (Martin and Johnson, 2008). This shall provide alternative thinking to firms about improving their export performance by capitalising on ethical issues.

With regard to *public policy makers*, the findings of the proposed research can have a significant effect on the development of ethical exporting regulations that are likely to control, sanction and withhold important resources to be employed in adoption of firm's ethical export marketing strategy. This research shall uncover the strategic changes that firms will have to make considering the differences in regulations between the countries that engage in the export-import relationships so that they could gain social legitimacy [as per the recommendations of DiMaggio and Powell (1983) and Oliver (1991)]. Within the exporting environment both home and host governments expect firms to engage in ethically sound business practices (Desai and Rittenburg,

1997) and the findings of this study shall guide the formation of ethical exporting policy, that protects their citizens by ensuring the safety of foreign products, prevents the dumping of inferior quality goods by exploitive foreign marketers, and ensures adequate levels of information about foreign products (Johnson and Arunthanes, 1995). Not only this, the findings of the study are also expected to provide guidance to public-policy makers in both the home and host countries on ways of maintaining a positive image of the country in the export and import markets respectively.

For *researchers and marketing educators*, the study shall shed light on an extremely important, yet unexplored, side of the ethical marketing literature within the context of exporting and might provide useful findings that can open ways for potential research on the specific and related issues in future. *Firstly*, in response to the calls by researchers (e.g., Martin and Johnson, 2008, Litz, 1996, Robin and Reidenbach, 1987b), this study is one of the first attempts at empirically integrating ethics into export marketing strategy by conceptualising a new construct (i.e., ethically-based export marketing strategy) that can be subjected to further research in different contexts. *Secondly*, by studying an interplay between the RBV, the Institutional theory, and the Industrial Organization theory, this study has engaged in the combined use of different and rival theories to get a more holistic view of the complex phenomenon of ethically-based exporting, as suggested by Leonidou et al. (2013c), who emphasised on the significance of paradigmatic pluralism in gaining deeper insights into the very closely related field of green exporting. *Thirdly*, there has been a lack of studies that investigate and empirically validate the resource–performance relationship on a comprehensive pool of firm-specific resources and capabilities, as most studies focus on a single resource or a group of resources (Beleska-Spasova et al., 2012). This study shall test the validity of associations between resources, capabilities, strategy and performance in a more concurrent than sequential or isolated manner. *Fourthly*, this study is a primary attempt at conceptualizing the concepts and developing the scales for reputational advantage, as well as social performance. *Lastly*, the findings of this study shall help marketing students to get a holistic understanding of the significance of engaging in ethically sound marketing practices and can be motivated to do the same while working in marketplaces of their choice.

1.8 Structure and Organization of the Thesis

This thesis is structured on the basis of eight chapters that are indicative of various stages involved in the actualization of this research.

Chapter one has already provided a brief background to the study by discussing its context, historical background, as well as highlighting the aims and objectives of this research. It has also stated the relevance of this study to fulfil the research gaps and lists the contributions this research shall make to the literature.

Chapter two provides a review of various theoretical underpinnings of marketing ethics followed by an extensive review of pertinent literature. This is followed by documentation of gaps that are worthy of consideration in future research. Besides providing clear understanding of the subject, this chapter helps to understand the nature of the constructs that shall fit into the context of this research and be incorporated into the research model.

Chapter three presents the conceptual model of the study and subsequently develops a series of hypotheses to be subject to be empirically tested and validated. Major hypothesized relationships establish the link between ethically-based resources and capabilities and ethically-based export marketing strategy, ethically based export marketing strategy and reputational and ethical branding advantages, reputational and ethical branding advantages and social performance outcome, and social performance and financial and market performance. The moderating effects of foreign market competitive intensity and regulatory framework on the links between ethically-based export marketing strategy and reputational and ethical branding advantages are also examined.

Chapter four provides detailed insights into research design and methodologies regarding specific research instruments, research philosophy and approach, operationalization of constructs, questionnaire design, sampling specifications, fieldwork plan and statistical tools for analysing data collected from various UK-based exporting firms.

Chapter five gives a brief about the overall picture of the data and details about descriptive tendencies of the respondent profile, as well as descriptive results of the overall survey.

Chapter six provides an account of the procedures [like confirmatory factor analysis, reliability and discriminant validity analysis etc.] employed to validate if the measures of the constructs are reliable and truly representative of constructs employed in the study.

Chapter seven presents the findings pertaining to the tests of the research hypotheses that are interpreted and presented with an in-depth discussion of the key findings. These findings are then compared to findings from the previous studies to highlight the contributions made by this study.

Chapter eight summarises the key findings and draws conclusions from this study. Implications for managers, public policy makers and academia is examined; followed by listing of limitations and potential guidelines for future research.

Chapter 2

Literature Review

2.1 Introduction:

In this chapter, the investigator presents a review of pertinent literature in the field of marketing ethics. In doing so, the investigator first states the theoretical foundations of marketing ethics by reviewing predominant theories within the field of marketing ethics, followed by identifying and critically reviewing various thematic areas covered within the realms of ethical marketing. While the theoretical foundation of marketing ethics shall encapsulate theoretical focus and developments in the field, thematic areas will provide a critical review of various streams of research related to ethicality in marketing or marketing decision making.

2.2 Ethical Marketing Literature:

As more firms expand business internationally, ethics, ethical practices and ethical marketing issues have become major topics of interest in both academic and practitioner circles (Javalgi and La Toya, 2015). Specifically, academic research on the subject covers a variety of thematic areas and has been published extensively in a variety of top marketing journals like the *Journal of Marketing*, *Journal of the Academy of Marketing Science* etc.; and specialised business ethics journals, in particular the *Journal of Business Ethics*, *Business Ethics Quarterly* and *Business Ethics: A European Review* (Schlegelmilch and Öberseder, 2010). The concept of ethical marketing has also been elaborated in a variety of books and textbooks. While there are few *Marketing ethics textbooks* like Brenkert (2008), Laczniak and Murphy (1993), and Smith and Quelch (1993) who have specialized chapters devoted to study international marketing ethics, there are, as well International marketing ethics textbooks by Iyer (1998) and Schlegelmilch (1998), that are exclusively dedicated to ethical issues in International marketing setting. These textbooks shed light on numerous ethical issues faced by marketing managers when their firms cross national boundaries and resulting effects on their decision making related to ethicality in marketing mix¹.

Hence, in order to completely capture the abundance and volume of ethical marketing related research, the investigator shall divide the literature review in two parts. First, the investigator shall

¹ Please refer to the section on ethics and marketing mix in the review of thematic areas.

review various theoretical perspectives that have been employed to study the ethical marketing phenomenon. This shall be followed by a detailed review of the field of marketing ethics, based on various thematic areas covered by extant research.

2.2.1 Theoretical Foundations of Marketing ethics

Various theoretical underpinnings have endorsed the field of marketing ethics. The predominant ones like The Hunt-Vitell theory of marketing ethics, The Integrative Social Contracts Theory, and The Institutional Theory are the three major theoretical contributions to the field of marketing ethics, while The Contextual Approach, The Contingency Approach and The Stakeholder Approach have been sporadically used to study marketing ethics. A brief review of the three key theoretical frameworks follows next.

2.2.1.1 The Hunt-Vitell Theory of Marketing Ethics

The Hunt-Vitell theory of marketing ethics (referred to as the H-V theory, hereafter) is the first “*general theory of marketing ethics*” pioneered by Shelby D. Hunt and Scott J. Vitell in 1986. Later, in 1993, they came forward with a revised process-oriented model for better explanation of the ethical decision-making process (Hunt and Vitell, 2006). Based on an underlying assumption that people engage in both deontological (rule-based) and teleological (consequences-based) evaluations while making ethical judgements and resulting behaviours (Hunt and Vitell, 1986 p. 7), the theory posits a descriptive positive framework that explains ethical decision-making process of not just marketers and businesses in ethically charged situations, but also general people as well. The main contribution of this theory is that it embraces cultural, organizational, industry, and personal environment to analyse individual decision-making process by breaking it down into deontological versus teleological evaluations (Sheth et al., 1999).

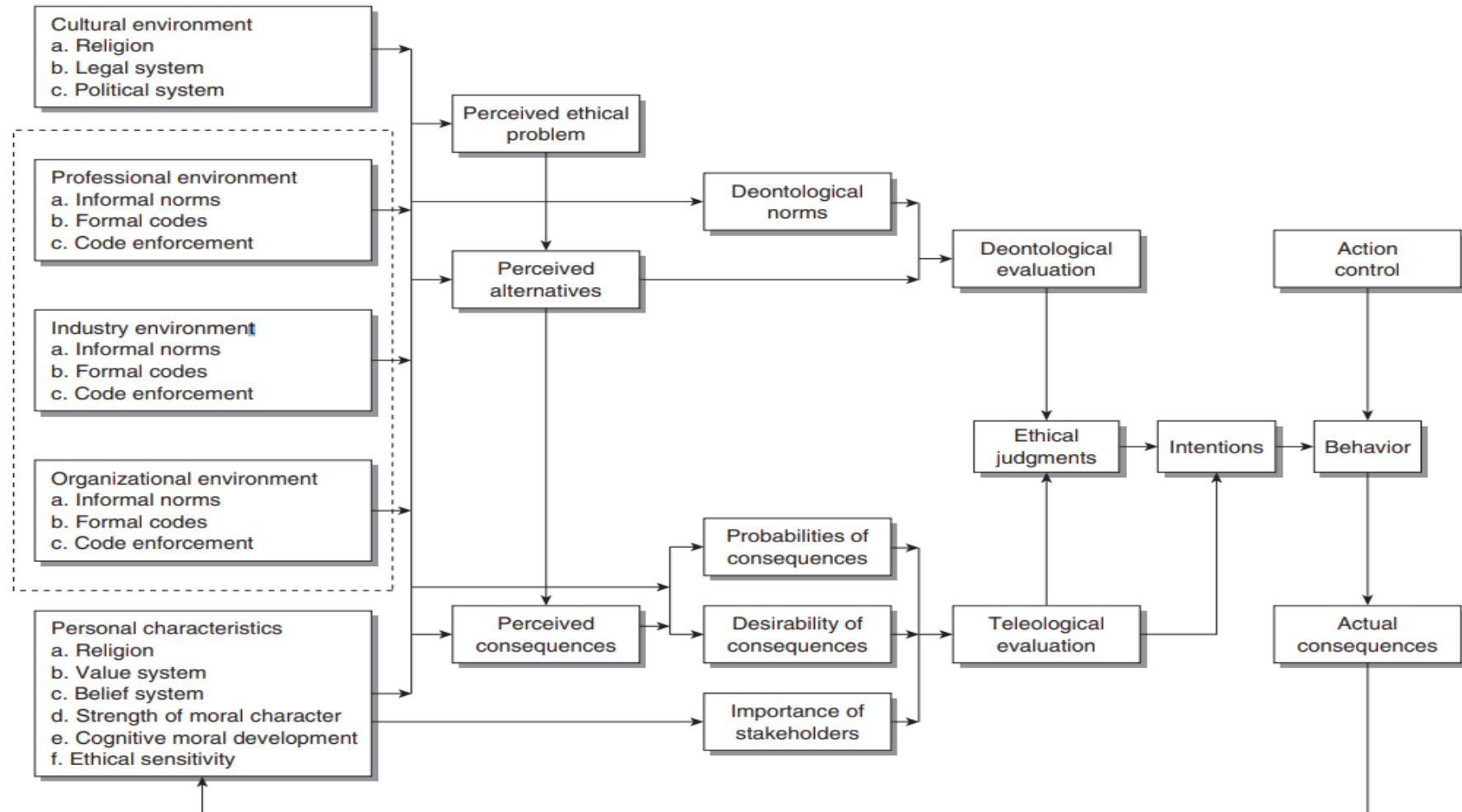
The process-oriented nature of this theory contests the possibility of providing a concrete definition and can be best described by means of a flowchart as presented in Figure 2.1 below. Nevertheless, Pimentel et al. (2010) captured the essence of the H-V theory and precisely put it as “*an intricate model wherein the organizational, business, and cultural environments, along with personal characteristics, influence the perception of ethical dilemmas, potential alternatives,*

and anticipated consequences. These perceived factors will in turn determine an evaluative process that culminates with ethical behaviour, and the actual consequences of this behaviour have a posterior impact on the individual belief system, affecting future deliberations”.

The H-V theory and its various sections have been empirically tested in a variety of studies that have come up with significant findings. It is widely accepted as a valid piece of guidance for researchers and managers within marketing. The first empirical testing of the theory was done by Mayo and Marks (1990) who explored 100 marketing researchers' reaction to a reliability and validity lacking research project. They found substantial support for the core relationships explicated by the theory, wherein respondents employed not only the deontological and teleological evaluations jointly for making ethical judgements to resolve ethical dilemmas, but also implemented an ethical alternative depending on the preferred consequence, rather than their judgement and intention to adopt an ethical alternative. This H-V theory-driven work of Mayo and Marks gave momentum to the slow pace of empirical research within this field and hence considered as an important step towards understanding marketing ethics (Hunt, 1990).

Singhapakdi and Vitell (1990) conducted a partial test of the H-V theory among members of the American Marketing Association and empirically proved that ethical policies of organizations and Machiavellianism influence the marketer's ethical decision-making process in many ways. Their study suggested that managers with high Machiavellian symptoms perceived ethical problems as being less serious and did not consider punishing unethical behaviour as a course of action compared to marketers within an organisation that practices codes of ethics. Another study that tried to delve into marketers' deontological norms was conducted by Singhapakdi and Vitell (1991a), where a high internal locus of control and low Machiavellianism led to higher deontological norms of the managers.

Figure 2.1: The Hunt-Vitell theory of Marketing Ethics



Source: Adopted from Hunt and Vitell (1986, 1993)

Hunt and Vasquez-Parraga (1993) tested the H-V model (Hunt and Vitell, 2006) in a field experiment design, where sales people's deontological considerations-led behaviours (i.e., the inherent rightness or wrongness) provided primary guidance to managers' decision of disciplining or rewarding their behaviour, while teleological factors (i.e., the consequences) played a secondary role. Similar findings that support the "core" of the H-V theory were replicated in a study on Turkish sales managers by Mengüç (1998). Although the H-V theory is targeted mainly at the marketers, it fits well with the consumer ethical decision making involving ethical issues as well. In an empirical testing by Vitell et al. (2001), the consumers were found to be relying more on the ethical norms (deontology) than on the consequences (teleology).

Various researches followed, where the H-V process model was tested and evaluated in several situations such as small business managers' personal characteristics underlying ethical decision making in marketing situations (Marta et al., 2008), the effect of corporate ethical values on promoting ethical behaviour and organizational citizenship behaviours (Baker et al., 2006), and the role of religiosity in business and consumer ethics (Vitell, 2009). It is interesting to know that predictors, consequences and measurements of ethical judgements have been the subject of more than one hundred empirical studies (Pan and Sparks, 2012). There have been studies on the effects of corporate ethical values and personal moral philosophies on ethical intentions in selling situations of Turkish, Thai and American businesspeople (Marta et al., 2012), the impact of cultural values on marketing ethical norms (Paul et al., 2006), the importance of corporate ethical values and enforcement of ethical codes on perceived importance of ethics in business (Vitell and Hidalgo, 2006), the role of money and religiosity in determining consumers' ethical beliefs (Vitell et al., 2006) and many more.

The H-V theory was made more applicable when combined with other existing frameworks, resulting in an integrative model for ethical decision making specifically relevant to business practice (Pimentel et al., 2010). Recently Brady and Gougoumanova (2011) suggested minor changes to be made to the H-V model in the areas of the ethical evaluation process where both deontological and teleological evaluations take place interchangeably and at the same time

without giving primary importance to any one, when overriding ethical judgements are made in situations where behavioural intentions differ from ethical judgements.

It can be concluded from the above that the H-V theory is a widely accepted concept that is highly advantageous in providing an empirically grounded approach to ethical decision making within an organization (Ferrell, 2007) and “*serves as a guide for empirical research in the important area of marketing ethics*” (Hunt and Vitell, 1986 p.6). The H-V theory when applied in an intra-firm setting, aids managers in helping their personnel identify, analyse and resolve ethical problems (Hunt and Vitell, 1986 p. 15). Hunt and Vitell (2006) reviewed the theory, and suggested its pertinence to the wider business community as well in assisting: (a) academic researchers to programmatically and theoretically develop progressive streams of empirical research; (b) ethics instructors to integrate diverse approaches of moral philosophy to ethics; (c) students’ understanding of moral codes; (d) business practitioners navigate through moral mazes of contemporary business practices; and (e) normative ethical theorists in making explicit norms and decision rules to be followed by decision makers when facing an ethically charged situation (Hunt and Vitell, 2006 p. 151.)

The H-V theory, despite being pertinent at analysing ethical decision making in marketing has faced various criticisms for having used normative ethical theory as a starting point for positing a positive ethical theory. Not only this, the fact that the theory limits ethical evaluations of behaviour to the confines of teleological or deontological ethical theories (Pimentel et al., 2010 p. 369), questions adequate generalizability of resulting behaviour. Brady and Gougoumanova (2011) also suggest that the theory does not explain the nature of the ethical evaluation process, that is what is actually involved in the deontological and teleological evaluations. It has also been argued that the determination of ethical judgements by deontological and teleological evaluations is unlikely to be a simple two step procedure and hence represents an oversimplification of the process (Brady and Gougoumanova, 2011).

2.2.1.2 The Integrative Social Contracts Theory (ISCT)

Contemporary business ethics research registers contributions from various disciplines. In fact, contributions from morality and social contracts theory occupied half of the business ethics publications during 2001-2008 (Ma et al., 2012). The Integrative Social contracts theory represents a contextual approach that draws its roots from the broad domain of Contractualist business ethics (Dunfee, 2006), thereby finding its origin in the social contract theories of political philosophers such as Thomas Locke and John Rawls. It was first introduced in an attempt towards a unified conception of business ethics by Donaldson and Dunfee (1994).

While normative marketing ethics literature parallels the pluralistic approaches found in the business ethics literature (Dunfee et al., 1999), ISCT is understood as a unified concept of business ethics that was applied and established specifically within the field of marketing by Donaldson and Dunfee (1994). ISCT has not only become part of the repertoire of specialized decision-oriented theories (Dunfee, 2006), but also recognized as one of the most prominent conceptual frameworks, that offers practical advice to practitioners while addressing international business ethics-related issues (Brenkert, 2009).

Integrative Social Contracts theory (ISCT), seeks to unify and symbiotically harmonize the divergent “is” of the macro-social contract, and the “ought to” of the real micro-social contract, to normatively justify business decisions, help practitioners in making value judgements and reaching such decisions (Donaldson and Dunfee, 1994). A summary and definition of the key concepts used in the review of this theory is shown in Table 2.1.

ISCT serves as the foundation stone for developing guidelines and rules for ethical conduct by marketers (Ferrell, 2007) while conforming to social norms set by communities (Dunfee et al., 1999). As the name suggests, ISCT integrates two different kinds of contracts: (a) the normative and hypothetical social contract among economic participants; and (b) the generation of binding ethical obligations termed as an extant social contract by recognising actual norms created in real

Table 2.1: A summary of terminology used in the ISCT

TERMS	DEFINITIONS
Hypernorms	“Hypernorms, by definition entail principles so fundamental to human existence that they serve as a guide in evaluating lower level moral norms... and are hence expected to be reflected in a convergence of religious, philosophical and cultural beliefs which can act as a handy clue in attempting to specify hypernorms” (Donaldson and Dunfee, 1994 p. 265).
Principlist view of hypernorms	A Principlist view “understands hypernorms as the most general, universal moral principles that hold moral sway over all microsocial contracts” (Brenkert, 2009 p. 645).
Contextualist view of hypernorms	A Contextualist view is that “hypernorms are not special, additional norms, but refer to a certain status that the most general norms or principles of each community achieve that are part of a convergence with the norms of other societies” (Brenkert, 2009 p. 645)
Extant social contracts (ESCs)	“ESCs are existing social contracts embodying actual behavioural norms which derive from shared goals, beliefs, and attitudes of groups or communities of people” (Dunfee, 1991 p. 32).
Habermasian perspective	Habermasian philosophy allows designing a process of argumentation on the macro and micro level of the social contract in order to justify hypernorms and put them into action to provide managers with a clear normative guidance for their decision making process (Gilbert and Behnam, 2009).

societies and economic communities. These contracts are in turn limited by universal moral principles called hypernorms to guide ethical behaviour. The ISCT argues “*supplementing hypernorms with the contextual micro-level contracts forged for practicality within the moral free space of different cultures*” (Ma et al., 2012 p.292). The workings of the ISCT framework stand appropriately justified in case of marketers who engage in boundary spanning relationships and cross cultural activities (Dunfee et al., 1999). Since its inception, ISCT has been predominantly applied in various fields of business research and tested for validity in various marketing ethics related studies. Various researchers have explored many facets of this theory ranging from empirically testing its validity, to criticising and advancing suggestions for its enrichment. The *first* group of studies includes application of ISCT to a large number of managerial topics like the decision-making processes of students and salespeople when faced with ethical issues (Robertson and Ross Jr, 1995), commercial bribery (Dunfee et al., 1999) [which is the most important ethical issue being faced by marketing managers (Chonko and Hunt, 1985)], within the field of computer ethics (Conger and Loch, 2000), while analysing ethical implications of direct marketing of

financial products like credit cards to US college students (Lucas, 2001). Researchers have used ISCT to compare the ethical attitudes of entrepreneurs and managers in an international comparative study involving three highly different countries, namely Slovenia, Russia and America (Bucar et al., 2003). This was followed by empirical testing the validity of the theory in justifying the effect of national context on ethical decision making under conditions of conflicting business norms of Americans working across national borders in Russia and United States (Spicer et al., 2004). Furthermore, Bailey and Spicer (2007) employed the theory to justify national identity as the reason for difference in American and Russian samples in local norm situations. Torres et al. (2007) has also validated the assumptions of the Social Contract Theory by conducting an empirical study that showed more positive customer response for recall attitude towards ads and brand, their purchase intention and responsible advertising when warnings are placed overtly rather than discretely in print ads. Recently Leonidou et al. (2012a) applied ISCT to understand the value drivers of unethical marketing behaviour of exporters as seen from the perspectives of importers and the effect this will have on the quality of their working relationships and performance.

The *second* group of studies reflects various reviews and suggestions that ISCT has received. Dunfee (2006) reviewed the overall literature on ISCT, highlighted the recurring criticisms and made suggestions for research that should follow. On these lines, Van Oosterhout and Heugens (2009), positively distinguished extant social contracts (ESCs) from ISCT and argued to unleash the yet unutilized conceptual potential of ESCs by applying it to the field of international business regulation along with a conceptual legitimization of institutional theory (Van Oosterhout and Heugens, 2009). On similar grounds, the need to adhere to the contextualist view of Hypernorms² instead of the principlist view of ISCT was suggested to plausibly cater to the recurrent criticisms of Hypernorms Brenkert (2009).

A Habermasian perspective based on Habermasian discourse ethics philosophy (allowing and designing an argumentation process on the macro and micro level of the social contract) was suggested by Gilbert and Behnam (2009) to not only justify hypernorms, but also put them into

² Refer to the Table 2.1 for definitions.

action, resulting in clear normatively guided managerial decision-making process. Stressing the idea that practical discourses critically evaluates and adapts norms and values in practice, this perspective suggested that people must utilise reasons to achieve moral insights and derive consent on hypothetical macro level contracts and not just giving in to the concept of thought experiments in ISCT (Gilbert and Behnam, 2009).

ISCT has been advantageously employed in various fields of international business ethics because it guides moral conduct based on the norms of all relevant communities involved. Since communities may develop local norms supporting problematic practices, ISCT's injunction to follow the dictates of hypernorms can be considered a guard against excessive relativism (Spicer et al., 2004), thereby ensuring broader consideration of stakeholder interests. The Social Contracts approach, when applied to business ethics either by making use of ethical norms derived from extant social contracts (Dunfee, 1991) or by conceiving business ethics in form of Integrative Social Contracts Theory (Donaldson and Dunfee, 1994), and specifically applying to marketing ethics related decision making (Dunfee et al., 1999), comes across as “ *a provocative, philosophically sophisticated and comprehensive framework that unites the down to earth empirical attractiveness of the notion of ESC with the abstract philosophical sophistication of centuries of social contract theorizing*” (Van Oosterhout and Heugens, 2009 p.732).

The ISCT is applicable throughout international business ethics and more specifically to marketing ethics especially when marketers' activities span across multiple communities with conflicting norm, such as international marketing, relationship marketing, personal selling, and sales management (Dunfee et al., 1999 p. 29). The theoretical congruence of ISCT and marketing, both being based on exchange relationships, also suggest a symbiotic relationship where ISCT compliments ethical decision making in marketing while various marketing research techniques enable ISCT to be effectively and efficiently applied (Dunfee et al., 1999). By offering a process for determining appropriateness, that is, authenticity and legitimacy of a community-based norm, ISCT is expected to be intellectually more comfortable for many educated, reflective marketing practitioners (Dunfee et al., 1999).

Being cited as one of the most promising theories in International Business ethics, this does not keep ISCT away from criticisms that question its conceptual base and practical applicability in the business world. The most significant critique pertains to the nature, value and existence of the so-called hypernorms (Gilbert and Behnam, 2009), the difficulty in their identification (owing to the differential orientation to the communication context, moral reasoning of people across the globe), and ISCT's empirical inability to come up with a stronger test of compatibility of authentic norms with hypernorms (Husted, 1999). The theory also lacks in providing sufficient justification of substantive hypernorms (Van Oosterhout et al., 2006) and (Douglas, 2000). ISCT has also been criticized for the internal morality of contracting (Van Oosterhout et al., 2006) to be used as an analytical tool, resulting in making the heuristically valuable, hypothetical and contractualist ISCT valuable only for philosophers and academics, rather than businessmen and managers (Van Oosterhout and Heugens, 2009). Criticisms around its assumptions being based on human nature (Conry, 1995), as well as not being able to test the claims of human rights (Brenkert, 2009), question the applicability of the theory in other fields of business ethics.

2.2.1.3 The Institutional Theory

Richly rooted in the formative years of the social sciences, the Institutional Theory embodies and subsumes creative insights of scholars ranging from Marx and Weber, Cooley and Mead to Veblen and Commons (Scott, 2005). While the Institutional Theory can be traced back to the mid-nineteenth century (Scott, 2008), it was not until call for institutionalization by the federal sentencing guidelines, that organizations started institutionalizing ethics (Singhapakdi and Vitell, 2007). Since then, the institutional environment has influenced a number of areas within the organisation as a whole (Connelly et al., 2011), in marketing (Martin and Johnson, 2008), marketing ethics (Kelly et al., 2011), on social responsibility concerns in marketing (Handelman and Arnold, 1999), across marketing channels (Grewal and Dharwadkar, 2002), and so on.

The "Institutional theory attends to the deeper and more resilient aspects of social structure and considers the process by which structures, including schemas, rules, norms, and routines become established as authoritative guidelines for social behaviour. It also inquiries into how these

elements are created, diffused, adopted, and adapted over space and time , and how they fall into decline and disuse” (Scott, 2005 p. 461). Being inherently guarded by legitimacy concerns (Suchman, 1995), the theory connotes trade-offs that firms must make between conforming to and differentiating from the normative forces (Martin and Johnson, 2008). Kelly et al. (2011) gave the most comprehensive definition suggesting that the institutional theory “*implies that social norms and institutional expectations create pressures for organizations to conform or to respond in a manner acceptable to important societal constituents*” (Kelly et al., 2011 p. 574).

It has been understood that firms morph to reflect core stakeholder preferences and values, and certain socially desirable characteristics of aspirational firms and competitors (Martin and Johnson, 2008). Such firms that bespeak isomorphic behaviour to attain legitimacy in the face of normative pressures (Grewal and Dharwadkar, 2002) employ firm-based compliance known as called institutional isomorphism (Suchman, 1995). Institutional isomorphism helps firms to achieve convergence in its marketing strategies in three possible ways: the market legitimacy driven *coercive isomorphism* [organizations gain legitimacy by imitating others they are dependent on], market uncertainty induced *mimetic isomorphism* [organizations playacts others in their field especially those regarded as more successful or with whom they have boundary spanning ties], and lastly, originating from the proliferation of norms through social networks, *normative isomorphism* [organizations learn which marketing practices are considered appropriate within the field] (Hult, 2011 p. 518). All of the above is an emulation of the works of DiMaggio and Powell (1983).

Extant research suggests that, organizations incorporate institutional actions into top level strategic planning to gain legitimacy and become institutionalized by virtue of mimicking the environmental norms (Handelman and Arnold, 1999). Such implicit and explicit integration of ethics into organizational strategic-level decision making process is understood as Institutionalization of ethics (Singhapakdi and Vitell, 2007). While implicit forms of institutionalization includes ethical corporate culture, ethical leadership and open communication [where organization’s ethical behaviour is crucial but implied and not directly expressed], explicit

institutionalization include code of ethics, ethics training, newsletters and ethics committees [where ethical behaviour is formally expressed without vagueness] (Jose and Thibodeaux, 1999).

Handelman and Arnold (1999) first employed institutional theory as a theoretical lens to investigate the interplay between marketing actions with a social dimension and an economic orientation. They concluded that organizations and the environment interpenetrate each other wherein organizational structure and actions mirrors the environmental norms, while well-enactment and upholding of environmental norms indicates performance. In light of this, marketing actions with a social dimension must conform to a minimum acceptable level so as to not affect the potency of firm's economic oriented actions (Handelman and Arnold, 1999).

Grewal and Dharwadkar (2002) assimilated institutional environment into marketing channels in a conceptual framework. He suggested strategic confining of channel management within regulatory (laws), normative (profession), and cognitive (habitual actions) institutional environment to influence the legitimacy of channel members and improve channel's value adding services.

Singhapakdi and Vitell (2007) developed a valid and reliable scale to measure implicit and explicit institutionalization of ethics and suggested ethically augmenting marketing activities of firms as per societal expectations to improve firm's performance. Webb et al. (2011) further suggested that adopting an institutional perspective influences amalgamation of marketing and entrepreneurship activities and shapes implementation of market orientation and marketing mix in supporting the entrepreneurship process, within a developed economy.

Despite the importance of conforming marketing activities to the society in which the firms operate, very few studies have employed Institutional Theory as a focal point to study marketing ethics. Martin and Johnson (2008) spearheaded a theoretical framework proposing ethical compliance in marketing in the face of normative and institutional pressures facing marketers. They demonstrated that *"a firm's ethical conformity decisions are a blend of institutional forces and the unique firm identity, where the firm's identity interplays with institutional concerns to influence its response to societal norms in a potentially deviant fashion* (Martin and Johnson,

2008 p. 105). While conformity uses marketing programmes to simply meet society's ethical standards its deviance could be in the form of *ethical over conformity* [firms transcend stakeholder expectations by adopting marketing programs and behaviours that go above and beyond what is socially acceptable], and *under conformity* [consciously subverting ethical norms through marketing programs] (Martin and Johnson, 2008). Kelly et al. (2011) studied whether an institutionally driven strategic firm choice aids firms' pursuit of the ethical high road. They suggested firms' product development and marketing programmes in an ethically idiosyncratic manner to provide for a differential competitive advantage or deeply ingrain ethicality into the fibre of firm's organizational identity (Kelly et al., 2011). They concluded that an Ethical Organizational Identity drives firms' response to societal norms, helps in exceeding normative ethical prescriptions and facilitates its quest for legitimacy and results in enhanced performance.

Evinced by the above, the Institutional Theory can be safely concluded as highly propitious to the business world. It is particularly relevant within marketing, because firms must comply with marketplace (environmental) factors [like industry or societal norms, regulations, and requirements] in order to receive legitimacy and marketplace support (Hult, 2011). Contemporary institutional theory has been employed by a number of social science scholars to examine systems ranging from micro interpersonal interactions to macro global frameworks (Scott, 2005). The theory not only employs its dependence on social constructs, informal and formal marketing exchanges to help delineating the structure and processes of an organization (Hult, 2011), but also provides a potential theoretical lens to study a wide range of noneconomic aspects of marketing activities, for example social marketing (Handelman and Arnold, 1999). Organizations reap manifold benefits of adopting the institutional orientation in their strategic decision-making, like acting as a "good barrel" in augmenting employees' perceptions of the importance of ethics and shaping their behaviour in an ethical direction (Singhapakdi and Vitell, 2007). A study on marketing managers by Singhapakdi et al. (2010) also bears a testimony to the moral premise that institutionalizing ethics in the organization influences employee behavioural responses that could eventually improve the organization's financial health.

Despite being one of the most active and burgeoning frontiers in the institutional theory, institutional work stands criticized for its undertheorized institutions that fail at defining identities of the actors involved (Hwang and Colyvas, 2011). It has also been argued to be creaking under the weight of its own theoretical apparatus (Lawrence et al., 2011). Within the context of international management, Kostova et al. (2008) challenged the pertinence of the theory's main ideas [like utilizing the concepts of organizational field, legitimacy, isomorphism and mechanisms of institutional pressures] within the context of MNCs in international management research and concluded that the institutional theory is not well-suited to the study of MNCs, as it is marred by a narrow set of institutional ideas. The theory does not also provide any guidance on predicting the extent to which marketing practices should mimic industry's best practices, thereby justifying Ketchen and Hult (2011)'s call for researchers to follow up on the same.

This marks the end of a review of various theoretical underpinnings of ethics-related research in marketing. The next section shall review pertinent literature based on various thematic areas covered within the field of marketing ethics.

2.2.2 International Marketing Ethics- A Review of Literature:

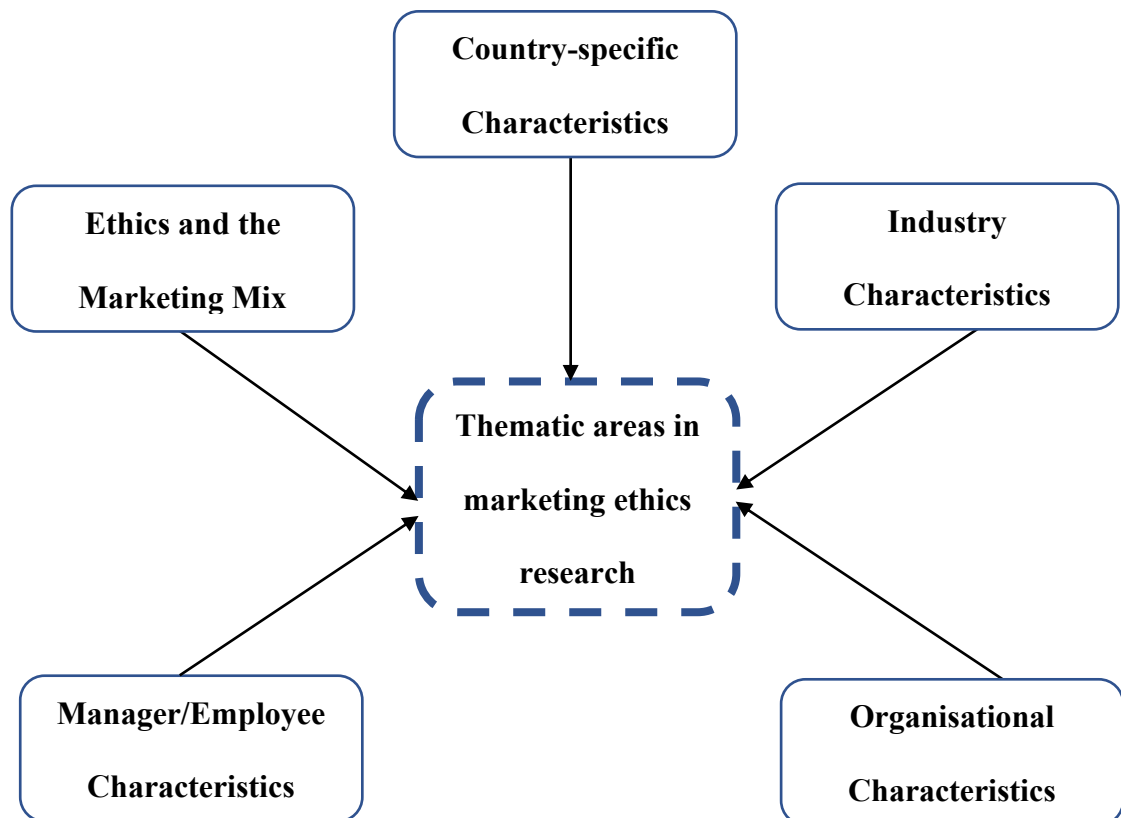
We live in an "ethics era", where marketers have to face enhanced public scrutiny and criticism resulting in numerous ethical perplexities and issues (Smith, 1995). These issues are likely to proliferate as firms go global and move into multinational marketing (Murphy and Lacznik, 1981). The proximity between globalization and international marketing ethics problem can be understood as the causative factor behind enhanced ethical issues being faced by international marketing personnel in cross cultural settings (Yücel et al., 2009). While international marketers are often lambasted for ethical evil-doings (Armstrong et al., 1990), the international environment analogously provides them with a common place in making ethically-based marketing decisions (Elango et al., 2010). However, despite the growing number of ethical issues faced by firms at an international level, there is limited research on international marketing ethics as most of the research has been done at domestic level (Javalgi and La Toya, 2015, Schlegelmilch and Öberseder, 2010). Therefore, the investigator shall review the broader marketing ethics literature

based on various streams studied by researchers, while also reviewing research on international aspects of marketing ethics in each of these thematic streams.

2.2.2.1 Thematic Areas studied within Marketing Ethics

This section critically reviews the literature on marketing ethics and presents relevant conceptual and empirical research based on prominent thematic areas covered in the field of ethical marketing. As shown in Figure 2.2, the literature on marketing ethics can be divided into five broad thematic areas, namely: country-specific characteristics, industry characteristics, organisational characteristics, manager/employee characteristics, and lastly ethics and the marketing mix. A detailed review of extant research on these thematic areas along with key international marketing ethics-led research conducted in each thematic area is done subsequently.

Figure 2.2 Thematic areas studied in Marketing Ethics



2.2.2.1.1 Country-specific Characteristics

The *first* group of empirical studies embarked upon the *culture of the host country* where the firms' business is located. Culture is defined as "*collective mental programming*" that is common to members of a nation, region, or group but uncommon with members of other nations, regions, or groups (Hofstede, 1983 p.76). Several marketing ethicality-based theories, as well as inter-country studies have established culture as a crucial factor causing variance in ethical decision making aspects like personal moral philosophies, perceived importance of ethics, ethical perceptions, ethical judgements and ethical intentions of business people (Singhapakdi and Vitell, 1999). Armstrong (1996) empirically tested the association between the cultural environment and perceived ethical problem as hypothetically postulated by the H-V theory of marketing ethics in an international setting; and verified the influence of uncertainty avoidance and individualism on ethical perceptions. Similar conclusions were reported when the H-V theory was applied to the next generation of marketing managers in a cross cultural setting (Donoho et al., 2001). Furthermore, Individual variations in Hofstede's cultural dimensions has been empirically proven to not only affect their ethical sensitivity towards various stakeholders, but also the type of stakeholder that is being affected (Blodgett et al., 2001).

Since national culture significantly influences marketing ethicality-based decisions (Yaprak, 2008), it can be reasoned that companies operating in high uncertainty avoidance cultures must codify clear and precise policies to avoid questionable behaviour by employees in ambiguous situations. Likewise, clear portraiture of lines of authority in low power distance cultures is crucial to avoid misconstrued management's expectations (Blodgett et al., 2001).

In a comparative study of the relationship between cultural values and marketing ethics, Paul et al. (2006) employed Hofstede's framework to empirically establish differing response to ethical dilemmas by respondents from the USA and India. However marketers are recommended to not confuse similar cultures and countries with similar ethical orientations and marketing ethics because Singhapakdi et al. (2001) empirically established that Australian and American marketers differed significantly about the effects of moral philosophies on the components of ethical decision making.

Furthermore, the mode of foreign market entry also causes divergence in the impact of culture on managerial cognizance of ethical problems. For example, using respondent's industry and country as a frame of reference, culture has an enhanced impact at higher levels of international market entry and involvement and vice versa (Armstrong and Sweeney, 1994). A cross-cultural study by Mohammed (2001) excavated noteworthy deviations between ethical beliefs of various cultural groups (functionalists being more pragmatic while deferent more stringent), moral philosophies (absolutists being more idealistic while achievers more relativists) and Machiavellianism (leaders being more Machiavellian than followers).

Srnka (2004) defined the influence of culture on "affective-cognitive-behavioral" spectrum of an international marketers' decision making process by putting forward a multidimensional culture-concept in tight-knit theoretical framework. He concluded that the wider environment affected the affective stages, closer environment affected behavioral part of the process particularly intentions and "culture free zone" having an impact on the cognitive dimension of the decision making that is ethical judgment.

2.2.2.1.2 Industry-specific Characteristics

Hunt and Vitell (1986) acknowledged the importance of the industrial environment in their General theory of Marketing Ethics (see theoretical foundations above) and made a pioneering attempt at incorporating the effect of industry specific characteristics on ethical decision-making process of marketing managers. The ethical issues confronting marketing managers are mostly known to be specific to the industry and necessitate clarification by industry specific codes of ethics to facilitate procurement of minimum acceptable conduct in the society for most firms (Ferrell, 2007). When operationalised in the form of informal norms and formal codes in a process-oriented model, the industrial environment also influences marketing managers' perception of ethical problems, the alternatives they perceive when facing an ethical dilemma as well as the consequences (Hunt and Vitell, 2006). Furthermore, the industry or work experience of marketing managers is instrumental in providing shape to their moral philosophies, that in turn influences their ethical decision making (Loe et al., 2000).

Three facets of the industrial environment have been subject to empirical investigation namely: industry type, industrial norms and industrial competitiveness.

The *first* group of studies shed light on the influence of **Industry type** on marketing ethics. The effects of Industry type on ethical marketing issues can be explained with a variety of examples. Companies within the *manufacturing industry* are known to deliberately outsource productions to countries with fewer regulations in order to escape safety rules and government regulations in their home country (Armstrong and Sweeney, 1994). The *food industry* also faces numerous ethical issues and heightened regulations, especially after the recent horse meat scandal in Europe (see, Scally, 2013, Verbeke, 2013). Other industries like the *cigarettes industry* that is known to mercilessly target their marketing efforts to vulnerable consumers (Murphy, 2002), and international-level bribery that came into picture while marketing *military hardware* (Armstrong and Sweeney, 1994) have also attracted heightened criticism. Transcendent claims made by hospitals' marketing communications about being consumers' choice in providing best service (Gershon and Buerstatte, 2003) or using fear appeals to make more money (Benet et al., 1993) are examples of *health-care industry* related ethical marketing issues.

It is easy to conclude from the above that firms associated with specific industries have predisposition towards ethical issues while engaging in marketing activities. However extant literature has noted various firms being questioned and put down on ethical grounds just because they belong to industries that are subject to constant criticism. Consequential to this, they face stringent rules and tightened governance; as is the case with the biotechnology industry, where good-intentioned corporate ethics faces numerous challenges to be able to market genetic tests to patients, health professionals and policy makers (Williams-Jones and Ozdemir, 2008). Another example is in the form of The 2010 BP deep water horizon debacle in Gulf of Mexico where perception of industry/country negatively affected the brand that exploded and then imploded (Balmer et al., 2011).

Despite the aforementioned constraining effects of the Industry type on the marketing activities of firms, Martin et al. (2011) suggests that firms can avoid negative implications of formalised

regulations like profound and tightened security and stricter restrictions, just by broadcasting to the law and policy-makers that their industry is self-policing and self-monitoring and that they engage in ethical marketing activities.

The *second* group of studies explicating ethical perspectives in marketing are related to the situational factors that not only affect ethical decision making (Ford and Richardson, 1994), but also influence the inclusions within the corporate code of ethics (Beneish and Chatov, 1993). Commonly identified in the literature as *industry norms*, their impact on ethical marketing has been established by numerous theories like the H-V theory of marketing ethics (Hunt and Vitell, 1986, Hunt and Vitell, 2006), the Integrated social contracts theory (Donaldson and Dunfee, 1994, Dunfee et al., 1999), and the Institutional theory (Martin et al., 2011), as already discussed in the theoretical foundations section of this chapter.

All industries, professional associations and organisations have certain rules of behaviour, that are characterized by a complex set of norms which get formally codified or socialized within their organizations, professions and industries respectively (Hunt and Vitell, 1986, Hunt and Vitell, 2006). These industry-specific formalized and informal norms have a significant influence on ethical issues faced by marketing managers within their specific industry as well as their ethical decision-making process. This is because members of localised communities adhere to specific “micro” social contracts that form an integrative social contract together to define rules of behaviour based on social norms relevant to those communities (Donaldson and Dunfee, 1994). It can be derived from the above that ethical issues faced by marketers in a particular industry are different from the other, hence it is the industry norms that can not only provide understanding for ethical pressures on the marketer, but also provide guidance to marketer to adhere to the norms of his specific industry (Dunfee et al., 1999). Furthermore, normative institutional expectations by the society also pressurises organizations to be considerate towards important institutional constituents (Martin et al., 2011). Hence, firms try to isomorph the norms, wherein members of an organisation learn marketing practices that are considered appropriate within their industry (Hult, 2011). In doing so firms attain legitimacy in the efface of normative pressures (Grewal and Dharwadkar, 2002).

Another crucial industry-specific factor affecting ethicality in marketing is *competitiveness of the industry*, and related research can be summated under the *third* group of studies. Hegarty and Sims (1978) made the pioneer attempt at empirically studying the effects of competitiveness of the industry on the ethicality in marketing professionals' behaviour. He concluded that decreased competitiveness within the industry enhances the ethical behaviour of marketing managers, while increased competitiveness has a plaguing effect. This phenomenon can be attributed to the fact that increased competition may exert pressure on marketing managers to sacrifice their ethical ideals and beliefs and end up engaging in unethical decision making behaviour, for the sake of survival (Ford and Richardson, 1994). A research by Nelson and Campfield (2008) applied this concept to the healthcare industry and found that the progressively competitive world of healthcare delivery persuades the hospitals to unethically market fake and superlative claims, against the philanthropic nature of hospitals in order to achieve greater market share and generate more revenue. However, despite being an important factor affecting marketing activities of a firm, empirical research about the influence of industry competitiveness on ethical marketing has been sparse (Ford and Richardson, 1994), with only a few studies to its credit.

In an international setting, certain types of industries have been studied to be predisposed to higher levels of ethical problems as found in the case of Hong Kong's international managers marketing their products overseas compared to Australian managers (Armstrong and Sweeney, 1994). Not only this, the perception of frequency (how often an ethical problem occurs) and importance (perceived attitude towards relevance of ethical problems) of ethical problems are known to vary with industry type. Armstrong and Sweeney (1994) empirically established that at higher levels of international market entry, the perceived frequency of ethical problems will be greater, especially when respondents' industry and country were considered as a frame of reference. The type of industry was also found to not only affect senior executives' identification and perception of ethical problems, but also the comprehensiveness of written ethical policies and ethics training within the U.S., U.K., Germany and Austrian companies (Schlegelmilch and Robertson, 1995).

2.2.2.1.3 Organizational Characteristics:

Moving on from the Industry side to the organizational territory, organizations that repudiate ethicality in their marketing activities draw in heightened criticism and hence subjected to a lot of scrutiny and sanctions (e.g. Husted and Allen, 2000). Therefore, an understanding and review of various organization-based factors like organizational culture, organizational size and organizational level forms a crucial part of the ethical marketing literature.

Organizational Culture

It has been unequivocally understood that *ethical business practices stem from an ethical corporate culture* (Murphy, 1989 p.81). However, the relationship above does seem to work in a reciprocal fashion, wherein organizational culture governs a firm's moral development, and the firm specifies its culture that bespeaks its moral development (Reidenbach and Robin, 1991). Furthermore, Organizational culture can also work as a frame of reference for managers' personal goal setting, because managers who evaluate their organisational culture as more ethical are more likely to work towards organisational goals and vice versa (Huhtala et al., 2011). This undeniable influence of organizational culture on ethical decision making (Nwachukwu and Vitell, 1997) has been conceptualised both within the realms of theoretical foundations (e.g. Dunfee et al., 1999, Ferrell and Gresham, 1985a, Hunt and Vitell, 1986, Hunt and Vitell, 2006, Thompson, 1995), as well as empirical validations within the field of marketing ethics. Organization culture is a multifaceted construct (Hunt et al., 1989) that has three elements: *corporate ethical values*, *organizational identity* and *codes of ethics*. Correspondingly, three sets of studies have emerged.

The *first* set of studies discuss *corporate ethical values* [CEV] that differentiate one firm from the other by acting as a central dimension of an organization's culture (Hunt et al., 1989). These CEVs, when introduced and assimilated within the organization's policies, processes and practices can also act as a core foundation to instigate a sustainable ethical corporate culture (Schwartz, 2012). These ethical core values, when encultured into the firm's strategic marketing programmes acquire a controlling function that can design ethical marketing programs like the development of ethically-based marketing mix (Robin and Reidenbach, 1987a). CEVs assess the

influence of organization's ethical culture on managerial decision making process (Burnaz et al., 2009) and conglomerate individual ethical values of managers and formal and informal ethically-based policies of the organization (Hunt et al., 1989 p.79). It is also evident that CEV scale is indicative of an individual's perception of business ethicality demonstrated by firms' way of rewarding/sanctioning unethical behaviour as well as the ethical/unethical behaviour of the managers (Marta et al., 2012).

The *second* set of studies touch on the role of **organizational identity** on ethicality in marketing activities of the firms. Organizational identity refers to an integrative interpretation of firm's culture, history, structure, characteristics, status; and its reputation with competitors, customers, stakeholders, and the society in a broad way (Brown et al., 2006a p.103). Firms can achieve an ethically-based organizational identity by maintaining ethical conformity in their marketing actions, organizational mission and all marketing communication permutations of firm meanings, symbols and values (Martin and Johnson, 2008). Organizational identity is the property of a social group (Brown et al., 2006a). It requires a prolonged period of time for a firm to lexicalise and cement its multifaceted identity that not only cultivates vital firm behaviours and ethically-based strategic initiatives (Martin and Johnson, 2008), but also channelizes its marketing planning process, mission statement and helps in achieving the desired ethical profile (Robin and Reidenbach, 1987c).

Organizational identity must be implicitly and/or explicitly institutionalized into marketing managers' behavioural responses [e.g., perceived importance of ethics, quality of work life, job satisfaction and organizational commitment] to ameliorate the financial health of the firm (Singhapakdi et al., 2010). Organizational identity, when allowed to focally manage firm's response to the institutional environment, provides an impetus to firm's response to societal norms and aids its quest for legitimacy (Martin et al., 2011). In their empirical study Martin et al. (2011) confirmed that firms must respond to societal expectations involving ethics in their marketing practices and employ the institutional environment to allocate their resource for ethically augmenting their products through its organizational identity.

The *third* group of studies investigate the impact of *codes of ethics* on ethicality in marketing practices of firms. Corporate codes of conduct refer to a registered form of ethical statements that reverberate details about an organization's ethical policies, its business principles, codes of practice and rules of conduct (Langlois and Schlegelmilch, 1990). Ethical codes of conduct are the focal element of developing and sustaining an ethical corporate culture (Schwartz, 2012). They are indispensable in addressing issues like conflict of interest, relationships with competitors, privacy matters, gift giving and receiving and political contributions (Murphy, 1995). A research done by KPMG established the global preponderance of corporate code of ethics, thereby providing an empirical reasoning behind the enhanced research interest in the contents and focus of these documents (Svensson et al., 2010, Singh, 2011). An environment [industry, professional and organizational] that is regulated by codes of conduct has a significant influence on the managers' perception of ethical problems, perceived alternatives, and consequences (Hunt and Vitell, 1986, Hunt and Vitell, 2006, Ferrell and Gresham, 1985b). This phenomenon can be attributed to the fact that ethical codes of conduct help in explicit institutionalization of ethics within the firms and as a result act as ethical viewpoints affecting ethically-based intentions and judgements of marketing managers (Singhapakdi and Vitell, 2007, James et al., 1996). Not only this, achievement of an ethically-based performance has also been empirically proven to be a result of good quality codes of conduct set by the organizations (Erwin, 2011). Regardless of all of the above, there is a dearth of research that will look into the efficaciousness of these documents and the organizational infrastructure that accompany them (Singh, 2011).

Developing and sustaining an ethical corporate culture requires not just the codes of ethics as discussed above, but also an establishment of a *formal ethics program*, that implements the code of ethics by giving ethics training to employees, establishing an ethics hotline, and appointing an ethics officer (Schwartz, 2012). Various studies have demonstrated the impact of a formal ethics programme in positively influencing managers' perception of ethical problems, perceived alternatives, and consequences (e.g., Hunt and Vitell, 1986, Hunt and Vitell, 2006, Ferrell and Gresham, 1985b). Ethics policy is important for ascertaining ethical behaviour (Hegarty and

Sims, 1978) and should be enforced by a formal ethics compliance programme to gain the respect of managers and their subordinates (Jose and Thibodeaux, 1999, Laczniaak and Murphy, 1993). Explicitly institutionalizing ethics by a formal ethics compliance programme has been empirically proven to have a triggering effect on managerial ethical judgements and intentions (Singhapakdi and Vitell, 2007), as employees in such organizations are more likely to perceive ethical problems and choose the most ethical alternative available (Singhapakdi and Vitell, 1990). Also, in line with the Contextualist view, a formal ethics programme is intrinsic to ethical reasoning, acts as a frame of reference against an unethical practice like bribery and influences the decision makers' evaluation of ethical dilemmas. Hence it is extremely crucial for marketing decision makers to be aware of contextual influences as they can cloud or distort ethical judgements (James et al., 1996).

Organizational size:

Organizational size harmfully affects the ethical decision making behaviour of marketing managers, especially in case of the larger firms, because the bigger the organization, the greater is the number and seriousness of ethical problems they are likely to encounter (O'Fallon and Butterfield, 2005). Furthermore, it has also been noted that while bigger companies have a tendency to avoid unethical behaviour in operational areas, the smaller ones tend to eschew unethical behaviour in marketing areas (Murphy et al., 1992).

Research on the influence of the size of the firm on ethical decision making in marketing is manifold and has generated mixed results. Studies like Bartels et al. (1998), Chavez et al. (2001), Browning and Zabriskie (1983), Murphy et al. (1992), and Weber (1990) bear a testimony to the positive influence of firm size on moral reasoning, judgement and ethical decision making. This effect can be attributed to greater pressure felt by smaller firms to engage in unethical behaviour in order to compete with larger firms (Ford and Richardson, 1994). On the other hand, studies like Shafer et al. (2001), Paolillo and Vitell (2002), Razzaque and Hwee (2002), and Roozen et al. (2001) yielded no significant impact of firms' size on their willingness to pursue ethical behaviour and judgements. Further to the mixed findings as noted above, O'Fallon and Butterfield

(2005) and Murphy (2002) have recommended the need for more enquiry into the consequences of firm size on ethically-based marketing actions.

Organizational level (Managerial seniority and position):

Extant research suggests that managers at a senior position within the organization have greater knowledge of and perceive seriousness of ethical problems more than those at a lower position (Mitchell et al., 1992). Furthermore, the ethical behaviour of senior management not only enhances their stature in the eyes of subordinates (Morgan, 1993) but positively influences their ethical conduct (Zabid and Alsagoff, 1993). Nevertheless, it has also been empirically proven that with the increase in an employee's seniority level, their ethically based beliefs and resultant ethical decision making behaviour decreases (Ford and Richardson, 1994). They are also unlikely to catch ethically-based problems in their marketing actions (Akaah and Riordan, 1989, Chonko and Hunt, 1985). Such a conflict in the behaviour of the managers can be attributed to the fact that many top management decisions fail to be inspected on a regular basis and as a result they may be less sensitive to the issues related to corporate ethics (Chonko and Hunt, 1985).

The *last set* of studies related to organisational characteristics provide *recommendations* for international organisations when dealing with ethically challenging situations in a cross-cultural marketing activity. A descriptive study by Amine (1996) suggested that organizations must focus on developing and nurturing relationships between themselves and their marketing managers, their the home and host market environments, the global business environment, and the target customer abroad in order to make ethically-based marketing decisions that affect overseas consumers. Furthermore, Rallapalli (1999) emphasised on the potential of a universal code of international ethics by bringing forward a paradigm for development and promulgation of a global code of marketing ethics. Saeed et al. (2001) recommended that if organisations ethically contextualise their international marketing practices in a manner that it safeguards the quality of consumer products/services without compromising on business profit margins, they shall establish harmony and meaningful cooperation between international marketers and their target markets. Since inculcating an ethical approach towards marketing enables firms to creatively

embraces the complex challenges posed by the international marketplace Carrigan et al. (2005); firms can also address these complex challenges by creating governance mechanisms to enhance ethical congruence between individual ethics and organizational ethics, and as a result encourage ethically-based marketing choices by managers in an international setting (Elango et al., 2010).

2.2.2.1.4 Manager/Employee Characteristics

Managerial/employee-based characteristics are the next to be reviewed in light of *demographic*, *personality* and *management-contingent* factors affecting ethically-based marketing activities.

Demographic factors:

Demographic characteristics like age, gender, religion, and education background of the managers have been subject to empirical investigation within the field of marketing ethicality and have yielded mixed findings.

A review of ethical marketing literature by O’Fallon and Butterfield (2005) concluded that the relationship between *Age* of marketing managers and their ethically-based decision making behaviour is a very complicated one, and cannot be summarised clearly. This is because, despite being one of the most common factors to be researched by a vast majority of marketing ethics-related research, the effect of Age on managerial decision making has yielded mixed and inconsistent results. There are studies suggesting a significant effect of managerial age in anticipating ethical problems (Singhapakdi et al., 1996a), and deciding managerial inclination towards ethically-based marketing (Brady and Wheeler, 1996). Studies by Elango et al. (2010), Browning and Zabriskie (1983), and Roozen et al. (2001) empirically prove that young managers have more ethically inclined vantage points and attitude, primarily because of their frangibility in getting persuaded by organizational ethics owing to their less experience than older employees. On the contrary, studies like Shafer et al. (2001), and Singhapakdi et al. (2001) reported no significant findings, while Razzaque and Hwee (2002) reported mixed findings with-respect-to the influence of managers’ age on ethically-based marketing decisions and activities.

Gender of the marketing professionals has consistently been recorded as one of the key demographic factors affecting ethically-based decisions. According to a study by Marta et al.

(2008), men and women marketing professionals vary significantly in their ethical orientation, judgements, intentions and behaviour. Female marketing managers have been empirically proven to have *greater perceptiveness of ethical problems* (Chonko and Hunt, 1985, Franke et al., 1997), *more ethical behavioural intentions* (Singhapakdi et al., 1999b, Marta et al., 2008), as well as *higher ethics judgement* (Lund, 2008) than their male counterparts. The reason behind this phenomenon is the high cognitive moral development of females compared to males (Goolsby and Hunt, 1992). Despite the fact that vast majority of marketing ethics-related literature validate females as being more ethics oriented than males, there has been a few contrasting findings that contest the ones detailed above. Studies by Singhapakdi and Vitell (1991b), and Hegarty and Sims (1978) found no difference between the male and female perceptions of ethical problems or the decisions taken thereafter. As studies suggesting females as more ethical than males seem to outnumber the ones suggesting males to be more ethical and in-line with the conclusion by Marta et al. (2008) [that stated no account of studies finding men to be more ethical than women], it can be safely concluded that extant literature suggests women marketing managers are more ethical than their male counterparts.

The influence of *religiosity* of the marketing managers has been one of the most conspicuous demographic factors affecting their ethical decision making. In fact, two of the most crucial theoretical foundations within the field of marketing ethics by Ferrell and Gresham (1985b) and (Hunt and Vitell, 2006, Hunt and Vitell, 1986) suggest that religion is an inseparable part of an individual's cultural environment and has a very significant effect on their ethical decision making process. According to Vitell (2009), religiosity is a canvass that draws out the ethical picture of businesses, its marketing and consumer behaviour. Its two distinguishable dimensions are extrinsic and intrinsic religiosity (Allport(1950) cited in Singhapakdi et al., 2012). The "interiorized" intrinsic religiosity is symbolic of the managers' true beliefs in religion and religions traditions, and the "institutionalized" extrinsic religiosity is an external manifestation of one's religion that indicates a functional approach to religion (Hunt and Morton, 1971, Vitell and Paolillo, 2003). This utilitarian approach of extrinsic religiosity makes it more relevant to a business practitioner (Vitell et al., 2011).

Numerous studies show the impact of religiosity on ethicality in marketing by doing an analogy of intrinsic and extrinsic religiosity, and come up with different findings. For example, it has been empirically noted that ethics principles, when internalized into the moral identities of marketing managers [as is the case with intrinsic religiosity] result in higher ethical intentions as compared to the managers whose moral identities have no trace of ethics internalization [as is the case with extrinsic religiosity] Vitell et al. (2009). Likewise, Vitell et al. (2011) suggest that managers with high extrinsic religiosity have less ethical intentions, perhaps because they are mainly motivated to fulfil their extrinsic needs like social acceptance or business progress, rather than internally inclined to behave ethically. This phenomenon can also be attributed to the utilitarian motives of managers with extrinsic religiosity, that prevents them from having genuine ethical intentions (Singhapakdi et al., 2012). Furthermore, Walker et al. (2012) established that managers with intrinsic religious motivation orientation [RMO] employ their religious beliefs like having a loving view of God as their vantage points in making ethical judgements and questioning the ethicality of their actions, as compared to managers with extrinsic RMO. The above phenomenon is very much consistent with symbolic interactionism theory. A review and metaanalysis by Donahue (1985) denoted intrinsic religiosity as more cognate to religious commitment than extrinsic religiosity. Furthermore, religion was validated as a crucial determinant of ethical attitudes, as Conroy and Emerson (2004) empirically proved that high intrinsic religiosity indicates greater ethicality in attitudes.

Barring a few studies like Hegarty and Sims (1978) and Giacalone and Jurkiewicz (2003) that reported contradictory findings, it can be derived from the above that managerial religiosity significantly influences their ethical decision making in marketing situations because religious managers are guided by precise deontological norms as compared to the nonreligious ones.

The type and years of education of the marketing managers has often been investigated as one of the demographic factors influencing ethically-based marketing decisions of marketing managers. Empirical research states that highly educated individuals and managers with specialization in business and technical subjects are more ethically inclined compared to the ones who are less educated and have majors in other subjects (Beltramini et al., 1984, Chonko and

Hunt, 1985, Browning and Zabriskie, 1983). This phenomenon can be attributed to the exposure business students have to ethically-challenging situations. Nevertheless, a literature review by Ford and Richardson (1994) concluded that there is poor understanding in the literature about the nature of the effects managers' education on their ethical decision making.

Personality-related factors:

Extant literature has studied the influence of various personality traits of marketing managers that significantly influence their ethical decision making. Love for money, personal moral philosophies, locus of control, Machiavellianism, cognitive moral development, and influence of top management are the personality-related traits that have been studied in the literature and will be reviewed subsequently.

The *first* group studies document the influence of managerial *love for money* [LOM] on their ethical decision making. It has been evidenced that individuals with high predisposition towards LOM will not miss a chance [whether ethical/ unethical] to fulfil their monetary desires (Tang et al., 2006). LOM, therefore, stands as one of the key personality traits that could influence both the consumers and the managers. Despite being researched widely as a factor influencing consumers' ethical decision making in studies like Vitell et al. (2007), Vitell et al. (2006), its effect on managerial decision making has not attracted much attention there by creating an "ethics gap" between companies and consumers. However, the pioneer attempt at investigating the potential impact of LOM on marketing managers' ethical decision making by Singhapakdi et al. (2012) empirically proved that high LOM in managers will negatively affect the ethicality in marketing intentions.

Ferrell and Gresham (1985b p.88) noted that "*it is impossible to develop a framework of ethical decision making without evaluating normative ethical standards derived from moral philosophy*". In light of this, a *second* group of personality-related studies investigating the influence of managers' moral philosophies on their ethically-based decision making; can be summated under *personal moral philosophies* [PHP]. Extant research is abundant with empirical evidences that establish the influence of managers' social and cultural environment on their moral inclination,

which in turn influences their ethical decision making (e.g. Hofstede, 1983, Ferrell and Gresham, 1985b, Hunt and Vitell, 1986, Hunt and Vitell, 2006, Bartels, 1967).

Managerial Personal Moral Philosophies (PMP) can be measured by capturing the differences between its two elements, namely: Idealism and relativism, using the Ethics Position Questionnaire (EPQ) test developed by (Forsyth, 1980). While idealism is the degree of altruistic and optimistic philosophical approach that the individual applies to achieve wellbeing of others by engaging in the “right thing”, relativism on the other hand is a scepticism-based philosophical approach that mirrors the extent to which an individual renounces universal moral values (Forsyth, 1980 p.175-176, Singhapakdi et al., 1999b). Various studies have evidenced the influence of the Idealist and relativist aspect of managers’ PMP on their ethically-based decision making in marketing, which are reviewed subsequently.

The *First* group of studies demonstrate the positive influence of *Idealism* on managers’ decision-making process. The aforementioned EPQ Idealism scale has been used to empirically prove the impact of idealistic PMPs on marketing managers’ ethical *intentions* (Singhapakdi et al., 2008, Singhapakdi et al., 2000a, Vitell and Paolillo, 2004, Singhapakdi et al., 1999b), *their deontological norms* (Vitell et al., 1993b), on *their belief in high ethical standards* and social responsibility being conducive to organizational effectiveness (Singhapakdi et al., 1995), and lastly, their *ethical judgements* (Singhapakdi et al., 1995, Singhapakdi et al., 1999b, Vitell et al., 1993a, Singh et al., 2007).

The *second* group of studies testify the negative influence of managerial relativism on their ethical decision making. The EPQ scale empirically proves no significant influence of relativism on managerial *ethical intentions* (Marta et al., 2008, Marta et al., 2012, Marta et al., 2001, Singhapakdi et al., 2008, Singhapakdi et al., 2000b), their *ethical sensitivity* (Sparks and Hunt, 1998, Sparks and Pan, 2010) and on *their belief in high ethical standards* and social responsibility. Managerial relativism-based PMPs have been proven to be non-causative to firms’ success (Vitell and Paolillo, 2004). Overall it can be concluded that managers with idealistic personal moral

philosophies have predisposition towards ethical decision making in marketing, while those with relativistic PMPs fail to identify with ethical decision making in marketing.

The *third* group of studies investigate the impact of managerial *locus of control* [LOC] on their ethically-based decision making in marketing situations. LOC has two variants; internal and external. Based on Julian Rotter's (1954) social learning theory, Trevino (1986) postulated LOC as a personality variable that enhances consistency between moral judgment and moral action of managers with internal LOC as compared to those with external LOC. The internal LOC makes the managers see the reinforcement dependent on his/her relatively permanent trait of his/her own behaviour, while the external LOC makes the managers perceive an event as a consequence of some of his/her own actions but not being entirely dependent upon his/her action (Singhapakdi and Vitell, 1991a).

According to Hegarty and Sims (1978), LOC is an instrumental covariate of unethical behaviour. Similar findings were replicated by Singhapakdi and Vitell (1991a) where managers with external LOC were empirically proven to be significantly less ethical compared to the ones who have internally oriented LOC. However, there has been a dearth of studies investigating the influence of LOC on ethically-based marketing activities (Singhapakdi and Vitell, 1991a), with only few studies as mentioned above to its credit.

The *fourth* group of personality-related studies focus on *Machiavellianism's* influence on marketers' ethical decision making. Machiavellianism can be understood as a "cool detachment" that enables individuals to detach themselves from other people, be less emotionally involved with sensitive issues and trying to save their face in embarrassing situations Christie (1970) cited in (Singhapakdi and Vitell, 1990 p.7). Machiavellianism has two categorical dimensions, namely a personality dimension and an organizational dimension. While the individuals who believe that manipulative and persuasive behaviours can be employed to achieve personal objectives can be categorized under the personality dimension (Gable and Topol, 1991), the individuals believing in the usage of manipulative tactics to accomplish their sought after goals within the context of

an organization environment, can be categorized under the organizational dimension of Machiavellianism (Kessler et al., 2010).

The number of studies investigating the influence of Machiavellianism on marketers' ethically-based decision making are sparse (Singhapakdi and Vitell, 1991a). Extant literature however testifies the antagonistic effect of Machiavellianism on marketers' ethical behaviour, in that the highly Machiavellian individuals have a tendency to behave less ethically as compared to the less Machiavellian individuals (Hegarty and Sims, 1978). They have also been proven to be less ethical in their decision making process compared to individuals with less Machiavellianism (Ford and Richardson, 1994, Loe et al., 2000, O'Fallon and Butterfield, 2005). Machiavellianism is also understood to interact with the organizational ethical culture, and as a result affects marketer's ethical perceptions (Singhapakdi, 1993). Furthermore, highly Machiavellian marketers who have also an "external" locus of control endorse lower deontological norms than their counterparts (Singhapakdi and Vitell, 1991a).

In an attempt to answer the critics' attack on marketers being manipulative, unethical or "Machiavellian" in nature, Hunt and Chonko (1984) conducted a study using a sample of over 1000 marketers concluded that (1) a group of marketers who considered marketing to be a profession would likely be more ethical and less Machiavellian than the universe of marketers, (2) Machiavellianism is not related to success in marketing, (3) strong negative correlation between age and Machiavellianism (4) marketers high in Machiavellianism are not disproportionately located in any particular marketing occupation (such as sales) and lastly, (5) gender was a significant predictor of Machiavellianism with women being more Machiavellian than men.

Studies on the impact of *cognitive moral development* [CMD] of managers on their ethical decision making can be summated under the *fifth* group of personality related studies. Kohlberg (1969) and Rest (1979) emphasized on the importance of an advanced logically reasoned approach to moral development, if individual's reasoning abilities pertain to social arrangements during the cognitive development process (Goolsby and Hunt, 1992). Cognitive moral

development in the form of moral reasoning has played a pivotal role in marketers' decision making in an ethically charged situation (e.g. Hunt and Vitell, 1986, Hunt and Vitell, 2006, Ferrell and Gresham, 1985b, Ferrell et al., 1989). Although relevance of managerial CMD within the field of marketing ethics has been established by a host of marketing ethics models as mentioned above, not many researchers have tested this construct (Ho et al., 1997). Studies like Trevino and Youngblood (1990), Trevino (1986), and (Ferrell et al., 1989) evidence a mediating role of CMD in ethically-based decision making in marketing situations. It has also been evidenced that higher CMD in marketing managers reduces their role conflict and clears any ambiguity while taking ethically-based decisions and vice-versa (Ho et al., 1997). The CMD theory, when applied to business ethics, provides an improved explanation of business ethics, social responsibility and any other organizational phenomenon (Fraedrich et al., 1994). Despite the scarcity of recent studies on CMD, this personality-based factor of managers can be understood as one of the crucial factors having a positive influence on marketing ethics.

The *final* group of personality-related studies evidence the influence of *top management* on ethical predisposition of marketers. It has been noted by Robin and Reidenbach (1987c) that top management can develop successful ethically-based marketing programmes by inculcating ethical core values throughout the organization's culture. Hence, if top management within a firm defines, refines, evaluates, communicates and institutionalizes ethical principles as an important part of their policies, practices and goals, (Hunt et al., 1989), they can act as ethical vantage points for marketing managers to engage in ethical marketing behaviour. Furthermore, if top management commitments and ethical leadership implicitly institutionalizes ethical orientation and conduct, ethically-based corporate structures can be built within industries (Murphy, 1989, Singhapakdi et al., 2010). For example, when top management lambasts unethical behaviour, marketing managers tend to not perceive the ethical problems (Chonko and Hunt, 1985). Likewise, in a study on Indian managers, Viswesvaran et al. (1998) empirically established that managers tend to be more satisfied with their jobs if they see top management's support for ethical behaviour. Furthermore, sustained presence of *ethical leadership* indicated by an ethical 'tone at the top' by the board of directors, senior executives, and managers builds and underpins an

ethically-based corporate culture (Schwartz, 2012). Not only this, ethically-based behavior of management, supervisors, their potentialities and dedication towards ethical behavior, receptiveness to discuss ethical issues, and reinforcement of ethical behavior by top management, deters unethical behavior in their subordinate managers (Kaptein, 2011). Recently, an empirical study of the relationship among antecedents, ethical marketing mix practices and business performance, established top management as positively influencing ethical marketing practices (Batory et al., 2005).

Management-contingent Factors:

Management-contingent factors are the situational or context-based elements that influence marketers' ethical decision-making process. They are managerial ethical judgement, perceived ethical problem, perceived importance of ethics, perceived moral intensity, influence of peer-group, and rewards and sanctions by organisations.

Ethical judgement is the *first* issue-contingent factor that has attracted significant attention of researchers, with more than one hundred empirical ethical decision making studies having Ethical judgement as a central construct (Pan and Sparks, 2012); that includes 185 studies published between 1993-2003 alone (O'Fallon and Butterfield, 2005). Ethical judgement can be defined as "*an individual's personal evaluation of the degree to which some behaviour or course of action is ethical or unethical*" (Sparks and Pan, 2010 p.409). The most recent definition is "*the perceived degree of ethicalness of a particular action for solving an ethical problem*" (Singhapakdi et al., 2012 p.2). Ethical judgement has been the determinating factor of various studies exploring the marketing managers' intentions to adopt an ethically-based remedial alternative to a problem (Mayo and Marks, 1990, O'Fallon and Butterfield, 2005). Despite influencing managerial intentions to adopt a particular alternative, ethical judgements are also resultant of morally reasoned, deontological and teleological evaluations of marketing managers (Hunt and Vitell, 1986, Hunt and Vitell, 2006). Likewise, ethical judgement of advertising and marketing managers were found to be affected by the perceived importancs of the issue (Robin et al., 1996), as well as the harmfulness of the products (Smith and Cooper-Martin, 1997) respectively.

It has also been empirically proven that managers who exert ethically-based judgements, are more ethically intended and vice versa (Mayo and Marks, 1990, O'Fallon and Butterfield, 2005). This was further empirically proved by Singhapakdi et al. (2012), who suggested ethics institutionalization as a win-win approach for firms' triumph in terms of both financial and market performance. This can be achieved by explicit forms of ethics institutionalization influencing marketing managers' ethical judgements and intentions when involved in an ethically-based decision making (Singhapakdi and Vitell, 2007). Moreover, it has also been empirically proven that marketing professionals employ mainly deontological and marginally teleological considerations while making ethical judgements, as well as rewarding/disciplining the resultant ethical or unethical behaviour (Lund, 2011). A recent review and meta-analysis of the ethical judgments literature by Pan and Sparks (2012) establishes ethical judgments of marketers as a significant predictor of ethically-based marketing decisions.

The *second* issue-contingent factor, that has attracted the attention of researchers as a significant predictor initiating the ethical decision making process has its origins in the cultural, professional, industry, organizational and personal environment, and is known as ***perceived ethical problem*** [PEP] (Hunt and Vitell, 1986, Hunt and Vitell, 2006). Singhapakdi and Vitell (1991a) found a significant relation between PEPs and practically alternate ideas to solve them; in case of sales people who were more likely to deliberately remediate ethical issues if they perceive them in any circumstances. It has also been noted that the more promptly a manager perceives an ethical problem in situations, the more strongly its moral intensity will be felt (Singhapakdi et al., 1999b). Furthermore, the interaction between Machiavellianism and organisational ethical culture, have a significant relationship certain facets of PEP (Singhapakdi, 1993). Lastly, PEP has also been empirically proven to positively anticipate ethical intentions of small business managers (Marta et al., 2008).

The *third* issue-contingent factor studied in the domain of ethical marketing is ***Perceived importance of ethics*** [PIE], a construct that determines the essentialness of ethics for companies. Singhapakdi et al. (1995) first introduced this construct to predicate that marketers who believe in the importance and role of ethically-based practices in generating advantageous outcomes, have

a greater tendency to engage in more ethically-sound behaviors. PIE not only excavates the ethicality in businesses and brings out its relationship with profitability, an understanding of the discrepancies and likeness in PIEs of marketing managers from different countries is crucial for successful and harmonious working relationships with marketers from other countries (Burnaz et al., 2009).

The *fourth* issue-contingent factor affecting ethical decision making in marketing is *perceived moral intensity* [PMI]. Jones (1991) pioneered an issue contingent model that reasoned the influence of PMI on moral decision making and behavioural components of individuals within organizations. PMI is a multifaceted construct that captures the essence of morality-based characteristics like magnitude of consequences, social consensus, probability of effect, temporal immediacy, proximity, and concentration of effect while capturing the extent of issue-related moral imperative in a situation (Jones, 1991p.372). His issue contingent model of ethical decision making contains four stages (1) recognizing an ethical issue, (2) making moral judgments, (3) establishing moral intentions, and (4) engaging in moral behaviour.

The sub-field of marketing ethics notes numerous empirical validations of the influence of moral intensity on ethical judgements and behavioural intentions in ethically charged situations. For example, Singhapakdi et al. (1996b) tested all of the four scenarios in Jones's (1991) model and empirically established positive relationship between all components of moral intensity and marketers' ethical perceptions. Two follow up studies (e.g., Singhapakdi et al., 1999a) and (Singhapakdi et al., 1999b) reported that PMI enhances marketers' perceptions of ethical problems which in turn reduces their intentions to act unethically, thereby empirically proving that PMI enhances ethical intentions and ethical behaviour. PMI has also been empirically proven to affect individual ethical decision-making behaviour (see; Burnaz et al., 2009, Paolillo and Vitell, 2002). The influence of PMI on ethical decision making has also been empirically studied in an international marketing ethics setting, where PMI predicted ethical judgements in a cross-cultural comparison of Chinese and U.S. marketers (Singh et al., 2007), and ascertained ethical intentions in ethically-charged situations in a cross-cultural study between China and the U.K. and Spain (Vitell and Patwardhan, 2008). In light of the above, it can be concluded that varying

levels of perceived moral intensity of ethical situations/issues attract varied response from individuals. Highly moral intensity-laden situations pressurize the decision maker towards more ethically-based decisions, in comparison to low moral intensity-laden situations where the risk in an immoral behaviour is perceived to be little.

The *fifth* set of studies explores the *influence of peer-group* on ethical/unethical behaviour on marketers. Peers are known to have an immediate influence on ethical intentions, judgements and behaviour of employees solely because of the enhanced frequency and intensity of contact the employees have with their peers (e.g., Dubinsky and Loken (1989), Jones and Kavanagh (1996), Zey-Ferrell et al. (1979), and Beams et al. (2003)) is not withstanding the fact that employees see themselves as more ethical than their peers, co-workers, and supervisors in their ethical beliefs and decision making behaviour managers (e.g., Ford and Richardson, 1994). However, only one study by Razzaque and Hwee (2002) reported no significant peer influence on judgement of ethical issues.

The *second* set of studies investigates the influence of *rewards and sanctions* on marketers' ethical intentions and behaviour. The probability of engaging in an ethically-based behaviour has been empirically proven to be linked with likelihood of being rewarded; where managers intend to behave ethically if they are aware that they are going to be rewarded for their ethical behaviour (e.g., see Shapeero et al., 2003, Beams et al., 2003, Hegarty and Sims, 1978, Trevino and Youngblood, 1990, Tenbrunsel and Messick, 1999). It has also been reported that organizations that do not have strong *sanctioning* systems concentrate mainly on the business aspects rather than the ethical aspects because obligatory stricter sanctions reduces unethicity in managerial behaviour (Tenbrunsel and Messick, 1999). This phenomenon can be attributed to the fact that individuals who perceive higher levels of risk of being punished will have more negative ethical judgments and intention to engage in unethical behaviour (Cherry and Fraedrich, 2002). Furthermore, it has also been reported that if the consequences on engaging in an unethical activity for the firm are negative, top management is known to reprimand such unethical behaviour more when compared with getting results that are beneficial for firm's performance (Hunt and Vasquez-Parraga, 1993). It can be extracted from the above that in general unethical

behaviour is more prevalent in organizations that reward unethical behaviour and less prevalent in organizations that punish unethical behaviour (O'Fallon and Butterfield, 2005).

In an international setting, there is a group of studies that have conducted a *cross-cultural comparison of managerial characteristics* and studies the variation in ethical decision-making processes of countries. In a cross-cultural comparison of American and Thai marketing managers' moral philosophies and ethically-based perceptions and judgements; the idealist and relativist Thai marketers had greater tendency towards acceptance of absolutism of idealism in comparison to American marketers (Singhapakdi et al., 1994). This comparative cross-cultural study vividly demonstrated the need for American marketers to be cautious when dealing with "situationists" Thai marketers who depend on the nature of ethical issue and not on universally-accepted moral principles when making any moral judgements (Singhapakdi et al., 1994).

In another cross-cultural comparative study of Australian and Hong Kong International managers, it was noted that managerial ethical perceptions of ethical problems were significantly affected by culture and mode of entry [greater at higher levels of international market entry] (Armstrong and Sweeney, 1994)

Based on underlying concept that stakeholders of countries divulge managerial perception of important ethical issues, Schlegelmilch and Robertson (1995) coupled stakeholder theory with ethically-based issues and analysed senior executives in the US, UK, Germany and Austria. They empirically established that the type of Industry and country affects ethical issues in managerial identification of ethical problems, the comprehensiveness of written ethics policies and ethically-based training (Schlegelmilch and Robertson, 1995 p. 875).

Comparative cross-cultural investigation of changes in marketing ethics-related decisions by Singh et al. (2007) and Burnaz et al. (2009) that establish the impact of perceived moral intensity, corporate ethical values, and perceived importance of ethics, have already been reviewed in the managerial characteristics section above. However, contrastingly a recent study by Marta et al. (2012), that aimed to assess patterns across countries, rather than differences, compared the effects of corporate ethical values, idealism, and relativism on ethical intentions of Turkish, Thai,

and American businesspeople. The results not only showed a generally positive influence between cultural ethical values and ethical intentions but also indicated a positive effect of corporate ethical values on ethical intentions for managers with low idealism and high relativism (Marta et al., 2012).

2.2.2.1.5 Ethics and the Marketing Mix

The elements of marketing mix, namely product, price, promotion and distribution, have been empirically validated to cause dilemmas in marketing professionals' ethically-based decision making (Lund, 2000). It is crucial to foster ethical core values as a part of firm's strategic marketing planning process, for better channelization of firm's marketing design programmes, while particularly overseeing the development of marketing mix (Robin and Reidenbach, 1987a). It is surprising that even though reports of misleading advertising, unsafe and harmful products and abuse of channel power were causes of unrest in marketing 50 years ago, they are still subject to a lot of debate even today (Schlegelmilch and Öberseder, 2010).

The discussion of a possible breach of ethicality in the elements of marketing mix has been mainly confined to textbooks and remains one of the most under researched area in the field of marketing ethics with very few scholarly articles to its credit. Furthermore, scholarly research on ethical issues related to the marketing mix is unequally distributed; where advertising-related ethics has attracted most attention of marketing ethics scholars, followed by product, price and distribution-related ethical issues that have been discussed in only 25 of more than 500 papers analysed in a literature review by Schlegelmilch and Öberseder (2010). Not only this, provisions for marketing ethicality related issues do not find themselves incorporated fully into company codes and other statements; product safety and advertising being the least addressed areas (Murphy, 2002).

Almost every aspect of marketing strategy (including distribution/retailing, promotion, product management, pricing and non-business marketing) exhibits grave ethical questions (Laczniak, 1983). Consequentially, it is crucial to develop an ethically-based export marketing strategy, that can not only be self-sufficing but also liberate marketers from their ethically- based dilemmas.. Ethics in these four elements of the marketing mix is known to form an important part of

marketing practitioners' decision making and hence a review of related research, however limited follows next.

Product-related Ethics:

Ethical products are the products that showcase credibility in social or environmental principles, thereby affecting purchase decisions of consumers (Bezençon and Blili, 2010). Moreover, planning, analysis, and oversight of societally affirming products have been understood to be synonymous with ethical marketing (Laczniak et al., 2016). Likewise, marketing harmful products is marked as unethical under the principles of justice (Jones and Middleton, 2007). A product, owing to its very nature is fundamental to the numerous critiques marketing has to encounter, and examining the ethicality of a product concept lies at the heart of marketing (Harris, 2009). Even though no product can be completely and unreservedly ethical *per se* (Crane, 2001), organizations need to conform their product related decisions to ethicality as much as possible in order to cash on the ethically-based credentials that are essential in the ethics era that we live in (Smith, 1995b).

Product safety, product quality, product design, packaging, labelling and ethical products are some of the issues related to product ethicality (Schlegelmilch and Öberseder, 2010). These issues related to firms' product policy can emerge at any/all stages of the product life cycle ranging from its inception to decline. Summed up in Table 2.2, these issues necessitate marketing managers to make ethically-based decisions at all stages of designing their product policy. They must refrain from tricking customers into buying their products by giving away misleading information or deliberately eliminating any information altogether from the product packaging or advertising (Smith, 1995a). This is because consumers are vulnerable to product harm and consequentially bear severe consequences (Smith and Cooper-Martin, 1997).

Table 2.2: Ethical issues related to Product Policy

Ethical Issues in Product Policy		
Ethical Issues		Managerial Decision Making
Product design and Positioning	Product design	Taking responsibility for possible product-misuse by consumers
		Considering extent of responsibility for producing safe products when consumers are willing to spend less on other unsafe products
	Product positioning	Deciding the level and type of communication needed to convey positioning and liability information.
Product Packaging and Labelling	Misleading labels	Using appropriate labels to describe the attributes of a product
	Warning labels	Avoiding over-usage of warning labels
		Emphasis firms must give to a particular warning on the label
	Packaging waste	Deciding how to improve packaging, e.g., tamper-proof packaging
Deciding whether the product packaging is designed to encourage waste of the product		
Product Recalls	Product recalls	How companies prepare to deal with problems of aging equipment
		Whether consumer is informed immediately about product fault
		Whether company is concerned about product safety
Value Durability	Value durability	Producing products that will continue to maintain its value over time
		Producing products that will live up to the promises of the firm
Product and Environment	Product and environment	Producing environmentally compatible/incompatible products
		Handling trade-off between adoption of environmentally conscious view of profitability view
		Marketing “green products” solely for competitive advantage

Source: Compiled from Brenkert (2008), Ferrell et al. (2005), Chonko (1995), and Smith and Quelch (1993)

According to Jones and Middleton (2007), unethical products are likely to cause *physical harm* [e.g., tobacco and alcohol (Davidson, 1996)], *economic harm* [e.g., pay day loans (Geller, 2001)], *psychological harm* (Davis, 1999), and could be *sinful* [e.g., firearms, gambling, (Davidson, 1996)]. Deliberate usage of fear appeals as explicated in healthcare marketing also symbolises product unethicity in some form (Benet et al., 1993). The recent Horsemeat scandal in Europe [where beef products were found to contain horse DNA] is a classic example of unethicity in marketing where food products were mislabelled to increase profit by surreptitiously replacing Beef with Horse meat in food products that were labelled as beef products (Scally, 2013). The

repercussions of such product-based malpractices can be detrimental to not only the specific product category but also the entire meat market because fraud with one type of meat is easily confused with a risk of residues or bacterial contamination in another meat type, leading to a meat industry with a tarnished image causing consumers to drift away completely from meat, rather than just substitute one type of meat for another (Verbeke, 2013).

On the other hand, it has been noted that consumers are likely to identify ethical considerations as elements of *an augmented product* (Smith, 1990). Such ethically augmented products facilitate firms to predict consumer buying behaviour more than product involvement. An ethically augmented product is bi-dimensional, thereby accentuating its direction [whether the ethical issue is likely to enhance/decrease overall product benefit] and content [the area of related product offering] (Crane, 2001). Moreover, the advent of ethical consumerism has also engaged retailers, distributors and promoters of ethical products to use ethical product adhesion [i.e., the extent to which consumers buy ethical products because of their underlying ethical principles] as a progenitor to ethical product buying behaviour (Bezençon and Blili, 2010).

It can be safely concluded from the above that there is heightened consumer interest in the ethicality of products and as a result they show greater confidence in purchasing products that are safe and of better quality, from brands that have a favourable track record for quality and ethicality (Curlo, 1999a). Hence, it becomes crucial for marketers to assess and address issues related to this element of the marketing mix.

Pricing-related Ethics:

Manufacturing firms' moral responsibility to manufacture safe products for its consumers, stands out as an unquestionable pragmatic in today's day and age (Boatright, 2010). However, achieving this while keeping up with firms' pricing goals poses a big challenge for the marketers. Profit maximization, maintaining/increasing market share/sales volume, meeting the competition or stabilizing prices are the quintessential pricing goals, that raise questions about the ethicality of the way in which marketers achieve such goals and the general purpose of business and marketing (Brenkert, 2008). Pricing is a component of the marketing mix that catches excessive attention of

societal welfare watchdogs (e.g., the antitrust enforcement agencies etc.; who patrol fair competition among businesses and defend buyers from being deceived and treated unfairly by unethical practices like price fixing, making horizontal and vertical agreements (Smith and Craig, 1993).

While keeping their guard from the societal watchdogs, firms are expected to make products that are safe and yet perform better than their competitors. In order to achieve their pricing goals to recover the costs of manufacturing safe products, the company may have to increase the prices of their products and hence the risk of losing their competitive advantage pricewise (Curlo, 1999a). Such results may instigate firms to manufacture unsafe products in order to maximise their profits. On one hand, benchmarking common industry standards for safety could be one way to ensure that all companies adhere to their industry specific standards and requirements, without having to relinquish competitive advantage in the marketplace (Buchanan, 1996). On the other, companies capitalising on consumers' lack of knowledge may choose to disagree with common rules and regulations and produce cheaper products that are sought by consumers who are unaware about constituents of a safe product (Sethi and Sama, 1998). The phenomenon discussed above can inadvertently invite a boomerang marketplace imbalance that could force companies to terminate their intentions of manufacturing safe products and develop unsafe, cheap products on the contrary in order to match competitors' pricing (Sethi, 1994).

A variety of examples could bear a testimony to organizational pricing strategies-led ethical issues. Ethical dimensions of quantity surcharges stands questioned when supermarkets charge compounded unit prices for products packaged in larger quantities than smaller quantity of the same goods/brands; a practice that clearly dupes consumers who are not even aware of the existence of quantity surcharge pricing strategy within the retail environment (Gupta and Rominger, 1996). On other occasions, where it is difficult to increase the prices of the products, marketing persons are known to reduce the package size instead, and continue enjoying the same market share by not losing their customers to competition who sell cheaper products (Adams et al., 1991). These practices also evoke critical ethical concerns for consumers whose deliberation

over prices plays an important role in their decision making about choosing a specific package size (Gupta and Rominger, 1996).

Dynamic pricing in another pricing strategy concept that is commonly employed by marketers during peak periods, where time-of-use prices reflect market conditions on a day-ahead or day-of basis also raises significant ethical concerns (Faruqui, 2010). Detailed list of various other ethical concerns raised by pricing related policies are compiled in Table 2.3. Taking all of the above in consideration, it is high time that implications of such kind of revenue maximizing pricing strategies are questioned and addressed by businesses because mitigating an end product's cost to the user by third party financing; stands both ethically and morally questionable (Balotsky, 2009). According to a literature review by Nill and Schibrowsky (2007), despite the number of ethics-related issues encompassing pricing strategy of firms, pricing has been understood as that functional area of marketing mix, that has the fewest scholarly publications to its credit, as they could identify only one article dedicated to this area. It can be concluded from the above that there exists a big void of research pertaining to ethical pricing and this area needs to be investigated further (Schlegelmilch and Öberseder, 2010).

Table 2.3: Ethical issues in Pricing

Ethical Issues in Pricing Policy		
Ethical Issues		Managerial Decision Making
Anticompetitive Pricing	Price conspiracies: Price-fixing, Exchange price information, Parallel pricing	Competitors collaborating to fix a standard price
	Price leadership	Whether unreasonable price precedents are being illegally agreed upon by manufacturers
	Resale price maintenance	Whether resale prices are illegally agreed upon by manufacturers and intermediaries
	Predatory pricing	Whether a new entrant in the market fixes an unmatchable price with a view to monopolise the market
	Discriminatory pricing	Whether sellers offer special prices to favoured buyers
Consumer Pricing	Unit pricing and item marketing	Whether product prices are stipulated on per unit or volume basis
		Whether price marking is done on individual items rather than only on shelves
	Misleading pricing	Whether prices are misleading and not deliberately increased before a "sale"

Source: Compiled from Brenkert (2008), Ferrell et al. (2005) and Smith and Quelch (1993)

Advertising-related Ethics:

The advertising element of marketing strategy has iniquitously become a part and parcel of the lives of consumers and businesses alike. While on one hand, advertising enables businesses to raise awareness about their products and services and connect with them, consumers on the other hand; willingly or unwillingly endure the adverts that make their way into the daily lives of consumers in a variety of ways. The field of advertising has come a long way. Toughened with a variety of organizational, geographical and technological modifications, the once domestic advertising industry that used traditional mass media to reach its customers, has now transformed in a radical manner into a globalised industry that augments itself by its non-traditional approaches (like product placement, direct marketing, viral marketing, and virtual community marketing on the web) and modern day advertising (Drumwright and Murphy, 2009b).

Advertising is the functional area of marketing ethics that stands out among the four elements of marketing mix, as having registered the maximum number of marketing ethics-related articles to its credit (Nill and Schibrowsky, 2007). This is not surprising because advertising is adorned with a responsibility of using its overt nature to promulgate the benefits of products and services to its customers (Krugman and Ferrell, 1981). Ethics in advertising can be understood as doing “what is right or good in the conduct of the advertising function” and focusses on questions regarding what ought to be done, and not what must be done according to the law (Cunningham, 1999). The extent to which consumers are harmed; either by using control or manipulation that violates their autonomy and/or by invading their privacy ascertains the level of ethicality in a particular advertising action (Nebenzahl and Jaffe, 1998). Ethicality in an advertising action can be questioned with respect to the advertising message itself [creating and delivering the commercial message], and/or the advertising business [process involved in running the advertising agency] as a whole (Drumwright and Murphy, 2009a).

Since its inception advertising has always been questioned for misrepresentations, purposive deceit of consumers (Ferrell, 2007); as well as ethical transgressions related to lack of societal responsibility (Treise et al., 1994). False and misleading advertising ranging from overstated

claims and obscure facts to outright lying is a progressively questioned area in organizational communications (Ferrell, 2004). A literature review by Hyman et al. (1994) lists deceptive advertising, advertising targeted at children, adverts promoting tobacco and alcoholic beverages, negative political advertising, racial and sexual stereotyping as issues that have attracted maximum attention within the field of advertising ethics. Furthermore, trying to attract customer attention by using intense explicit sexual appeals by advertisers, also come under the category of unethical marketing and could prove to be counterproductive for the marketing plan of organization (Ford and LaTour, 1993). Imbedding subliminal messages in print advertising is also questioned for a possible breach of ethicality as they invade consumers' psyche and impose ideas on their purchase decisions; ultimately worsening their perception about advertising credibility and trust on the advertising industry (Kelly, 1979) Not only this, advertising related to prescription drugs, targeted at consumers raises ethicality-based concerns and accentuates the necessity for ethical conformity in advertising (Synder, 2011). Various other ethical issues involving the promotional element of the marketing mix are summarised in Table 2.4.

It can be clearly noted from the aforementioned that there is an increasing need for ethicality in advertising; especially in the wake of complicated organizational establishments, as well as various allurements and rewards that an unethical behaviour could bring in global communication agency networks (Drumwright and Murphy, 2009a). Likewise, advertising professionals must also understand the call for advertising ethics in today's day and age because *on one side*, advertising induced consumer harm is sure to spurn intermediation by regulatory bodies who are responsible for protection of consumers and other stakeholders (Polonsky and Hyman, 2007). *On the other*, an immoral advertising practice could trigger severe consumer reactions like product boycotts or demand for government regulations (Treise et al., 1994). Consumers wanting high ethics in advertising are likely to reward or punish companies based on ethics (Synder, 2011); because they believe that advertising in general violates broad ethical norms (Treise et al., 1994), and as a result they could make harmful product-use decisions if the information in adverts is false or misleading (Polonsky and Hyman, 2007).

Table 2.4: Ethical issues in Advertising and Promotion

Ethical Issues in Advertising Policy		
Ethical Issues		Managerial Decision Making
Legal Discourse	Puffery	Using exaggerated language supported by superlatives and vague terms for describing the product
	Children's television advertising	Advertising products that are harmful for children
		Are children able to evaluate the product?
		Does this advertising exploits children's vulnerabilities?
		Does this advertising affect children's attitudes in the long run?
	Use of Mock-ups and demonstrations	Does mock-ups used for advertising betrays the true nature of the product completely
		Is the demonstration real or is the consumer aware of its fictitious nature?
	Endorsements and testimonials	Are product qualities mentioned in the endorsements based on the expert's true knowledge, and are they understandable and available to consumers?
		Are testimonials given by true consumers and not paid actors?
Advertisement based on price	Are price reduction claims advertised by manufacturers true and not traps to draw customers to the store and persuade them to buy more expensive products?	
Coupon fraud	Is there any incident of coupon fraud at any point of the coupon cycle, from printing and distribution of coupons to its redemption?	
Fraud in sweepstakes, contests and games	Are the contests rigged, or has the company made promises about prizes which are never awarded?	
Moral Disclosure	Determining the morality of advertising	If the media, the product, the message and the target market have been properly assessed with a view to proving the appropriate message to the right target market in an appropriate fashion
	Identifying advertising's negative effects	Does the advertising cause conflict between children and their parents, maligns social environment, turns the audiences into worse persons and develops a materialistic view among members of the society

Source: Adapted from Smith and Quelch (1993) and Brenkert (2008).

It can be safely concluded that despite being a mainstream topic in advertising research (Hyman et al., 1994), advertising practitioners' decades-long subdued interest in advertising-related ethics has plagued research and development in the crucial domain of marketing mix (Beltramini, 2011). This has resulted in thin and indecisive research in many crucial areas of advertising ethics (Drumwright and Murphy, 2009b). Recently, the second convention of Advertising Men of Australasia self-constituted self-regulatory bodies to act as an industry standards watchdog for ensuring ethically responsible advertising (Waller, 2012). Not only academically, but on the business front too, ethicality in the advertising activities of marketing professionals is clearly

indispensable if they want to achieve consumer trust and loyalty in their company and its brands (Synder, 2011).

Distribution-related Ethics:

Markets brimming with ever accelerating distribution volumes have added to the intricacies of distribution channel relationships, continuously varying seller-reseller power patterns, evolution of new entities in the distribution channels, and varied ways in which marketers can distribute their products in the market. An organization's distribution policy offsets numerous ethical issues just as the product, pricing and promotion dimensions of marketing, discussed above. For example, organizations that employ direct marketing practices have to confront customer privacy, confidentiality and intrusion-led issues. While others engaged in trade promotions incentivise retailers by paying slotting allowances and as a result they not only affect distribution efficiency but also play false with consumers who are completely unaware of distribution-led unethical practices like slotting allowances (Brenkert, 2008). Prominent ethical issues associated with product distribution are summarised in Table 2.5.

It has been noted that the buyer-seller relational aspects of firm's distribution strategy adorns a definable ethical basis (Murphy et al., 2007); and can be traced in related empirical studies. Particularly, misuse of channel power within the distribution channel is an ethical issue that focuses on the importance of maintaining ethical relationships among buyers and sellers. These long term principal-agent relationships in channels of distribution that accentuate the reciprocal benefits, deal with numerous issues related to the theory of fairness, distributive justice (Vermillion et al., 2002).

All of the above are subject to frequent questioning for a possible breach of ethicality. Furthermore, it has been empirically proven that firms have more likelihood of entering in a partnership with other firms that have a reputation for fair and ethical dealings (Weitz and Jap, 1995). Such ethically conscious firms are less likely to tolerate inadequate product , price or services from their suppliers (Kalwani and Narayandas, 1995).

Table 2.5: Ethical issues related to Distribution

Ethical Issues in Distribution Policy		
Ethical Issues		Managerial Decision Making
Direct Marketing	Privacy, confidentiality and intrusion	Using information gained through processes like credit history check should be used for target marketing
		Whether such information is used deliberately and excludes some groups from certain information campaigns
Trade Promotions	Legitimate “incentives”	Whether retailers claim trade promotion practices such as incentives from manufacturers as “slotting allowance”
		Are these trade promotions harming small businesses and new product introductions in stores
		Are they affecting distribution efficiency and pricing for consumers
Gray markets	Gray markets	Illegal distribution of products within a market or across markets
		Does this lead to consumer dissatisfaction owing to caveat emptor being imposed in buyer and lack of proper point-of-sale services.
Channel of distribution	Abuse of channel power	Unresponsiveness of retailers in dealing with customer complaints
		Use of coercion within the channel by the channel leader
		Franchisors charging high prices for products they sell to their customers

Compiled from (Brenkert, 2008, Tsalikis and Fritzsche, 1989, Smith and Quelch, 1993)

Firms are also known to prefer partners that share similar ethical values and evaluation approaches and consequentially form relationships the ones that have a history of treating organizational partners in an ethical manner and (Vermillion et al., 2002) The relational determinants consummating ethical business and marketing practices viz. trust (between parties), equity (related to distributive justice), responsibility (an obligation of individual ethical duties) and commitment (inter-organizational and interpersonal), have been studied by a number of researchers like Saini (2010), Murphy et al. (2007), Gundlach and Murphy (1993), Vermillion et al. (2002), and Kavali et al. (1999).

According to a review of literature by Nill and Schibrowsky (2007), research on ethicality in the distribution element of the marketing mix is very sparse. Considering all of aforementioned issues, it becomes essential to collaborate organizational distribution strategy with ethical behavior for a synergistic role play along with their constituencies and as a result earn a good name in the marketplace and society (Kavali et al., 1999).

International studies related to ethics and the marketing mix have mainly focussed on the *ethical issues* [like dumping of inferior quality goods by foreign marketers in poorer countries, giving deficient information about foreign products etc.] faced by international marketers. Various textbooks mentioned in the start of this chapter have discussed ethically-based international marketing-related issues in detail. Specifically, Schlegelmilch (1998) went a step ahead and besides discussing issues related to ethically-based product, price, promotion and distribution in an international setting, he also highlighted future ethically-based challenges (viz. striking harmonious balance between corporate ethics and national culture, associating ethics with the economic development of the country and defining limits for their ethical leadership) that international marketers will face.

While academic research articles like Delener (1998) and Armstrong (1992) have shed light on growing concerns in international marketing. Delener (1998) employed teleological and deontological philosophies of ethics to ethically and legally reason the phenomenon of dumping; and concluded that marketers who keep very low pricing of products for an international market are not engaged in an ethically-based behavior (Delener, 1998). Not only this, an empirical analysis of the frequency of occurrence and importance of ethically-based problems faced by Australian firms uncovered large-scale bribery, cultural differences, pricing practices and questionable commissions as the most difficult problems facing Australian managers' cross-cultural marketing activities (Armstrong, 1992).

2.3 Summary

In this chapter the investigator conducted a detailed review of scholarly contributions in the field of marketing ethics. Theoretical contributions within the field of marketing ethics were first reviewed followed by a detailed review of extant marketing ethics literature by dividing the field into five thematic areas. Since there is not much research on international aspects of marketing ethics, the investigator reviewed research done at domestic level while stating relevant research at the international level for each of the thematic areas covered.

While reviewing the theoretical foundations, the investigator reviewed three most important theoretical underpinnings of marketing ethics, i.e., the Hunt-Vitell theory of Marketing Ethics, the Integrative Social Contracts Theory, and the Institutional Theory. All of these aforementioned theories have played a significant role in shaping the nature of research within the field of marketing ethics. While the Hunt-Vitell theory of marketing ethics adopts a process-oriented approach to explain the managerial ethical decision-making process, the Integrative Social Contracts theory provides marketing practitioners with practical guidance to ethical decision making. The Institutional theory on the other hand, emphasises on the role of contextual institutions and their norms in shaping ethical decision-making behaviour. The essence of the Hunt-Vitell Theory is that when managers are faced with an ethically-charged situation, their organizational, personal, business and cultural environments feed into the potential alternatives they adopt in order to reach their expected consequences, that ultimately affects their individual belief system and future ethically-based contemplations in return. Therefore, the H-V theory takes a managers' circumstances into consideration and provides a step by step empirically grounded approach to ethical decision making in marketing. The Integrative Social Contracts approach is particularly relevant to ethical decision making related to international marketing. When marketers engage in boundary spanning relationships and cross-cultural activities, international marketers must take into consideration the situational norms and practices of the foreign country in which they operate. The basic premise of this theory is that the people in the foreign communities have established their own norms of ethical behaviours, and international marketing managers must offer advantages to them by interacting with them by sharing their ethically-based tasks, values or goals, and in exchange earn their firm's right to exist and prosper. Lastly, the Institutional Theory recommends that international marketing managers must conform to the rules, social norms, and institutional expectations, and reflect socially and stakeholder desirable characteristics in order to make their firm acceptable to the society. They can do so by imitating the market, mimicking the successful or just by following the norms. The theory also postulates that, firms can make a decisive choice whether that want to over conform, under conform or just

conform to the institutional factors by making appropriate [e.g., pro-ethical/ compliance based or totally non-ethical] strategic choices in their marketing activities.

A review of literature based on various thematic areas covered, revealed that the field of marketing ethics is well researched, with majority of studies focussing on managerial ethical decision making. Furthermore, the key theoretical frameworks i.e., the Hunt-Vitell theory of marketing ethics and the integrated social contracts theory are process oriented and provide little guidance on ways in which organisations can incorporate ethicality in their business processes. The institutional theory can be understood to be a recent addition to the field of marketing ethics and works by suggesting ethics institutionalisation in the company's corporate culture. The review of literature brought out five thematic areas, namely: the country-specific characteristics, the industry specific characteristics, the organisational characteristics, managerial/ employee characteristics, and lastly, ethics and the marketing mix. Culture of the host country was the most studied topic in the country-specific characteristics, while industry type, norms and competitiveness were grouped under the industry-specific characteristics. Organisational culture [comprising of corporate ethical values, organisational identity, code of ethics and formal ethics program], organisational size, and organisational level were the key sub-sections studied in the literature under the organisational characteristics thematic category. Under the managerial/employee characteristics, the investigator reviewed the effects of managerial demographic [comprising of age, gender, religion, type and years of education], personality-related factors [e.g., love for money, personal moral philosophies, locus of control, Machiavellianism, cognitive moral development and influence of top management], and management contingent factors [e.g., managerial ethical judgement, perceived ethical problem, perceived importance of ethics, perceived moral intensity, peer group pressures, rewards and sanctions, and cross-cultural comparisons of managerial ethics] on the ethical decision making. Under the consumer-based characteristics, the investigator reviewed the studies on consumers' personal attitudes, their personal moral philosophies, religion and religiosity, ethics gap between marketers and consumers, cultural orientation, demographics, consumers' attitude towards businesses and marketing and their ethical judgements. Lastly, the investigator reviewed the literature on studies

related to ethics and the four key elements of the marketing mix i.e., product, price, promotion and distribution.

Having reviewed the literature on marketing ethics, the investigator has noted the gaps in the literature [as already listed in the introduction chapter] and shall proceed to the conceptual development chapter in order to develop a research model that aims to fill in these gaps based on the inputs from the literature. In doing so, the investigator shall derive its resources and capabilities from organisational and managerial/employee-based characteristics respectively. The thematic area of ethics and the marketing mix shall feed into the elements of ethically-based export marketing strategy, i.e., ethical product, ethical pricing, ethical promotion and ethical distribution. One of moderating factor shall be derived from the industry specific characteristics, that is the foreign market competitive intensity from the competitiveness of the industry. The investigator shall derive elements of one of its key performance outcomes i.e., social performance from organisational ethical identity, and consumers' attitude towards business and marketing elements of the organisational and consumer-based characteristics discussed above. Market performance outcomes shall be derived from consumer-based factors while industrial and organisational characteristics like industry type, firm size etc. shall form a part of the set of controls whose influence on the dependent variables in the model shall be tested during the course of the study. The next chapter lays the foundation of the conceptual model of this study, formulates and discusses various hypotheses based on various relationships in the conceptual model.

Chapter 3

Conceptual Development

3.1 Introduction

A review of the pertinent literature in the previous chapter has highlighted a dearth of empirical research and knowledge related to the incorporation of ethicality in firms' strategic marketing decisions. This chapter lays a foundation for integrating ethics into export marketing strategy by conceptualising a theoretically grounded model to be empirically tested among British exporting firms. The chapter is divided into two sections. The *first* section (a) states the theoretical foundations of the conceptual model, which are the Resource-Based View of the firm, the Industrial Organisation Theory, and the Institutional Theory, and (b) demonstrates the synergetic value generated by combining the aforementioned theories, as well as their aptness in explaining the relationships hypothesised in the conceptual model. The *second* section (a) presents the conceptual model, and (b) formulates research hypotheses referring to association among constructs incorporated in the model.

3.2 Theoretical Background

For the purposes of integrating ethics into export marketing strategy, this study employs the Resource-based View (RBV), the Industrial Organisation Theory (IO), and the Institutional Theory to provide a fertile ground to explain the drivers and consequences of ethically-based export marketing strategy. On one hand, the internally-oriented RBV focusses on sharing and combining organisational resources and capabilities to draft and implement a marketing strategy that helps to attain sustainable competitive advantages, and ultimately improve export performance (Chabowski et al., 2018). On the other hand, the industry specific IO Theory (and particularly the structure-conduct-performance paradigm) views firm performance being totally determined by the effect of external forces (especially industry competition) on the firms' export marketing initiatives (Morgan et al., 2004). Also, the externally-driven Institutional theory recognises the influence of foreign market regulatory forces, and emphasises on the need to conform to those foreign market regulations, if they wish to attain legitimacy and achieve enhanced performance outcomes (Chabowski et al., 2018). In the context of ethicality, several researchers contend that firms' ethical conformity decisions are a blend of its unique identity

[coming from possession of valuable, complex and idiosyncratic resources and capabilities], the industry specific external pressures [e.g., foreign market competitive intensity], and the institution specific contextual forces [i.e., the foreign market regulatory framework], having their origins in the foreign market environments (Martin and Johnson, 2008, Martin et al., 2011, Hunt and Vitell, 2006). In light of this, the investigator builds on a combination of these three theories to effectively capture the essence of ethically-based marketing strategy in export markets. A brief description the RBV, the IO Theory, and the Institutional theory and their collective ability in explaining the ethically-based export marketing strategy phenomenon is presented in the following.

3.2.1 The Resource-based View

The Resource-based View (RBV) of the firm is understood as the most influential framework for understanding strategic management (Barney et al., 2001). The RBV theory underscores the role of idiosyncratic firm attributes in the form of rare, valuable, non-substitutable, inimitable, specialised and appropriable resources in predicting competitive advantage and business performance (Barney, 1991, Amit and Schoemaker, 1993, Peteraf, 1993, Fahy and Smithee, 1999). Extant literature suggests that a firm's resource bundle comprises tangible [i.e., fixed assets, like plant, equipment, land and other capital goods and stocks etc.] and intangible [i.e., intellectual property, such as trademarks and patents, brand and company reputation etc.] resources; and capabilities [like teamwork, organization culture and trust between management and workers etc.] (Grant, 1991, Fahy and Smithee, 1999). According to RBV, a sustainable business strategy is formed by identification and deployment of firm specific resources in markets where the greatest rent earning potential exists (Amit and Schoemaker, 1993, Morgan, 2012). However, resources are unable to achieve this on their own, and require organisational capabilities to deploy, transform, integrate and manage them to be able to offer strategic values that meet the ever-changing demands of the market (Day, 1994, Eisenhardt and Martin, 2000, Morgan et al., 2012).

Within the context of exporting, firm-specific resources are described as “assets controlled by the firm that are used as inputs to organizational processes”; whereas capabilities are, “the firm’s ability to combine, develop, and use its resources in order to create competitive advantage” (Kaleka, 2002, p. 275). Furthermore, organizational resources and capabilities have been acknowledged as critical determinants of the “type”, as well as the “direction” of export marketing strategies [e.g., ethically-based marketing strategies] employed by firms, to accommodate changes [e.g., consumers’ preference of ethically-based products] in the external environment, ultimately resulting in sustainable competitive advantages and enhanced export performance outcomes (Leonidou et al., 2013c, Slotegraaf et al., 2003). The RBV can offer useful insights not only into the ethical dimensions of organizational resources and capabilities that conform to designing ethical export marketing strategies, but also ascertain the types of competitive advantages and performances emanated because of employing such a strategy (Litz, 1996). The RBV approach to ethical export marketing strategy is based on the underlying assumption that profits will only be earned if society is also getting something beneficial in return and if the market values ethically-based firm offerings, the firm will also be able to profit through increased sales or charging premium prices (Miles, 1993).

The RBV has been used in many exporting studies as the most suitable theory evidencing an interplay of resources and capabilities available to export ventures, leading to competitive advantages and performance outcomes (e.g., Morgan et al., 2004, Kaleka, 2012, Kaleka, 2002, Morgan et al., 2012, Morgan et al., 2006). However, despite being frequently employed by researchers in related field of environmental marketing (e.g., Leonidou et al., 2017, Leonidou et al., 2015a, Leonidou et al., 2013c, Leonidou et al., 2012b), the RBV has not yet considered the ethical dimensions of organizational resources and resource-worthiness of the firm’s ethical response capabilities (Litz, 1996). Also, Miles (1993, p. 223) very aptly noted that “only the resource based paradigm can be said to fully satisfy the historical concerns regarding the search for ethical profits”. Therefore, this study has employed this theoretical paradigm as a basis to study ethically-based export marketing strategy.

While this theory yields very specific prescriptions regarding strategic obligations, the RBV has been criticised for assuming that firms entering foreign markets have necessary sense-making capabilities to respond to the demands of the foreign customers (Chabowski et al., 2018). It does not provide guidance about any ethical obligations that firms might have to fulfil while developing a single framework for strategic and ethical behaviour in an international context (Reynolds, 2003). Moreover, the RBV does not consider the influence of external forces [e.g., foreign market competition] on the exporting firms' strategic ethical marketing initiatives (Morgan et al., 2004), even though external forces are recognised to affect export performance through firm's export marketing strategy decisions (Cavusgil and Zou, 1994).

3.2.2 The Industrial Organisation Theory

In contrast to RBV Theory that focusses on internal firm-specific resources and capabilities, the Industrial Organisation Theory emphasises the coalignment between firm's strategy and its external environment (Venkatraman, 1990). These rival theories, despite being incongruent in offering explanation of firm's export performance (Porter, 1991), can still complement each other to comprehensively explain firms' strategic marketing initiatives in export markets (Morgan et al., 2004).

The Industrial Organisation Theory, particularly its Structure-Conduct-Performance paradigm, studies the strategic behaviour of firms, its performance and their interaction to determine the structure of markets. It provides an analytical framework that works on the proposition that a firm's performance is being totally determined by external forces predominantly found in the structure of the market, which is an outcome of the conduct of the firm within the boundaries of its industry (Bain, 1959, Porter, 1981). A firm's competitive environment is one of the external environmental forces addressed by marketers, who characterize the "structure" of the environment that constrains a firm; the marketing mix decisions representing the firm's "conduct" construct; and its orientation toward customer satisfaction and profitability representing its "performance" construct (Lusch and Laczniak, 1989).

This theory specifically addresses the perspective that (1) external conditions within an industry impose pressures to a large extent, that determine the development and implementation of appropriate firm strategies, which subsequently improve performance (Peng et al., 2008), (2) this formulation of competitive strategic choices change the rules of competition and offer a start towards a systematic understanding of industry environment (Porter, 1981), (3) structural characteristics of firms doing businesses internationally are known to affect their competitive conduct (Spence, 1984), (4) the level of competitive intensity in the target export market, indicated by the degree to which a firm's competitors are able and willing to respond to its actions, determines its attractiveness (Porter, 1981, Jaworski and Kohli, 1993), and (5) the external analysis of competition in its specific product-market enables the firm to achieve competitive advantages (Leonidou et al., 2013c).

In an exporting context, several studies (e.g., Cavusgil and Zou, 1994, Morgan et al., 2004) have examined the critical moderating impact of external forces [deriving from foreign market competitive intensity] on the link between the firm's strategic export marketing dimensions and competitive advantages, which ultimately result in superior export performance. From an ethical perspective, the impact of the industry environment has been noted by Hunt and Vitell (1986) and Hunt and Vitell (2006) in their process oriented model explicating managerial ethical decision making. However, the field of marketing ethics still stands wanting to employ the SCP paradigm of the IO Theory to explain the influence of external factors on the firm's ethically-based strategic marketing initiatives.

Nevertheless, there are several reasons that justify the combined use of the RBV and IO Theory: (1) Despite being competing theories, The RBV is known to reflect a strong IO heritage, and complement the IO due to a common ground shared between them, where the IO theory focusses externally on the industry and product markets, and RBV focusses internally on the firm and its resources (Conner, 1991, Mahoney and Pandian, 1992), (2) According to Wernerfelt (1984), the firm specific resource market and industry-based competitive market are two sides of the same coin, as the RBV employs the central concept of the SCP paradigm, albeit at a different level of analysis (Mahoney and Pandian, 1992), (3) Porter (1981) contends that Industrial organization

offers a start towards a systematic understanding of industry environment, which can be supplemented with theoretical frameworks like The RBV to enable firms to formulate competitive strategies that change the rules of competition.

However, despite considering the effect of internal factors [like firm specific resources and capabilities], and external forces [like foreign market competition], The RBV-IO Theory link has been criticised for putting “little effort to establish appropriate contexts” (Priem and Butler, 2001, p. 32) by ignoring contextual influences like host country trade laws and regulations (Peng et al., 2009). This shortcoming will cause exporting firms likely to be accused of being unethical and face legal restrictions (Schuler et al., 2002). Simply focussing on The RBV and The IO will not paint a complete picture and thus trigger the quest to probe deeper into the contexts (Meyer et al., 2009). The Institutional theory can add significant insights to the industry-based and resources based views by specifying in what contexts and under what circumstances certain capabilities in certain industries add value (Brouthers et al., 2008, Dacin et al., 2007, Peng et al., 2009).

3.2.3 The Institutional Theory

The Institutional theory attends to the deeper and more resilient aspects of the social structure and in doing so, it considers the processes that establish schemas, rules, norms and routines as authoritative guidelines for social behaviour (Scott, 2005). Centrally controlled by legitimacy concerns (Suchman, 1995), this theory implies that social norms and institutional expectations create pressures for organizations to conform to or respond in a manner acceptable to important societal constituents (Martin et al., 2011). Commonly known as institutional isomorphism, firms must endeavour to comply with the institutions [formal and informal] if they wish to attain legitimacy (Suchman, 1995). While on one hand, formal institutions comprise of laws, regulations and rules set by the foreign government and regulatory bodies, who exert regulative (coercive) pressures on firms; the informal institutions on the other hand comprise foreign market’s local norms, culture, and ethics which exert normative and cognitive pressures on firm’s marketing endeavours (North, 1990, Scott, 2013).

There are three possible ways of achieving institutional isomorphism, namely; *coercive isomorphism*, that is market legitimacy driven, where organizations will imitate others they depend on [e.g., laws and regulations] to attain legitimacy, *mimetic isomorphism*, that is, market uncertainty induced, whereby organizations will mimic others in their field, especially those regarded as more successful or with whom they have boundary spanning ties; and *normative isomorphism*, that stems from the propagation of norms through social networks, where members of an organization will learn which marketing practices are considered ethically appropriate within the field (DiMaggio and Powell, 1983, Hult, 2011). Once the firm attains social legitimacy as a result of conforming to institutional pressures in the export market, its export marketing strategy may foster cooperative action in the interest of social legitimacy, thereby creating a competitive advantage within the broader scope of social legitimacy (Menguc et al., 2010). This social legitimacy induced marketing strategy that further results in competitive advantage is supported by neo-institutional theorists like (Oliver, 1991, DiMaggio and Powell, 1983).

Within the context of exporting, the institutional theory echoes that the institutional environment in which exporting firms operate may have an important impact on the strategies [e.g., ethically-based marketing strategies] they pursue (Barney et al., 2001). This is because institutional logics ascertain whether an activity is ethical, and, consequentially enforce international businesses [e.g., exporting firms] to pursue distinctive ethical strategies under different scenarios by choosing the “right” configuration of core values and peripheral components that align with the institutional environment in host countries (Tan and Wang, 2011). Equally, within the field of marketing that focusses on the marketplace factors like industry or societal norms, regulations and requirements, marketing firms must conform to these to receive legitimacy and marketplace support (Hult, 2011). Otherwise, they will fail to be successful because legal and cultural environments have tendencies to reproduce and reinforce their own idiosyncratic ethical beliefs (Tan and Wang, 2011). Hence, ethical augmentation of marketing activities as per the social expectations is deemed essential for firms’ success in the foreign market (Singhapakdi and Vitell, 2007).

The use of institutional theory within marketing ethics has been evidenced in various studies such as those by Handelman and Arnold (1999), Grewal and Dharwadkar (2002), Martin and Johnson

(2008), and (Martin et al., 2011). In fact, Martin and Johnson (2008) and Martin et al. (2011) argued that Institutional theory can provide the foundation that underscores a firm's conformity (under/over) as an adaptive response to normative expectations; which can be achieved by ethically augmenting or developing products or marketing programs with ethical attributes. Also, the externally-driven Institutional theory facilitates successful implementation of firm export strategies by recognising and reacting to regulatory forces within the export marketplace (Chabowski et al., 2018). However, despite being legitimacy-driven, the theory does not provide any guidance on predicting the extent to which marketing practices should mimic industry's best practices which stresses the need for synergy with other theoretical frameworks that can bridge this gap (Ketchen and Hult, 2011).

The combined use of RBV with Institutional Theory is a response to calls by researchers such as Oliver (1991, p. 710), who contends "research on the combined effects of resource capital and institutional capital on firm's performance might be one approach", to strategically respond to institutional processes and attain sustainable competitive advantage (Oliver, 1997). Several reasons justify this approach. Both reduced competition [coming from the RBV] and gaining legitimacy [coming from the Institutional Theory] improves competitive advantage and performance, as by differentiating firms reduce competition and by conforming they demonstrate legitimacy (Deephouse, 1999). Although differentiation enables firms to accumulate crucial resources and advantages, it must maintain minimum acceptable levels of conformity to be legitimately accepted by its stakeholders (DiMaggio and Powell, 1983). Equally, firms are likely to be more successful if their marketing behaviour broadens the scope of the RBV to enhance their scarce resource "availability" by deploying institutional factors that enhance their resource "acceptability", ultimately resulting in enhanced business performance (Auh and Menguc, 2009).

Institutional theory and RBV have been combined to study competitive advantage leading to enhanced business performance in a number of conceptual and empirical studies in the past (e.g., Oliver, 1997, Deephouse, 1999, Peng et al., 2008, Peng et al., 2009, Auh and Menguc, 2009). This is understandable within an international business context because even if the firm has valuable resources and capabilities, it may not be able to adopt or nurture them unless they are

approved and accepted in the foreign market (Auh and Menguc, 2009). Moreover, Gao et al. (2010) recommended that omitting institutional environments in examining the drivers of export behaviours and performance can seriously limit the understanding of exporting. Specifically, Wang and Ma (2018) suggests that export strategy in emerging economies is largely related to the institutional environment, thereby stressing the need to combining both approaches to investigate the phenomenon more precisely and accurately. In another empirical study, He et al. (2013) evidenced that the alignment of resource-based and institution-based factors play an important role in achieving superior export performance, because considering the institutional differences between the home and host markets, exporting firms find it easy to harvest value from specific organisational resources and capabilities. Within the sphere of marketing ethics, recommendations have been made for complementing the firm's internal resources and capabilities with the norms of foreign market for the effective integration of ethics into marketing strategy (e.g., Griffith and Mayo, 1997a, Robin and Reidenbach, 1993, Robin and Reidenbach, 1987b). Furthermore, Martin et al. (2011) empirically validated that the institutional environment exerts an influence on how firms allocate their resources for the purpose of ethically augmenting their products (Martin et al., 2011).

3.2.4 Combining the RBV, the Industrial Organisation Theory, and the Institutional Theory Paradigms

The conclusion from the previous discussion is that the RBV, the IO Theory, and Institutional theory diverge on the motivation behind firm's rational choices, with the firm-specific RBV theory emphasizing on its economic rational, the industry-specific IO Theory stressing the effect of external competitive forces, and the institution-specific institutional theory underscoring the importance of regulatory/normative rational choices. Hence, a combination of these three theories that examines the interplay between internal, external, and contextual factors, is employed in this study to theoretically shape the antecedents and consequences of an ethically-based export marketing strategy, where the core hypothesised associations between constructs have their roots in the RBV Theory, while moderating influences stemming from the environment trace their origins to the Industrial Organisation and the Institutional Theories. This is because the RBV

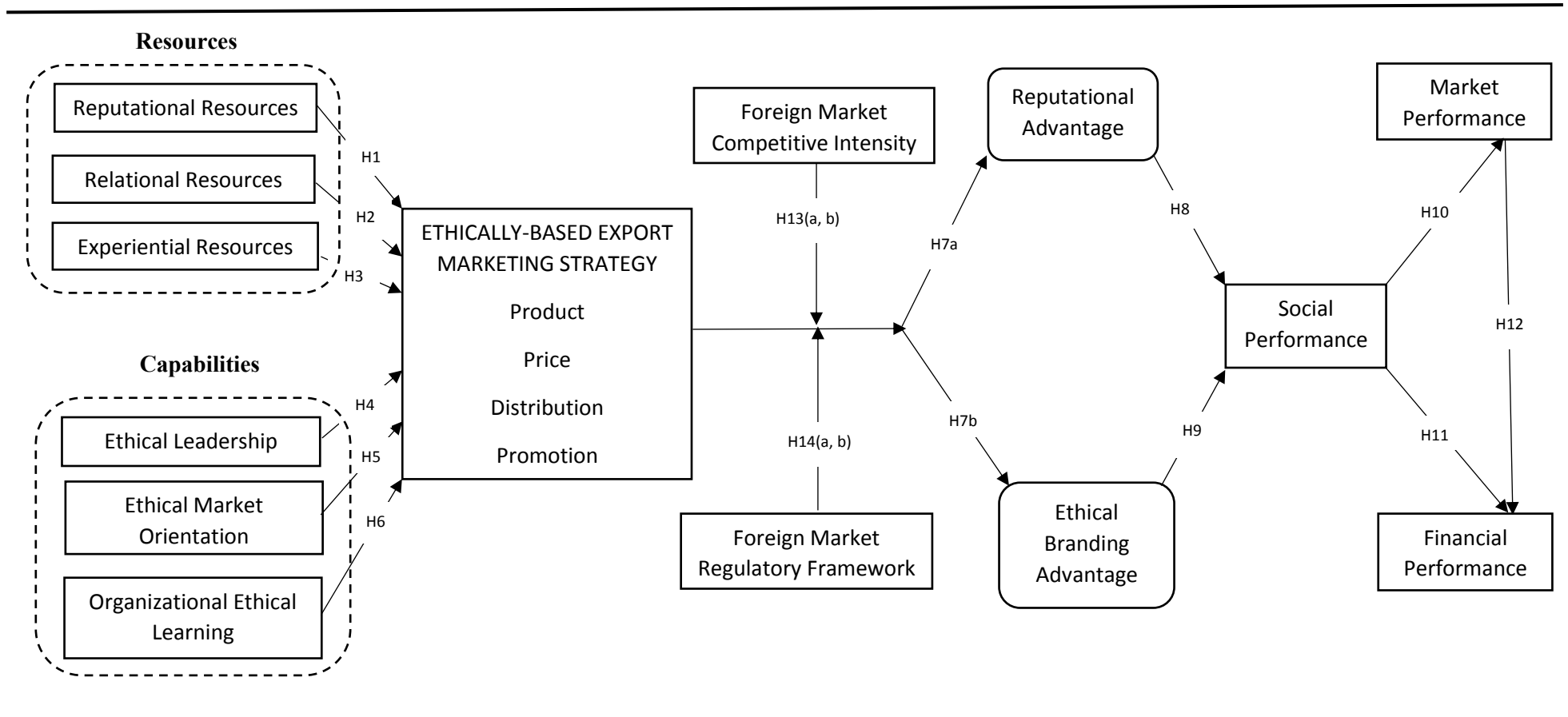
Theory has a potential to coalesce the industrial and contextual factors with itself, to provide a rich and rigorous understanding of the firm's strategic behaviour (Mahoney and Pandian, 1992). Notably, several researchers like Peng et al. (2008), Peng et al. (2009), and Gao et al. (2010), have empirically established that adopting a strategy tripod perspective [which integrates firm-specific resources/capabilities, industry-based competition, and institutional regulations] on firm's export behaviours, leads to competitive advantages with enhanced export performance implications.

3.3 Conceptual Model and Research Hypotheses:

3.3.1 The Conceptual Model

The conceptual model (Figure 3.1) underpinning the design and execution of this research, can be divided into three sections: (1) the *antecedents* of ethically-based export marketing strategy, that contains a set of ethically-based resources (i.e., reputational, relational and experiential) and ethically-based capabilities (i.e., ethical leadership capability, ethical market orientation, and organizational ethical learning capability) and their impact on ethically-based export marketing strategy; (2) the *consequences* of ethically-based export marketing strategy, comprising of the link between ethically-based export marketing strategy (i.e., product, price, distribution, and promotion) and competitive advantages (i.e. reputational advantage and ethical branding advantage), and the link between these two competitive advantages and social performance, as well as the effect of social performance on market and financial performance; and (3) the *moderating effects* that encompass moderating roles of foreign market competitive intensity and foreign market regulatory framework on the link between ethically-based export marketing strategy and reputational advantage and ethical branding advantage. Altogether, 14 hypothesized associations between the model constructs are developed, which are explained in the following.

Figure 3.1: The Conceptual Model



3.3.2 Research Hypotheses

3.3.2.1 Antecedents of Ethically-based Export Marketing Strategy

In line with the RBV Theory of the firm, a set of ethically-based organisational resources and capabilities have been incorporated in the conceptual model to influence the design and formulation of ethically-based export marketing strategy. Organizational resources are the assets controlled by firms which, when transformed by firm's capabilities, provide the "raw materials" for the firm's business and marketing strategies (Morgan, 2012, Peteraf, 1993). These resources can either be tangible or intangible. Firms these days have realised that tangible resources can be more easily imitated by copycat competitors rather than intangible ones (Kozlenkova et al., 2014). Also, under the VRIO framework these resources must be valuable, rare, imperfectly inimitable, and exploitable by the organisation to be able to transform its marketing strategies into a sustainable competitive advantage (Morgan, 2012). Likewise, organizationally embedded, and non-transferable firm-specific capabilities, that are information-based, tacit and intangible are crucial to deploy and improve the productivity of resources possessed by the firm (Makadok, 2001, Morgan, 2012).

Although the exporting firm may possess various resources and capabilities, those pertaining to the reputational, relational and experiential resource factors; together with ethical leadership, ethical market orientation and organisational ethical learning-based capabilities, could play a crucial role in formulating an ethically-based export marketing strategy. There are several reasons for choosing this specific set of resources and capabilities for this study. Besides these resources being valuable, rare, inimitable and organisation specific, and capabilities being highly tacit and of an intangible nature, their inherent moral nature makes them particularly relevant to be incorporated into a study on ethically-based export marketing strategy. Additionally, despite appearing frequently in the marketing strategy and export performance literature, thereby signifying their theoretical significance; these resources and capabilities hold strong practical relevance to business as well, as they were specifically chosen by a set of export managers during exploratory interviews conducted at the beginning of this study.

3.3.2.1.1 Ethically-based Organisational Resources and Ethically-based Export Marketing Strategy:

A superior corporate reputation has been understood as one of the firm's most important intangible assets that can be employed to boost the firm's strategic initiatives (Miles and Covin, 2000, Deephouse, 2000). In fact, the literature is replete with alignment of reputational resources with firm's business and marketing strategies (e.g., Hooley et al., 2005, Fahy and Smithee, 1999, Morgan et al., 2012, Brown et al., 2006b). This points towards the contribution of *Reputational resources*, an inimitable and difficult-to-replace combination of firm's reputation and image-based assets, in shaping the firm's ethical export marketing strategy (Fombrun and Shanley, 1990, Hall, 1993). Ethical reputation is a valuable resource that can be employed by firms to enjoy enhanced appreciation of ethical consumers (Doane, 2001), and rightly so, ethical identity-based reputational resources have been noted to give rise to several strategic ethical marketing initiatives by firms (see for e.g., Martin and Johnson, 2008, Martin et al., 2011, Berrone et al., 2007).

Specifically, the possession of ethically-based *reputational resources* is proposed to be crucial in designing an ethically-based export marketing strategy due to a variety of reasons. Reputational resources could enable firms to manufacture products with underlying ethical principles and limit them from producing and marketing products that are marked unethical under the principles of justice, as they would not want to spoil the ethical image of the firm (Jones and Middleton, 2007). Reputational resources also restrict firms from engaging in any unethical pricing practices as they would not want to catch excessive attention of societal watchdogs like antitrust enforcement agencies, and tarnish their ethical image by being labelled unethical due to their price fixing, discriminatory and predatory pricing practices (Smith and Quelch, 1993). Exporting firms can use their ethical reputation to attract ethically-responsible distributors within the distribution channel (Weitz and Jap, 1995), and shape their ethically-based distribution strategy by entering into business relationships with partners that share similar ethical values and refrain from engaging in any unethical marketing activity throughout its distribution channel (Vermillion et al., 2002). Additionally, firms that use their reputational resources to plan ethically-based promotions, are able to highlight the ethical aspects of their products and as a result enhance their corporate image and positive public perception (Schlegelmilch and Pollach, 2005). This linking ethically-based

reputational resources to firms' export promotion strategy could not only create an intangible barrier to entry, but also bolster its position in the export market when predisposed to competitors' promotional strategies (Morgan et al., 2006).

Internationalization is a complex strategic process that is fraught with information asymmetries and uncertainties, and employing a reputational resource to feed the firm's export strategies could augment its performance in the export environment (Stevens and Makarius, 2015). However, reputational resource is a fragile resource that takes time to create, cannot be bought, hardest to imitate, and can be damaged easily (Hall, 1993, Roberts and Dowling, 2002). In context of ethicality, it is crucial that firms build their ethically-based reputational resource slowly and gradually (Schlegelmilch and Pollach, 2005), and allow it to provide vital inputs in shaping their ethically-based export marketing strategy decisions like ethical product, price, promotion and distribution. Success of companies like Johnson and Johnson, The Body Shop, and Ben and Jerry's bear a testimony to the fact that, firms' marketing strategies must take feed from their ethically-based reputational resources and adapt accordingly to further capitalise on the ethically-based reputation aspects and attract customers (Martin and Johnson, 2008, Schwartz, 2012, Murphy and Enderle, 2009). In light of all of the above, it may be hypothesized that:

H1. The more the ethically-based reputational resources the firm possesses, the greater the likelihood of developing an ethically-based export marketing strategy.

Critical resources do not necessarily have to be entirely internal to the firm. They may span firm boundaries and be embedded in inter-firm resources and routines (Dyer and Singh, 1998). Such idiosyncratic inter-firm linkages, incorporating a higher level of resource interdependence, may give rise to inter-firm **relational resources**. Deeply embedded in inter-firm relations, these resources are developed when firms connect to a variety of entities with whom they have exchange relationships, like suppliers, distributors, and customers (Morgan, 2012, Morgan and Hunt, 1994). Rightly so, relational resources enable firms to create assets that are specialised in conjunction with other assets of an alliance partner, and accrue more enduring relational rents, greater than the sum of those obtained from the individual endowments of each firm (Dyer and Singh, 1998, Dyer et al., 2015).

Exporting firms that develop a good network of working relationships with likeminded suppliers and distributors, are known to more efficiently cater to the needs of the foreign market, enhance customer loyalty, encourage repeat purchases (Leonidou, 2003), while also keeping customers from switching to another firm (Kaleka, 2011). Furthermore, such relationships also enable firms to better address any ethical issues arising from inter firm/individual interactions (Bartels, 1967, Berger et al., 2006). The relational determinants consummating ethical business and marketing practices, like trust (between parties), equity (related to distributive justice), responsibility (an obligation of individual ethical duties) and commitment (inter-organizational and interpersonal), have been researched by several studies in the past (e.g., Gundlach and Murphy, 1993, Kavali et al., 1999, Vermillion et al., 2002, Murphy et al., 2007, Saini, 2010).

Relational elements of marketing are known to have a definable ethical basis (Murphy et al., 2007) and may also offer normative prescriptions for firm-level strategies (Dyer and Singh, 1998). Specifically, the possession of ethically-based relational resources is proposed to be crucial in designing an ethically-based export marketing strategy. Possession of ethically-based relational resources ascertains business relationships with exporting partners that have fair and ethical dealings, and as a result such firms can procure, produce and export ethically augmented products (Weitz and Jap, 1995). Furthermore, these resources also enable firms to establish relationships with export customers to better understand their ethical needs and launch new ethically-based products ahead of competition (Day, 1994, Zou et al., 2003). Ethically-based relational resources are also instrumental in keeping a check on any pricing transgressions while bolstering ethically-based pricing of the goods being exported (Kalwani and Narayandas, 1995). This is because relational assets formed by doing business with suppliers and distributors that have a history of treating organizational partners in an ethical manner, shall prevent exporting firms from engaging in unethical pricing practices because they would not want to lose their valuable and likeminded exporting partners to other exporters (Vermillion et al., 2002). Ethically-based relational resources are supported on pillars of relationship commitment and trust among channel members (Morgan and Hunt, 1994), and engaging in unethical distribution practices shall not only hamper the trust of the members in the distribution channel, but also adversely affect their long term

relationship. Possession of ethically-based relational resources can foster ethical distribution practices by attracting ethical distributors and suppliers who can further develop and retain ethicalness across the breadth and depth of the distribution channel (Kale and Barnes, 1992). Exporting firms can use their ethical relational resources to build ethically-based promotion strategies by strategically partnering with ethical organisations who further support their ethically-based initiatives by engaging in ethically-based marketing communications/promotions and refraining from any promotions that violate accepted ethical standards (Martin et al., 2011, Simmons and Becker-Olsen, 2006, Polonsky and Hyman, 2007).

The crucial importance of relational resources has been very aptly noted by Morgan and Hunt (1994 p.24) who contend that “to be an effective competitor [in the global economy], requires one to be a trusted co-operator [in some network]”. Moreover, international marketing literature suggests that strong relationships with customers (e.g., Leonidou and Kaleka, 1998) and channel members (e.g., Ambler and Styles, 2000) act as crucial drivers of design and implementation of appropriate export marketing strategies (Morgan et al., 2006). Correspondingly, it is expected that developing and sustaining relationships with ethically-inclined suppliers, distributors and customers could contribute to the development of ethically-based export marketing strategies. Hence, it may be hypothesised that:

H2. The more the ethically-based relational resources the firm possesses, the greater the likelihood of developing an ethically-based export marketing strategy.

Firms experienced in different export ventures, or those that have been exporting for several years, are likely to perceive less uncertainty in their exporting activities, have a better understanding of foreign market mechanisms, and consequently formulate and implement more effective export marketing strategies (Kaleka, 2011, Koed Madsen, 1989). This points to ethically-based **experiential resources**, which enable firms to identify and match customer’s ethical needs and anticipate new market trends, based on the ethics-related knowledge gained from a firm’s overseas experiences (Beleska-Spasova et al., 2012, Daily et al., 2000). Such experiential knowledge enriches the firm with internal mechanisms and know-how related to learning from previous ethically-based operations in export markets (Zollo and Winter, 2002). Firms typically

develop an ethically-based experiential resource after learning from their own ethical operations in the export market owing to its ethical corporate culture, implementation of code of ethics, and innovative experiential business ethics training; or after exposure to ethically-based initiatives of other firms (Javalgi and La Toya, 2015, Singhapakdi et al., 2001, Saeed et al., 2001, Sims, 1991, Schwartz, 2012, Thorne LeClair and Ferrell, 2000).

Within the context of this study, it is proposed that ethically-based experiential resource will influence the development of ethical products, that are not only ethically priced, but also distributed and promoted in an ethical manner. Several reasons justify this. Firms experienced in exporting ethically-based products keep an updated knowledge about ethically-based requirements of the foreign market. Hence, they are able to not only customise their products as per the ethical demands of the export market, but also develop new products based on knowledge gained from being an experienced exporter of ethical products (Forsgren, 2002). Experiential knowledge of the overseas market can contribute to export pricing strategy if exporting firms learn from the pattern of transactions with export customers in the past and strategically adapt their pricing and operational activities (Kaleka, 2012). Also, experiential resources will equip the exporting firm with knowledge about the buyer's ethicalness, willingness and ability to pay a premium price for a product that offers ethical augmentations (Olavarrieta and Friedmann, 1999). Interestingly, exploratory interviews conducted with managers in this study revealed that exporters use this information to devise their ethically-based pricing strategies in a manner that suits the demands of the export market while striking a balance between exporting firm's ethical initiatives and achieving the final aim of enhanced profits. Exporters with substantial export involvement can employ the accumulated knowledge about overseas distributor and end users' behavioural patterns and idiosyncrasies (Kaleka, 2011), to ensure distribution of their products without any ethical pitfalls. Experiential resources will furnish deeper understanding of ethicality in foreign markets, which can be employed by exporting firms to tailor their promotional strategy in a way that does not violate the safety standards and informed decision making of foreign customers (Wren et al., 2000).

It can be safely derived from the above that international ethical experience is an important prerequisite of designing ethically-based export marketing strategy because it equips exporting firms with very crucial experiential resources that enables them to more likely to perceive ethical problems, and design appropriate product, price, distribution and promotion strategies. Moreover, a review of international marketing ethics literature by Javalgi and La Toya (2015) also highlighted international ethical experience as the criterion for developing ethically-based export strategy. However, experiential resource despite being valuable, complex, and difficult-to-imitate, takes time to build and may not be available to new exporters (Kaleka, 2011, Leonidou and Theodosiou, 2004); thereby calls for its gradual acquisition to provide vital inputs in product, price, distribution and promotion related decisions pertaining to export marketing strategy (Leonidou et al., 2013c). Thus, it can be hypothesised that:

H3. The more the ethically-based experiential resources the firm possesses, the greater the likelihood of developing an ethically-based export marketing strategy

3.3.2.1.2 Ethically-based Capabilities and Ethically-based Export Marketing Strategy

Ethical leadership capability in the firm involves “the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making” (Brown et al., 2005 p. 120). On one hand, prevalence of ethical leadership across the organization, especially at the export managerial level and above, establishes and sustains an ethical corporate culture (Schwartz, 2012). On the other hand, leadership which lacks ethical conduct can be dangerous, destructive, and even toxic (Toor and Ofori, 2009, p.533). The process for creating and sustaining ethical leadership capability is best initiated and facilitated through transformational leadership on the part of the top management and other key leaders like export managers and/or directors (Buller and McEvoy, 1999). These leaders not only set standards of ethical behaviour and actions for their followers to imitate (Toor and Ofori, 2009), but also reward or punish their subordinates to ensure appropriate behaviour (Mayer et al., 2012).

A cross-cultural study by Mohammed (2001) noted that organisational leaders are more Machiavellian than their followers, and sustained presence of ethical leadership indicated by an

ethical 'tone at the top' by the board of directors, senior executives, and managers builds and underpins an ethically-based corporate culture (Schwartz, 2012). The reputation for strong ethical cultures in companies like Johnson & Johnson, Motorola, Royal Dutch/Shell, and others can be traced directly to transformational leaders who consistently, by their words and deeds, signalled the importance of and commitment to high moral standards (Buller and McEvoy, 1999, Brenneman et al., 1998).

Firms doing business internationally face a variety of challenging ethically based questions regarding appropriate product, price, promotion and distribution strategies to use across different national cultures (Buller and McEvoy, 1999). These questions regarding export organization's strategic orientation could be explained in part at least, by the profile of its upper echelon, that is, the background of its most powerful export managers (Chaganti and Sambharya, 1987). This is because as per the Upper Echelons theory, an organisation is a reflection of its upper echelon, and therefore individual experiences, personal values, cognitive style, and personality traits of the upper echelons have an important impact on companies' strategic choices and decisions (Hambrick and Mason, 1984).

Possession of ethical leadership capability shall enable export managers to design ethically-based export marketing strategies for their firms, that are inclusive of ethical product, pricing, distribution and promotion elements. This is because when export managers show sensitivity towards ethical issues, they will abstain from producing and selling unethical products that are unsafe, of poor quality or falsely labelled (Schwartz, 2012, Singhapakdi et al., 2010). A classic case in point here is ethical leadership capability of Johnson & Johnson's former CEO, James Burke, who, soon after assuming presidency in 1979, who not only revised the company credo, but also lived up to its ethically-based values by processing a worldwide recall of Tylenol [after Tylenol crisis, that involved deaths due to product tampering] despite the financial costs associated with it (Schwartz, 2012, Treviño et al., 2000). Likewise, ethical leadership capability shall empower export managers to not fall into the trap of achieving immediate financial gains by engaging in unethical pricing practices like price fixing and collusion, predatory, discriminatory or misleading prices (Chonko, 1995, Brenkert, 2008, Sihem, 2013). Instead, they must take an

ethical recourse to pricing their products as this will foster trust in buyers minds who will engage in repeated purchases and benefit the firm in the long run.

Ethical leadership capability shall also prevent exporting managers from abusing their power within the distribution channel by exercising excessive control on the channel, allotting exclusive distribution rights to preferred distributors, bribing distributors for slotting preferences on market shelves, exerting influence to cause vendors to reduce display space for competitors' products, or paying vendors to carry a firm's product rather than one of its competitors and engaging in gray marketing activities (Laczniak and Murphy, 1993, Sihem, 2013). Instead this capability shall enable export managers to devise their distribution strategy based on the ethically-based demands of the members in the distribution channel (Wang et al., 2017). Lastly, ethical leaders can formulate and enforce ethically-based export promotion programmes that are not persuasive, deceptive, or targeting the vulnerable sections of the society (Brenkert, 2008). Instead, an ethnographic research by Schauster (2015) suggests that ethical leadership values are instrumental in creating and sustaining ethicality in organisation's promotional strategies because they generate ethical awareness among employees in the organisation.

In light of the above, it can be derived that an ethically-sensitive top management, that is in possession of ethical leadership capability, can craft ethically-based export marketing strategy by refraining from adopting unethical ways and inculcating ethicality as an integral part of its strategic planning process (Griffith and Mayo, 1997a). Thus, it can be hypothesised that:

H4. The greater the firm's ethical leadership capability, the greater the likelihood of developing an ethically-based export marketing strategy.

Market orientation enables firms to systematically (1) gather information about present and potential customers and competitors, (2) analyse this information to develop market knowledge, and (3) use this knowledge to recognize, understand, create, select, implement and modify marketing strategies (Jaworski and Kohli, 1993, Kohli and Jaworski, 1990, Narver and Slater, 1990, Hunt and Lambe, 2000). Market orientation capability is not only an "implementation of the marketing concept" (Kohli and Jaworski, 1990, p.1), but also acts supplementary to the

marketing concept, owing to its dual focus on both competitors and customers (Hunt and Lambe, 2000). When market orientation capability focusses on getting more information about competitors, it contributes to firm's business strategy and ultimately strengthen its performance (Singh, 2003, Menguc and Auh, 2006, Rodriguez Cano et al., 2004, He et al., 2013). When focussed on customers, *ethical market orientation capability* can provide information about ethically-based needs of the foreign consumers, and be the basis of a workable ethical philosophy for developing ethically-based marketing strategies (Robin and Reidenbach, 1993).

Ethical market orientation may be particularly valuable for exporting firms because this capability would enable them to gain ethically-based knowledge about the foreign market, identify product adjustments based on ethical requirements of the foreign market, and create/ or adjust their export strategy by making it more ethics oriented, and consequentially competitively position their ethically-based products against competitors, while gaining legitimacy with customers and government agencies at the same time (He et al., 2013, Boso et al., 2018, Murray et al., 2011, Boso et al., 2013, Smith et al., 2013, Smith and Dubbink, 2011).

Employing ethical market orientation as a precursor to marketing strategies could help international marketers understand foreign customers' ethically-based requirements and related consumer decision making process (Smith et al., 2013). This view is also in line with the recommendations of Robin and Reidenbach (1987b), who contend that marketers must identify the impacted customers and their ethical sensitivity while trying to integrate ethics into their strategic marketing planning process. The importance of employing ethical market orientation becomes even more when firms crossing national boundaries try to integrate ethics into their export marketing strategy. This is because they ought to first assess the levels of exchange based understanding of the foreign customers, followed by adoption of appropriate philosophical perspectives, developing actionable ethical core values that will feed into the development of marketing mixes, and ultimately result in implementation of export marketing strategy that is ethically sound (Griffith and Mayo, 1997a).

Specifically, employing an ethical market orientation capability could play a key role for successful design and implementation of exporting firms' ethically-based export product strategy

by systematically gathering market intelligence to better understand the foreign marketplace (Homburg et al., 2004). This market intelligence can be further employed to introduce new products to meet foreign customers' ethical wants and needs and withhold manufacturing and export of products that may cause harm to the consumers. (Wren et al., 2000). For example, Chinese toy manufacturers exporting to the USA must employ their ethical market orientation capabilities to understand and make adjustments for health and safety standards in the USA, by changing their products to match the ethical standards of the west and be locally legitimate or else they will face very high penalties (He et al., 2018).

By putting ethical market orientation capability to practice, firms can learn that unethical pricing activities like predatory and discriminatory pricing are likely to cause harm to their exporting endeavours. While discriminatory pricing leads to increased price dispersion, which harms consumer welfare, predatory pricing practices, despite offering lower prices to consumers initially, leads to reduced variety, innovation, and subsequently higher prices, and can ultimately affect export performance (Guiltinan and Gundlach, 1996). A case in point here is the Amazon's alleged use of non-transparent variable pricing that ensued an outcry because Amazon was offering selective price reductions to more price-sensitive consumers without their knowledge (Abela and Murphy, 2008). Instead, they could have employed their ethical market orientation capability to uncover the information that adopting a more transparent discounting will lead to greater marketing effectiveness.

Market orientation capability can further provide greater ethical value if exporting firms use such a knowledge to learn about the ethical requirements of their foreign distributors, and adjust their strategy to align better with the demands of the export market distribution channel (He et al., 2018). Failing to acquire this knowledge may cause the exporting firms to engage in unethical distribution practices, and lose trust of their foreign distributors, which can be further detrimental to export success (Morgan and Hunt, 1994, Gundlach and Murphy, 1993).

Consumers' purchase decisions are also linked to the way marketing information is presented to them, and they cannot be blamed for purchase mistakes due to false, misleading and aggressive marketing communications targeted at them. Therefore, it is essential that export marketers put

their ethical market orientation capabilities to use by learning about and abide by ethical obligations specific to the foreign country they are exporting, and consequently adopt ethical ways to promote their products (Smith et al., 2013).

It can be derived from the above that an ethical market orientation capability is conducive to development of an ethically-based export marketing strategy comprising of ethical product, price, distribution and promotion elements. Thus, it can be hypothesised that:

H5. The greater the firm's ethical market orientation, the greater the likelihood of developing an ethically-based export marketing strategy.

This study also tests for the positive influence of **organizational ethical learning capability** on ethically-based export marketing strategy of the firm. An organizational learning capability is a key strategic capability that enables firms to compete in modern markets by crafting an effective marketing strategy based on inputs from learning and adapting to evolving market conditions (Santos-Vijande et al., 2012). The exporting environment in today's global and information-based economy is increasingly turbulent, thereby making the organisational ability to learn and cope with the dynamics, a primary source of competitive advantage (Morgan et al., 2004, Teece et al., 1997, Kaleka and Berthon, 2006). Organisational learning capability provides dynamic flexibility to exporting firms, that enable them to develop new knowledge, and devise strategies to keep pace with market evolution, while responding rapidly and effectively to export market contingences (Santos-Vijande et al., 2012, Kandemir and Hult, 2005, Kenny, 2006).

Equally in an exporting context, an organizational ethical learning capability can be understood as firm specific learning about export-related ethics gained by developing an understanding of various ethical frameworks, as well as being sensitive to the differences among ethical perspectives across cultures (Buller and McEvoy, 1999). Specifically, organizational ethical learning capability enables exporting firms to anticipate ethically-based requirements of their export customers, and proactively configure their marketing mix to position themselves as an ethically-based exporting firm (Santos-Vijande et al., 2012). They can do this by (1) establishing a corporate code of ethics that is locally responsive and inclusive of ethical intricacies of the

export market; (2) creating mechanisms for ongoing organisational ethical learning and responsiveness, based on cross-cultural dialogue and “sharing mindsets” among the internal and external stakeholders of the company regarding the exporting firm’s ethically-based strategic goals and the processes to reach those goals; and (3) creating an ethical corporate culture across all export operations (Buller and McEvoy, 1999).

Buller and McEvoy (1999) also emphasised that continuous ethically-based learning process is conducive to shaping and reinforcing ethical marketing strategies within the organisation. Exporting firms that have the capability to learn about the ethically-based demands of the foreign customers, can cultivate pro-ethical thinking in its top management and employees, who further take feed from organisational ethical codes of conduct and formal ethics-related training to institutionalise ethics their marketing strategy (Langlois and Schlegelmilch, 1990, Schwartz, 2012). Organisational learning via these mediums is conducive to incorporating ethicality in decisions related to product, price, promotion and distributional elements of the marketing mix (Santos-Vijande et al., 2012) This is because ethically-based learning forbids export managers to go against the company values to manufacture and sell harmful or deceitful products, and engage in any form of unethical pricing or distribution practices, as well as misleading promotions. Armstrong and Sweeney (1994) suggest that it is essential to gain a full understanding of the ethical values of the host country, industry and organisation, before developing a strategy for market entry into that country. In light of this, organisational learning capabilities can be employed by exporting firms to develop learning routines to match their export offerings with customer’s ethical needs, learn from such experience and incorporate them in their strategies to make their future export operations more ethical (Hooley et al., 2001, Jerez-Gómez et al., 2005).

Organizational learning capability, by virtue of its dynamic nature and VRIN [valuable, rare, inimitable and non-substitutable] attributes (Barney, 1991), has been empirically proven to play a key role in formulation and implementation of marketing strategy, in a number of studies (e.g., Santos-Vijande et al., 2012, Kenny, 2006, McGuinness and Morgan, 2005, Fang and Jue-Fan, 2006, Kaleka and Berthon, 2006, Weerawardena et al., 2006). The positive effect of this capability on marketing strategy and resultant competitive advantages has also been empirically established

within the context of environmental marketing by Sharma et al. (2004) and Leonidou et al. (2015b). In a similar vein, a proactive ethical stance in export marketing strategy is expected to be greatly affected by organisational ethical learning capability. Thus, it can be hypothesised that:

H6. The greater the firm's organisational ethical learning capability, the greater the likelihood of developing an ethically-based export marketing strategy.

3.3.2.2 Consequences of Ethically-based Export Marketing Strategy

Marketing strategy is an organization's integrated pattern of decisions that specify its crucial choices concerning products, markets, marketing activities and resources in creation, communication and/or delivery of products that not only offer value to customers in organizational exchanges, but also enable achievement of organization-specific objectives (Varadarajan, 2010). Likewise, an *ethically-based export marketing strategy* could be referred to as an export marketing strategy that incorporates ethicality in decisions related to the key elements of its marketing mix, namely; product, price, promotion and distribution. These elements of marketing mix can pose serious ethical questions, that are likely to cause dilemmas in marketing professionals' ethically-based decision-making (Lund, 2000, Lacznik, 1983). Hence, fostering core ethical values as a part of firm's strategic marketing planning process is crucial to oversee and channelize firm's marketing design programmes, such as the development of ethically-based marketing mix (Akaah, 1996). Such an ethically-based export marketing strategy abstains firms from *producing and selling unethical products* [e.g., unsafe and harmful products, products of poor quality, faulty designs, inadequate packaging, false misleading labelling], *adoption of unethical pricing* [e.g., price fixing, price gouging, unfair, predatory, anticompetitive, discriminatory, and misleading pricing], *usage of unethical distribution methods* [e.g., abuse of channel power, exclusive distribution rights, channel control, gray markets], and *accepting unethical promotional practices* [e.g., misleading advertising, inadequate product placements, aggressive sales promotion and direct marketing, advertisements targeting vulnerable consumers, puffery, and use of mock-ups] (Smith and Quelch, 1993, Schlegelmilch and Öberseder, 2010, Crane, 2001, Brenkert, 2008, Ferrell et al., 2005).

In today's "ethics era", consumers demand/appreciate firm offerings that exceed normative ethical expectations related to product, pricing, promotions and distribution-led marketing activities (Smith, 1995b, Trudel and Cotte, 2009, Miles and Covin, 2000). Exceeding ethical norms by ethically augmenting a firm's marketing strategy might be used as a tool to leverage unique advantages that are above and beyond product differentiation or cost reduction, particularly if competitors' products are regarded as ethically deficient (Martin et al., 2011). Moreover, it is the purpose of a firm's marketing strategy to facilitate achievement and sustenance of competitive advantages in the market place (Mahon, 2002, Varadarajan, 2010). Therefore, it is proposed that by investing in and implementing an ethically-based export marketing strategy [fuelled by ethically-based resources and capabilities], firms can generate two unique and difficult to imitate competitive advantages, namely; *reputational advantage* and *ethical branding advantage*.

3.3.2.2.1 Ethically-based Export Marketing Strategy and Competitive (Reputational and Ethical Branding) Advantage

Buyers in international markets are increasingly demanding high quality products and services that are consistent with ethical, social and environmental values, thereby making it essential for firms to espouse a reputation of being an ethical company if they wish to remain competitive in global markets (Miles and Covin, 2000). Rightly so, it has also been noted that exporters who are cultivating a new export market or attempting to expand their share of an existing market, are likely to find that they have been preceded by their reputation (Chisik, 2003). Ethically-based export marketing strategies work by bringing the firm's ethical stance to light, and this ethical reputation as a result, helps the firms differentiate their product offerings from competition. Exporting firms that embark on ethically-based strategic marketing decisions at the corporate/company level, are likely to achieve reputational advantage, an intangible competitive advantage stemming from the reputation of being an ethical company.

When these exporting firms incorporate ethicality in their marketing mix decisions, they are likely to fulfil stakeholder expectations with credibility, trustworthiness, reliability and responsibility

that is above and beyond their major competitors (Miles and Covin, 2000, Fombrun and Shanley, 1990). There are numerous ways in which exporting firms can transform their ethically-based export marketing strategy into reputational advantages over their competitors. Specifically, (a) offering innovative products that have positive ethical augmentation by incorporating extra ethically-based features in the product's benefit bundle, will make them stand out as ethical exporters when competitors are selling unsafe, harmful and poor-quality products; (b) incorporating ethical pricing strategy to target ethical consumers segment because these customers are ready to buy ethical products even at a premium price, when other exporters have a reputation of employing unethical pricing techniques like predatory, discriminatory or collusive pricing to sell their products; (c) promoting ethical aspects of their products and refraining from any misleading and high pressure manipulative advertising to trick consumers into buying their products; and (d) collaborating with distributors and suppliers who have a reputation of fair and ethical dealings, thereby enabling exporting firms streamline their ethically-based export marketing activities throughout their value chain and stand out compared to the competitors owing to their ethically sound distribution practices (Crane, 2001, Miles and Covin, 2000, Brown and Dacin, 1997, Weitz and Jap, 1995, Smith, 1995b). It can be safely derived from the above that reputational advantage stemming from an ethically-based export marketing strategy offers a more favourable company offering to customers than that of the competition. Thus, it can be hypothesised that

H7(a) The adoption of an ethically-based export marketing strategy creates a reputational advantage for the firm in the export market.

Branding advantage refers to “the degree to which an export venture achieves a more favourable brand image among export customers than its rivals' brands do” (Zou et al., 2003, p. 37). The difference between ethical branding advantage and reputational advantage is that while ethical branding advantage is competitive advantage gained at the brand level, reputational advantage is representative of competitive advantage that an exporting firm gains due to their ethical initiatives at the corporate level.

Brands today are expected to deliver more value as well as behave responsibly and ethically toward their stakeholders (Martin and Johnson, 2010, Syed Alwi et al., 2017). It is asserted that appearance of a strong ethical stance increases the brand value of their offering in the marketplace (Luo and Bhattacharya, 2006), and as a result exporting brands that exceed ethical norms by ethically augmenting their marketing strategies could leverage [ethical branding] specific advantages over their competitors (Martin et al., 2011).

Consumers have long been known to pay attention to ethically-based brand values and make product evaluations based on their knowledge of ethical values represented by a brand (Brown and Dacin, 1997, Crane, 2001). Hence, firms should strive to distinguish ethical information related to their brands, as it may be a source of competitive advantage (Sen and Bhattacharya, 2001). Also, the advent of ethical consumerism has made retailers, distributors and promoters of ethical brands to use ethical product adhesion [i.e., the extent to which consumers buy ethical products because of their underlying ethical principles] as a progenitor to ethical product buying behaviour (Bezençon and Blili, 2010). Exporting firms can learn from the contrasting examples set by retailers such as the Body Shop and Ben and Jerry's whose have demonstrated how ethical branding can harness commercial success, while Nike on the other hand with its unethical overseas sourcing policies has shown how ethical problems can tarnish brand image (Crane, 2001).

Achievement of ethical branding advantage requires the firm to ensure that every aspect of its brand's marketing operations, that is all four levels of ethical augmentation [product, price, promotion and distribution] are in line with and support the intended brand image (Crane, 2001). When the export marketing strategy of a firm is ethically-based it will provide added ethical value to its customers through innovative, quality product offerings, and being seen as a good corporate citizen shall influence the consumer purchase decisions in favour of ethically-branded products (Singh et al., 2012). Price of ethically augmented products is expected to be high [due to costs involved in ethical training of workers, new technology and equipment, cost of recruitment of new labor, and maintenance cost of new equipment], and this ethical pricing convinces the buyer that the company produces a high-quality products, who are willing to spend more in ethical brand

purchase over competitors' unethically priced brands (Story and Hess, 2010, Syed Alwi et al., 2017, Lowengart et al., 2003). Likewise, when exporting brands adopt ethically-based distribution strategy, they will be able to attract ethical distributors and gain their trust over competing brands (Morgan and Hunt, 1994). Lastly, as compared to the competitors in the export market, ethical brands are likely to earn branding advantages by occupying greater share of the minds of consumers due to their ethically-based promotional activities (Zou et al., 2003).

In general, customers expect firms to respond to ethically charged issues through ethical conformity in their marketing strategies, by mobilising ethics as a strategic initiative, and in return reward them by choosing their products with an ethical brand image over the products of competitors (Martin and Johnson, 2008, Curlo, 1999b). Hence, it is asserted that an export marketing strategy that exudes ethicality in all four dimensions of marketing [i.e., product, price, promotion and distribution], will develop ethical branding advantage over competitors for their export product ventures (e.g., Crane, 2001, Zou et al., 2003).

Thus, it may be hypothesised that;

H7(b) The adoption of an ethically-based export marketing strategy creates an ethical branding advantage for the firm in the export market.

3.3.2.2.2 Competitive (Reputational and Ethical Branding) Advantage and Social Performance

Robin and Reidenbach (1987b) stressed on the existence of a "social contract" between business and society, that recognizes the impact of firms on the social welfare of society. This social contract is fulfilled by firms that genuinely listen to the community's specific and socially progressive demands and are perceived to meet the standards set by the society. In the ethical context, firms are expected to respond to societal expectations of incorporating ethics in their marketing practices (Martin et al., 2011). As noted by Curlo (1999b), there is an "ethical" market segment of buyers who desire to engage in a responsible consumption act and choose to reward the firm that has an ethical reputation by not only rating them highly but also buying their products. This favourable evaluation on the basis of the firm's effectiveness in meeting and

exceeding society's expectations with regard to ethically-based marketing concerns is termed as social performance (Judge and Douglas, 1998).

As per the assumptions of signalling theory, firms that are in possession of reputational advantage over their competitors can inform external constituents about their trustworthiness, credibility, and integrity (Galbreath, 2005). In light of this, reputational advantage stemming from the deployment of ethically-based export marketing strategy could be used by exporting firms to attract positive reactions [like rating the firm as highly ethical and trustworthy] from customers and other external stakeholders and in return, enjoy enhanced social performance results (Galbreath, 2005). On one hand, positive ethics augmentations of the firm's marketing strategy could enhance its reputational advantage and results in heightened social performance. On the other hand, firms whose reputation is tarnished by unethical marketing practices are at the risk of facing erosion of their competitive position and consequently lose their social position due to possible reputational damage (Carrigan and Attalla, 2001). While socially performing firms attract positive attention and repeated purchases from customers, firms are bound to face backlash in the form of negative consumer responses like consumer boycotts if their actions are deemed to be unethical and immoral by the public, resulting to a poor social performance (Brunk, 2010). A case in point can be borrowed from the context of multinational firms, where Nestle's Infant formula milk, that was seen perfectly acceptable and caused no controversy when sold in the US, but faced backlash and boycott due to aggressively marketing the formula in developing countries (Smith, 1990). This not only impinged upon the firm's previously earned reputational advantages, it also made Nestle an unethical and unfavourable firm in the eyes of customers, who went on to the extent of boycotting Nescafe coffee just because it was the property of Nestle (Crane, 2001).

In the closely related context of environmental marketing, reputational advantage has already been noted to enhance goodwill among environmentally sensitive customers, and consequentially enhancing environmental performance for the firms that take a pro-environmental stance in their marketing strategies (Miles and Covin, 2000). In a similar vein, it is expected that exporting firms which adopt a pro-ethical stance in their export marketing strategies will gain reputational advantage over their competitors and will be rated highly on ethical aspects by consumers, thereby

enabling the firm to enjoy enhanced social performance. Firms are known by their reputations, that is, the perceptions they generate in the minds of consumers, employees, and other stakeholders (Mitnick and Mahon, 2007). Hence, it may be hypothesised that:

H8 The achievement of ethically-based reputational advantage improves the firm's social performance in the foreign market.

An ethical brand that meets and exceeds the expectations of the export customers by espousing a strong ethical stance not only achieves favourable branding advantage over its competitors, but also increases the social values of its firm, and in turn performs well socially (Luo and Bhattacharya, 2006, Zou et al., 2003, Judge and Douglas, 1998). Likewise, exporting firms that possess an ethical branding advantage [derived from ethically-based strategic marketing initiatives] over their competitors in foreign markets, also enjoy a great deal of social performance. This is because foreign buyers have been evidenced to attach more value to firm offerings that exceed normative ethical expectations in the development, communication, pricing, and distribution of products as well as on any other marketing activities (Trudel and Cotte, 2009). These foreign buyers, by rating ethically-branded products highly and demonstrating their willingness to pay premium prices for such products over competitor's cheaper brands, predicate the transformation of ethical branding advantages into social performance results in the export market (Smith, 1990, Zou et al., 2003, Crane, 2001). This is because as compared to the competitors, firms that enjoy ethical branding advantage will occupy greater share of the minds of consumers, and this positively valenced ethical brand-specific information is likely to enhance firm's social performance, demonstrated by positive attitude of buyers towards the firm's brands (Folkes and Kamins, 1999).

The positive relationship between ethical branding advantage and social performance in the international market can be demonstrated by using an example of Unilever, a multinational company, whose ethically-based marketing activities and communication programs such as the "Campaign for Real Beauty" of its Dove brand, promoted healthy body images and built self-esteem among women, while at the same time made its ethically-based brand resonate with institutional actors and stakeholders (Martin and Johnson, 2008). In contrast, examples of

boycotts and protests against the Kellogg's brand for using harmful ingredients like GMOs and glyphosate in their cereal products bear a testimony to the fact that a single transgression on ethical grounds can be sufficient to elicit negative attitudes (Folkes and Kamins, 1999). Hence, it may be hypothesised that:

H9: The achievement of an ethical-branding advantage stemming from an ethically-based export marketing strategy improves the firm's social performance in the foreign market.

3.3.2.2.3 Social Performance and Export (Market and Financial) Performance

A firm's market performance refers to the effectiveness of its marketing activities with regard to its market-related goals of high customer acquisition rates, sales revenue growth, and market share in the target export marketplace (Homburg et al., 2007, Morgan et al., 2012). The advent of ethical consumerism has made firms to not only incorporate ethicality, but also project it in their marketing practices if they wish to be seen in good light by stakeholders (Singh et al., 2012). In the context of ethically-based exporting, firms that enjoy social performance [as a result of reputational and ethical branding advantages stemming from an ethically-based export market strategy] are likely to enjoy favourable market performance indicated by customer satisfaction, customer retention, and customer loyalty (Moorman and Rust, 1999). As buyers show greater confidence in purchasing quality products from ethically-based firms (Curlo, 1999b), these socially performing firms can utilise this opportunity to acquire new buyers, as well as retain and grow the existing ones by capitalising on their ethically-based initiatives. However, while on one side, this acquisition of new buyers enables exporting firms to penetrate deep into the market and expand it (Homburg et al., 2007), on the other, high levels of perceived unethical marketing behaviour is known to decrease their trust and engagement, thereby leading to a decrease in market share evidenced by consumer boycotts, protests, and other punitive actions (Leonidou et al., 2012c). Furthermore, it has also been empirically established that foreign buyers select a brand that is deemed to deliver ethical values and behave responsibly over and above brands that produce just high-quality products (Wartick, 2002). Socially performing firms can also use buyers' ethical product adhesion [i.e., the extent to which consumers buy ethical products because

of their underlying ethical principles] as a progenitor to encourage ethical product purchases and consequentially enhance their market share (Bezençon and Blili, 2010).

While catering to the needs of ethical consumer, socially performing firms tend to provide more satisfaction [after purchasing their ethically-based products] to the buyers (Smith, 1990, Crane, 2001), and enhanced satisfaction leads to greater customer loyalty, both of which are key aspects of market performance. Also, being able to distinguish themselves due to their ethically-based export marketing strategy, enables socially performing exporters to create barriers to entry, protect against imitation and enhance customer loyalty (Boehe and Barin Cruz, 2010). This shall further facilitate customer retention, secure future purchases, and foster recommendation and cross-selling opportunities due to positive word of mouth generated about the firm (Singh et al., 2012). Therefore, it can be concluded that firms who have a reputation of being socially responsive due to their ethically-based strategies, will enjoy favourable evaluation from customers (Brown and Dacin, 1997), and as a result they will be able to develop, satisfy and retain more customers, and enjoy enhanced market performance. Hence, the following hypothesis can be made:

H10 The higher the firm's social performance derived from its ethically-based export marketing strategy, the greater is the possibility of achieving superior export market performance.

Export financial performance refers to the financial cost/benefit outcomes of the export venture's market impact that is captured in metrics pertaining to profit, margins, return on investment, and indicated by costs, sales revenue, and profitability (Morgan et al., 2012, Morgan et al., 2004, Moorman and Rust, 1999). However, Miles (1993) suggest that "there is only private gain if there is also a public good" (p.222), thereby emphasising on the fact that exporting firms who perform well on the social criteria by selling ethical products, are likely to enjoy greater financial performance through increased sales, profits, return on investments and maintenance of premium prices.

Socially performing exporting firms are expected to financially benefit from increased sales as their ethically-based reputation assures foreign buyers of ethical attributes of their products and

satisfies their ethically-based requirements. This satisfaction and goodwill generated by purchase and consumption of these ethically augmented products further creates favourable publicity about the company and enables these firms to benefit from repeated purchases, and outperform their competitors on ethical aspects, all of which eventually translates into higher financial rewards (Miles and Covin, 2000) indicated by greater profits, higher volume and intensity of sales, and higher returns on investments and capital employed in export operations.

Also, enhanced social performance allows firms to set higher prices for manufacturing and selling of ethical products and this will make socially performing firms achieve enhanced financial gains (Olavarrieta and Friedmann, 1999). Prices of products with ethical augmentations is expected to be high due to costs involved in ethical training of workers, developing ethical skills, adding and chiseling firm's ethically based resource base by employing ethically based capabilities, new technology and equipment to manufacture ethically based products etc. This high pricing significantly convinces the buyer that the exporting firm produces a high-quality ethically-based products, and encourages them to buy ethical products from their firm, even at premium prices (Story and Hess, 2010, Syed Alwi et al., 2017, Lowengart et al., 2003).

All of the above arguments are suggestive of the fact that undertaking of ethically-based initiatives by exporting firms is likely to cause public good, that is well accepted by foreign buyers whose positive purchase decisions ultimately results in superior financial performance. Notably, there is ample empirical evidence justifying this positive influence of social performance in emanating superior financial performance (e.g., Waddock and Graves, 1997, Wood, 1991, Brammer and Millington, 2008, Brammer and Pavelin, 2006, Orlitzky et al., 2003, O'Higgins and Thevissen, 2017, Berrone et al., 2007). Therefore, the following hypothesis can be made:

H11 The higher the firm's social performance derived from its ethically-based export marketing practices, the greater is the possibility of achieving superior export financial performance.

While customer satisfaction, customer retention, and customer loyalty are frequently used indicators of market performance, costs, sales revenue, and profitability are indicative of financial performance (Moorman and Rust, 1999). An exporting firm that is riding high on market

performance success due to its ethically-based initiatives, will enjoy superior financial performance. This is because ethical consumers who identify ethical considerations as elements of an ethically augmented product (Smith, 1990), are more likely to be satisfied and as a result will show a greater propensity to buy from these firms, even at a premium price (Crane, 2001, Zou et al., 2003, Carrigan and Attalla, 2001). These satisfied customers will spread good word of mouth about the firm and help to attract new customers, thus improving company sales (Zhou et al., 2009). This good reputation shall also provide an opportunity for the exporting firm to target quality sensitive segments with potentially lower costs and further enhance financial gains (Miles and Covin, 2000, Zhou et al., 2009). Furthermore, by developing and expanding its ethically sensitive customer base, exporting firms will be able to more deeply penetrate the export market, resulting in higher volume of sales and improved sales turnover (Homburg et al., 2007).

This positive link between market performance and financial performance has been documented in numerous marketing/management studies (e.g., Homburg et al., 2007, Zhou et al., 2009, Rust et al., 2004, Ramaswami et al., 2008); as well as in the closely related field of environmental marketing (e.g., Leonidou et al., 2013e). When the export marketing strategy of a firm is ethically-based, it will provide added ethical value to its customers who will financially reward the firm for being a good corporate citizen, by transforming their satisfaction and loyalty into increased sales revenue and profitability (Singh et al., 2012). It can be safely derived from the above that market performance based on firms' ethically-based initiatives helps firms become more profitable. Thus, it can be posited that:

H12 The higher the firm's market performance, derived from ethically-based social performance achievements, the greater is the possibility of achieving superior export financial performance.

3.3.2.3 Moderation Hypotheses

Notwithstanding the range of internal company factors likely to influence exporting firms' ethically-based export marketing strategy, competitive advantages, and performance, certain external factors could play a potential moderating role on the link between ethically-based export marketing strategy and the competitive advantages. Two moderating variables, namely, foreign

market competitive intensity and foreign market regulatory framework, exemplifying the external environment related to any export activity are of particular relevance to the study on ethically-based export marketing strategy, and are used in this study.

Drawing its roots from the Industrial Organisation Theory, foreign market competitive intensity refers to the degree to which an exporting firm faces competition prevailing in the export market it serves (Jaworski and Kohli, 1993). It is a function of the number and size of competitors within the firm's export market, as well as the frequency and intensity of marketing efforts undertaken by these competitors to gain market share (Slater and Narver, 1994). Competitive intensity in the foreign market has been established to play a crucial role in effective implementation of export marketing strategy decisions, by moderating the relationship between export strategy choices and positional competitive advantages (e.g., Morgan et al., 2004). In a similar vein, for the purposes of this study, foreign market competitive intensity is expected to play a crucial role by strengthening the positive link between ethically-based export marketing strategy and reputational advantage and ethical branding advantage. In a highly competitive export market, buyers have the opportunity to explore many alternative options available from a wide variety of suppliers competing in the marketplace, thereby allowing them to choose a product from the company/brand that most satisfies their needs and wants (Tsai et al., 2008, Murray et al., 2011, Jaworski and Kohli, 1993). This provides an opportunity for exporting firms to better confront its competitors by adopting an ethically-based approach to satisfy the requirements of ethically sensitive foreign buyers, who are likely to choose products from companies that have an ethical reputation and endorse ethical brand values, over and above the offerings of other competitors (Miles and Covin, 2000, Sen and Bhattacharya, 2001, Crane, 2001). Such highly competitive market environments present a risk of buyers switching from one supplier to another. Ethically-based exporting firms can convert this risk into an opportunity by enhancing and maintaining buyer loyalty to their firms and/or brands based on their continuous ethically-based initiatives (Boehe and Barin Cruz, 2010, Singh et al., 2012). By taking a proactive stance to incorporating ethicality in their marketing strategies and creating an ethical image of their brands, exporting

firms can establish that their firm is self-policing, set industry standards for ethical behaviour, and as a result stay well ahead of the competition (Martin et al., 2011).

It can be safely derived from all of the above that, intense competition at the company level and/or brand level in the export market will increase the likelihood of achieving difficult to negotiate or overturn reputational and ethical branding advantages accrued from ethically-based approaches. On the contrary, reduced competition in the foreign market will “lock-in” foreign buyers to buy the available product/ brand offerings in the market, thereby undermining the positive effect of ethically-based export marketing strategy on reputational and ethical branding competitive advantages (Kumar et al., 2011)].

Therefore, it may be posited that:

H13(a) High intensity of competition in the foreign market will strengthen the positive association between an ethically-based export marketing strategy and reputational advantage.

H13(b) High intensity of competition in the foreign market will strengthen the positive association between an ethically-based export marketing strategy and ethical branding advantage.

The foreign market regulatory framework relating to ethical issues comprises of laws and regulations that exert regulatory pressures on exporting firms by promoting or restricting their strategic decisions and behaviour (Scott, 2005, DiMaggio and Powell, 1983). Derived from the Institutional Theory, the foreign market regulatory framework ensures that exporters behave in an ethical manner and abide by the rules and regulations set by the government to protect their citizens. Several government regulatory agencies like the Federal Trade Commission’s Bureau of Consumer Protection not only develop formal mechanisms to deal with ethical issues related to marketing (Ferrell, 2007) but also impose “implied duties of good faith” in marketing exchanges (Gundlach and Murphy, 1993). This regulatory framework is in place because it allows governments to ensure adequate levels of information about the safety of foreign products, preventing the dumping of inferior quality goods by exploitative foreign marketers, drive product adaptation to suit the needs and welfare of its citizens, (Johnson and Arunthanes, 1995). The pricing element of the marketing mix catches excessive attention of societal welfare watchdogs e.g., the antitrust enforcement agencies etc., that are established to patrol fair competition among

businesses and defend buyers from being deceived and treated unfairly by unethical practices like price fixing, making horizontal and vertical agreements (Smith and Craig, 1993). Advertising induced consumer harm (e.g., deceiving customers by engaging in false and/or misleading advertising, targeting children and vulnerable consumers etc.) is sure to spurn intermediation by regulatory bodies who are responsible for protection of consumers and other stakeholders (Polonsky and Hyman, 2007, Treise et al., 1994). Foreign market regulatory bodies also ascertain distributive justice in their countries by keeping a check on abuse of channel power, usage of coercion within the distribution channel, and prevent parallel importing through gray marketing activities etc. (Vermillion et al., 2002)

It has been empirically established that exporting firms which adapt their marketing strategies to local regulations are likely to outperform their competitors in the export market (e.g., Calantone et al., 2006). The impact of foreign market regulations becomes even more when exporting to culturally different countries. A case in point here is Virginia Slims, a U.S. cigarette brand mainly targeted at women in the United States. When exporting to Korea, Virginia Slims adhered to the local regulations that prohibits women and children to smoke, and as a result implemented an adaptive marketing strategy approach by drastically changing its target audience to men instead of women, and as a result enjoyed greater performance over the competing local brands (Dewhirst et al., 2016).

Exporting firms operate in exogenous market pressures, like foreign market regulatory policies that enforce ethical reckoning (Murray et al., 2011, Chua and Rahman, 2011). This is because within the broader macro-environment, both home and host governments expect firms to engage in ethically-based business practices (Desai and Rittenburg, 1997), and only when such compliance is achieved, exporting firms can translate their ethically-based export marketing strategy into reputational advantage and ethical branding advantage. While adhering to foreign market regulations enables exporting firms to transform their marketing strategies into competitive advantages, on the contrary, firms can face coercive measures like penalty fees, in situations where they show no compliance to the regulations set by the host country's regulatory bodies (Leonidou et al., 2010b). In fact there is evidence suggesting that firms that attempt to

“chisel” by not complying with rules and regulations are often “caught” by regulators, and typically forced to pay punitive fines or charges, and/or may suffer erosion of competitive position due to reputational damage caused at company and/or brand level (Miles and Covin, 2000). Such incidents are also likely to damage the brand name and drift customers away to regulation and law-abiding competing firms. Based on all of the above it can be posited that:

H14(a) High intensity of regulatory framework in the foreign market will strengthen the positive association between an ethically-based export marketing strategy and reputational advantage.

H14(b) High intensity of regulatory framework in the foreign market will strengthen the positive association between an ethically-based export marketing strategy and ethical branding advantage.

3.4 Summary

In this chapter, the investigator has discussed the theoretical foundations of the study, followed by presenting the conceptual model and formulation of various research hypotheses that refer to the association among the key constructs incorporated in the conceptual model of this study. Based on the resource-based view, the conceptual model integrates the resources and capabilities of an export venture to facilitate the adoption of an ethically-based export marketing strategy, which when moderated by foreign market competitive intensity and regulatory framework [based on the Industrial Organisation theory and the Institutional theory respectively], generates reputational and ethical branding advantages over competitors, ultimately resulting in social, financial and market performances. In total, fourteen hypotheses have been developed for the purpose of this study, that will be tested on the data collected from UK export managers to generate useful findings.

Chapter 4
Research Design and Methodology

4.1 Introduction

Having stated the theoretical background and development of the study's conceptual model, and its hypothesized relationships, it is vital to outline a detailed research plan that sheds light on the testing of these research hypotheses. Hence, this chapter seeks to provide insights into the key methodological aspects, namely the research design and philosophy, research setting, exploratory interviews, operationalization of the constructs, questionnaire development, data collection, informant identification, survey response, informant quality, non-response bias, sample characteristics, and the analytical processes employed to test the reliability and validity of the measures used in the study.

4.2 Research Design

Research design is understood as a framework or plan for a study that guides its data collection and analysis (Churchill, 1999). Selecting and specifying suitable research design in a particular market research project is considered important because it acts as a blueprint that ensures appropriate and most suited data is collected for theory testing (Malhotra, 2009, Aaker et al., 2008, Rindfleisch et al., 2008). Furthermore, research designs also acts as a tool to answer research questions to help market researchers and practitioners "understand, explain, and predict marketplace behaviours" (Rindfleisch et al., 2008, p., 261). Two types of research designs have been identified in the social science's literature. They refer to exploratory and conclusive research design (Malhotra, 2009). Table 4.1 summarises and states the key differences between exploratory and conclusive research designs. Within the subcategories as listed in the Table 4.1, the investigator employed exploratory and cross-sectional research design to study and empirically test the conceptual model. Hence, a discussion of longitudinal and causal (experimental) research design is beyond the scope of this study.

Table 4.1: A comparison between Exploratory and Conclusive research designs.

	Exploratory Research Design	Conclusive Research Design
Objectives	To provide insights and understanding into the real nature of the research problem	To test specific hypotheses and examine relationships
Characteristics	Information needed is defined loosely.	Information needs are clearly defined
	Flexible and unstructured research process	Formal and structured research process
	Small and non- representative sample	Large and representative sample
	Qualitative analysis of the primary data	Quantitative analysis of data
Types	None	Descriptive [Cross-sectional and longitudinal] and Causal research design
Findings	Yields tentative findings that are not fit for generalization	Yields definite conclusive findings that can be generalized to a larger population
Outcomes	Generally followed by a further exploratory or conclusive research	These conclusive findings are used as inputs into decision making

Source: Adopted from Malhotra (2009) and Chisnall (2001)

While the *Exploratory research design* increases researcher's familiarity with the research problem and practical difficulties involved in conducting the study and identifies the real nature of the research problem (Malhotra and Peterson, 2006, Chisnall, 2001). It offers ideas and insights into a broadly defined research problem [with minimal/no basic knowledge] that are instrumental in further defining the exact nature of a problem; and developing research hypotheses that will undergo quantitative examination (Malhotra, 2009). There are three ways of conducting exploratory research: a search of literature, interviewing "experts" in the subject, and conducting focus group interviews (Saunders et al., 2009). The investigator conducted exploratory interviews with export managers in order to gain deeper and practical insights into the ethical marketing phenomenon. This is detailed in the section 4.6 of this chapter. However, findings from exploratory research are tentative and should be used as building blocks for further conclusive research (Malhotra, 2009); where empirical testing of the research model and its hypotheses is undertaken within the context of descriptive or causal research.

Therefore, the *descriptive research design*, that acts as an extension to the exploratory research by estimating the proportion of population who behaves in a particular way, is employed to examine the frequency of occurrence of such behaviour; and correspondingly generate specific

predictions (Churchill, 1999, Saunders et al., 2009). In doing so, the investigator chooses the *cross-sectional* research design over a longitudinal design because it studies a particular phenomenon at a particular time, involving one time collection of information from a given sample of population (Saunders et al., 2009, Malhotra, 2009). Furthermore, the implementation of a longitudinal research design requires extra time and enhanced costs, it was practically difficult to implement it for the purposes of a doctoral research that is faced with strict time and budgetary constraints (Saunders et al., 2009).

4.2.1 The Research Design chosen for this Study

The implementation and success of any research depends on careful identification and choice of the most suitable research design depending on the type of the research as well as the nature of hypothesised relationships. In this study, the investigator aims to investigate the antecedents (resources and capabilities) and consequences (competitive advantages and performance outcomes) of an ethically-based export marketing strategy. As discussed above, the investigator employed a cross-sectional research design for this research. Cross-sectional research designs are very popular amongst researchers who consider it as a powerful tool for collecting survey-based data (Rindfleisch et al., 2008). In fact, Rindfleisch et al. (2008) also noted that 94% of the 178 survey-based *Journal of marketing* and *Journal of Marketing Research* articles were cross-sectional in nature. However, despite its popularity, the researcher must guard against the challenges that come with employing a cross-sectional research design. The biggest criticism of cross-sectional research designs is that it is prone to CMV bias that can make the findings weak (Podsakoff et al., 2003). Literature has various recommendations in this regard. Podsakoff et al. (2003) suggest employing multiple respondents, variation in scale formats and scale anchors to guard against CMV bias. Also, Rindfleisch et al. (2008) suggest using multiple respondents, multiple data sources or multiple periods to reduce CMV bias and increase causal inference in data.

Furthermore, cross-sectional dataset is understood as a useful means of evaluating and modifying theoretically derived *a priori* models (de Vaus, 2001). Considering this, the patterns of association

between ethically-based resources, capabilities, ethically-based export marketing strategy; and competitive advantage as well as performance outcomes have been derived from a priori theoretical argument: The Resource-based View, thereby justifying the use of cross-sectional research design in this study. Various research in related fields like sustainable, environmentally friendly, and eco-friendly export marketing strategies (Zeriti et al., 2014, Leonidou et al., 2015a, Leonidou et al., 2013c) have successfully followed a cross-sectional research design for collecting data. Hence, adopting a cross sectional research design where causal relationships between independent variables and dependent variables are examined seems most appropriate because of the well-defined nature of the research problem and hypotheses in this study (Saunders et al., 2009).

4.3 Research Philosophy

Research philosophy overarches the nature and development of knowledge; thereby making philosophical considerations and orientations of the investigator, a guiding factor in their social sciences research (Saunders et al., 2009). A researcher's philosophical orientations provides clarity about research designs by recognising which designs will work and which won't, and identifying and even creating designs that are outside the researchers' past experience (Easterby-Smith, 2008). This leads to the ontological and epistemological debates, where ontology represents the researcher's view of the nature of reality or being; and seeks to answer researcher's questions about what exists, what is it made of and how does it look (Saunders et al., 2009). Stemming from the ontological stance is the epistemological considerations that deals with the researcher's view regarding what constitutes acceptable knowledge in the social world; and how this knowledge can be effectively acquired (Saunders et al., 2009, Blaikie, 2007).

Studying philosophical foundations based on ontological and epistemological persuasions enhances business and management researchers' awareness of the philosophical commitments they make through their choice of research strategy (Saunders et al., 2009). In social sciences research; philosophies of *Positivism* and *Interpretivism* are the two ends of the ontological and

epistemological spectrums that are known to significantly impacts researchers' work while also enhancing their understanding of what they are investigating (Saunders et al., 2009).

The research based on *positivism* adopts the philosophical stance of the natural scientist who prefers working with an observable social reality which produces law-like generalisations [e.g., descriptive and conclusive research] similar to those produced by the physical and natural scientists as an end product (Remenyi et al 1998:32, cited in Saunders et al., 2009). This approach leads to statistically reliable and valid causes of social scientific outcomes (Johnson and Onwuegbuzie, 2004). *Interpretivism* on the other hand, views reality as socially constructed where it is necessary to explore the subjective meanings motivating the actions of social actors in order for the researcher to be able to understand these actions (Saunders et al., 2009). Interestingly, it is this understanding of the actors' subjective meanings of the social world that defines the way in which qualitative (exploratory) research is done. Most social scientists employ a mixed methods approach, where they combine the benefits of both positivist and an interpretivist research philosophy.

4.3.1 Philosophical Foundations of this Research

The field of marketing ethics is controversial in nature (Ferrell, 2007). Since the investigator is investigating antecedents and consequences of ethically-based marketing strategies of exporting firms in the UK; it is essential to first study its philosophical foundations that can help the investigator understand and determine the best way to go about this research; a way that facilitates valid and reliable findings. Extant literature and scholarly research in marketing suggest that marketing has "a preeminent reliance on the scientific approach to knowledge development" (Wilkie and Moore, 2003, p., 132); thereby implying a positivist research philosophy to be the most prominent approach. This preponderance of positivist contributions could be attributed to the marketing researchers' familiarity with positivism as the leading paradigm in marketing, a field that seeks to answer the quintessential positivist question: what is? (Nill and Schibrowsky, 2007 pp.265,268). Narrowing down to the subfield of marketing ethics, Nill and Schibrowsky (2007) recommended basing ethical marketing-related research on the philosophy of positivism,

based on a review of extant ethical marketing-related literature. Hence, the investigator shall employ the quantitative ontological and epistemological paradigm of positivistic philosophy to empirically research and trace the antecedents and consequences of ethically-based export marketing strategy indicators as elements of truth (Saunders et al., 2009).

Considering the above, the investigator shall start with employing the interpretivist approach to gain more understanding of this relatively new topic of interest, followed by a quantitative ontological and epistemological paradigm of positivistic philosophy to empirically research and trace the antecedents and consequences of ethically-based export marketing strategy indicators as elements of truth (Saunders et al., 2009).

4.4 Research Approach

Inductive and *deductive* reasoning typify two approaches to any research problem. While the theory-building [Inductive approach] engages in collecting data and recording observations assuming that the relationships will become apparent while analysing the results, the theory-testing [Deductive approach] formulate hypotheses, collects data, tests and validates hypotheses and then analyses results.

The investigator intends to follow a *deductive* approach for this research. Saunders et al. (2009) suggested that research approaches should be attached to research philosophies and since positivism has already been understood as being appropriate for this study, employing a deductive approach is apt for this research as deduction is known to owe more to positivism (Saunders et al., 2009 p.124). Hence the investigator's decision to follow a deductive approach stands justified because the research shall test the applicability of a combination of theories: the RBV, the Institutional theory and the Industrial organisation theory; to propose relationships between various antecedents, moderators and consequences of ethically-based export marketing strategies, and formulate hypotheses, followed by data collection and analysis to deduce insightful findings.

4.5 Research Setting

The conceptual model and its hypotheses were empirically tested in the UK, which provides a fertile ground for research related to export marketing activities, due to several reasons: (1) The UK has traditionally played a leading role in world export trade (Leonidou et al., 2011), (2) The UK is the 10th largest exporter in the world (WorldAtlas, 2018), (3) exporting accounted for 28% contribution to UK's GDP in the year 2016 (Worlddevelopmentindicator database, 2018), and (4) there has been an increase in the export of UK goods and services to a record high of £620.2 billion in the year to March 2018 (GOV.UK, 2018). Categorically, the non-EU Exports for September 2018 were £18.0 billion [representing an increase of £4.2 billion (31 per cent) compared with the previous year]; while the EU exports for September 2018 were £14.3 billion [showcasing a decrease of £0.2 billion (1.6 per cent) compared with the previous year] (HMRevenue&Customs, 2018). This could probably be attributed to the Brexit negotiations happening throughout the year.

Furthermore, the UK is a developed economy that boasts of favourable conditions for ethically-based strategies to take seed and grow (Zeriti et al., 2014). This can be affirmed because according to a survey of business ethics in the UK conducted by the Institute of Business Ethics (2016), ethics programmes have become more established in British organisations over the span of 10 years till 2015. This can be attributed to the growth in UK employer's positive support for ethics at workplace over the years. Furthermore, the survey also noted an increase in investment in the ethics function, and the increasing awareness of elements of ethics programme such as code of ethics, speak up (whistle blowing) and ethics training in 90% of organisations in the UK (Institute of Business Ethics, 2016 p., 9). In light of this, it would be interesting to study the ethically-based marketing phenomenon in the context of the UK exporting firms.

Manufactured exports account for the bulk of total world export trade (World Bank 2018). Specifically, the thrust of the UK's export activity originates in the manufacturing sector, with majority of exports to the United States and the European Union as well as some to the rest of the world (Leonidou et al., 2011). Specifically, in the year 2018, manufactured goods accounted for 44% of total exports from the UK, that led to a contribution of £350,651 million to the UK

exporting industry (Office for national statistics, 2019). Therefore, the investigator conducted the study among indigenous manufacturing firms based in the United Kingdom and employed a multi-industry/multi-country research design that included exporters from a wide array of manufacturing sectors. This was done due to the following methodological advantages: (1) to achieve variation in the responses; (2) variability in export practices for the exporter sample; (3) cross-firm variability within the same industry; (4) control over possible confounding factors in cross-national studies; (5) to achieve a final study sample that was large enough to enable rigorous data analysis; and lastly, (6) to increase the external validity of empirical findings (Zeriti et al., 2014, Singh et al., 1996). These firms included manufacturers of industrial machinery, motor vehicles and parts, pharmaceuticals, precious stones and metals, electrical machinery, aircraft, precision instruments, food products and beverages, iron and steel, rubber and plastics, organic chemicals and chemical products, cosmetics, furniture and so on. Due to the low market share occupied by export of agricultural products and as well as for comparability purposes with regards to the exports from the UK services sector, the investigator excluded these industry categories from participating in this study.

It is also noteworthy that firms with multiple export product-market ventures may exhibit a variety of ethically-based strategies and associated implementation issues, resources, capabilities, competitive advantages, and performance outcomes; that are likely to be different for each export venture (Morgan et al., 2004, Morgan et al., 2012). Considering this, and incorporating similar insights from the exploratory interviews (see section 4.6); the unit of analysis was fixed to a specific export venture i.e. a specific product line exported to a specific foreign market to avoid the risk of getting confounding results when the exporter takes all export ventures of his firm as frame of reference while answering the questions (Cavusgil and Zou, 1994, Katsikeas et al., 2000). Furthermore, in line with previous research in international marketing, the investigator excluded service firms, exporters of agricultural products or minerals; because of their idiosyncratic international expansion patterns and performance characteristics (e.g., Leonidou et al., 2013c, Morgan et al., 2012). Limiting the research design accordingly reduces extraneous

sources of variation and allows the development of grounded measures meaningful to all study participants (Morgan et al., 2012).

4.6 Exploratory Interviews:

Exploratory interviews enable insights into the respondent's own interpretations of their environments and enhance the researcher's ability to understand underlying or latent issues (Miles and Huberman, 1994). These unstructured, direct personal interviews could help the investigator probe into export marketing managers' underlying motivations, beliefs, attitudes and feelings (Malhotra, 2009) towards the sensitive issue of ethically-based export marketing strategy. The inherently sensitive nature of firm-level ethical questions, as highlighted by Martin and Johnson (2008), calls for *exploratory interviews* in order to gain initial insights into and evaluate managerial behaviour as it unfolds in the context of strategic decision-making. Furthermore, as indicated in the literature review, there is a clear lack of research and solid empirical validation in the domain of ethically-based marketing strategies; and thus exploratory research is an essential initial step to develop deeper understanding of the research setting, and the key constructs in the study; in order to be resourcefully employed in the conclusive research that follows (Malhotra, 2009, Churchill, 1999).

Following from the above, the investigator conducted a series of in-depth exploratory interviews with 11 participants who were responsible for the exporting activities of their firms. These participants were carefully sampled from a business social network (i.e., LinkedIn), that contains up-to-date information about various firms and top managers responsible for exporting activities in those firms (e.g., Musarra et al., 2016). The participant sample comprised of five export managers, three export sales directors, one export operations manager and two export sales managers as key informants who were chosen based on their direct involvement in the exporting activities of their respective firms (Cavusgil and Zou, 1994). The investigator followed a flexible semi-structured approach when asking questions. This approach contained a list of variables and intended scales for measuring them but no specific questions; allowed in-depth exploration of the constructs at hand and enabled the investigator to probe into ethically-based initiatives in specific

export ventures (Cavusgil and Zou, 1994). Excerpts from exploratory interviews are presented in the Appendix: 2 of this thesis.

The interviews began with an introduction to the study, highlighting the aims and objectives of the study to make the export managers aware of the context of the study. The respondents were told to freely ask questions at any stage of the interview and raise any concerns they might have during the interview process. This helped in establishing a rapport with them and encouraged them to make maximum contributions while the interview is being conducted. Respondents were asked to elaborate freely on their export marketing activities as that would enhance the richness of their answers (Diamantopoulos and Cadogan, 1996).

The investigator then discussed the conceptual model with the export managers in order to confirm whether they understood the key constructs in the model and the linkages therein. Following this, various open-ended questions about the constructs in the conceptual model were asked for an in-depth understanding of the applicability of the constructs used in the study. The export managers were asked to comment upon the constructs used in the study and the hypothesized linkages as they will have practical knowledge about the cause and effect relationships that are depicted in the conceptual model. Special attention was given to the newly developed scales of constructs like product, price, promotional and distributional elements of the ethically-based export marketing strategy; reputational and ethical branding advantage and social performance; to find out more about their appropriateness to the conceptual model. Each of the interviews lasted between one and two hours and the investigator personally conducted all the interviews. Insights from the interviews were employed to make necessary changes in the research model and the questionnaire that will be used to collect quantitative data.

The interviews showed that the exporting firms are aware of their ethically-based responsibilities and the representatives of each firm were very appreciative of the type of study that the investigator is spearheading. On one hand, the investigator received responses like, “*the study certainly makes everyone aware of market forces and the need to help the environment and work honestly, as we do as individuals and a business*”; and “*I would love all my customers to be aware*

of ethical issues as they are of primary importance in my work, however I find very few are concerned about these matters beyond paying them lip service, so spreading awareness of ethical issues is one of my highest business and personal priorities.” On the other hand, one of the export managers acknowledged that *“our company's practices are sometimes unethical; however, I cannot give details as I would undoubtedly be sacked for the disclosure”*. This was despite the assurance that, in line with University of Leeds data protection policies, strictest confidentiality will be maintained with regards to their responses, in the beginning, some of the respondents were still hesitant to share details.

The rest of the export managers participated freely in the interview. It is interesting to know that some managers acknowledged that their exporting activities or the ethicalness of their exporting activities per-se changes with export country destination and its ethical requirements. For example, an export sales director noted that, *“The ethical stance of companies is becoming more important in a competitive market. When dealing with the Far East -the only fact they consider is price - ethical requirements may be considered but at the end of the day if you try to raise price due to ethical reasons, they will simply go elsewhere”* At this point the investigator identified the need for asking the respondents in the main survey to choose one export market venture and confine their answers to their firm’s exporting activities in that particular export market only. The managers showed support for various linkages between the constructs. Although they did not comment much about the associations in the first half of the model: between ethically-based resources and capabilities and ethically-based export marketing strategy; they were very positive about the linkages between the constructs in the second half of the model. These included the reputational and ethical branding advantages and their impact on social performance and the resultant impacts on market and financial performances.

Overall, the exploratory interviews helped the investigator to (1) develop an initial understanding of the empirical nature of the study; (2) clarify whether the constructs in the conceptual model that were incorporated as per the literature review; are relevant within the context of British exporting firms; (3) examine managerial understanding of the hypothesised linkages between these constructs as identified in the conceptual; (4) explore the structure, relevance and flow of

the overall conceptual model within the context of UK exporting firms; (5) develop appropriate measures for the study constructs that are easily understandable and relatable to export practitioners; and lastly, to learn the need to ask the respondents to focus on an individual export market venture when answering all the questions. All the findings in the exploratory interviews were only preliminary and the investigator then proceeded to further empirical validations, as detailed in the Chapters 5, 6 and 7 of the thesis.

4.7 Questionnaire Design and Development

A questionnaire is a structured technique that enables the researcher to obtain information from respondents, based on a formalised set of questions that are administered either in written form or verbally (Malhotra, 2009). In line with previous discussion about using questionnaire-based survey to collect data that is suitable for hypotheses testing; it is crucial that the questionnaire is designed carefully and adherence to trusted psychometric properties is ensured. To achieve this, the investigator followed the questionnaire design process recommended by Churchill (1999) and Malhotra (2009); modified to fit to the context of the research, as shown in Figure 4.1. In the sections that follow, a detailed discussion of these processes is presented.

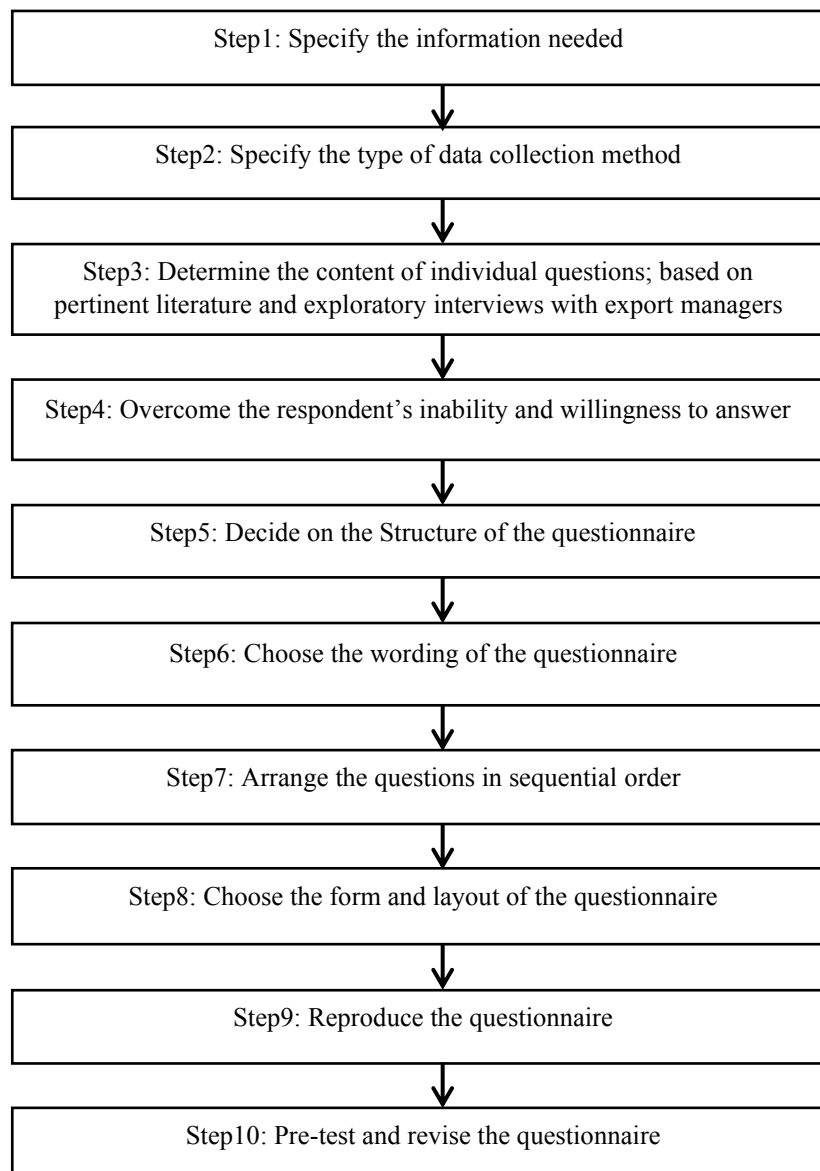
4.7.1 Information Sought from the Respondents

Regarding the first step of the questionnaire design process, the investigator's primary concern was the requirement to capture the full depth and breadth of the key constructs in the research model. Hence, in order to conform to the aims and objectives of the study; the investigator began a search of literature to locate suitable measurement scales for the constructs in the conceptual model. Basically, the investigator was seeking information as outlined in Table 4.2. While most of the scales were found in the literature, there were a few that required to be constructed based on borrowings from related fields; and insights from in-depth interviews and academic experts in this specific field. The scales were then adapted to fit the context of this research; while keeping in mind specific attributes of the respondent population, the exporters (Malhotra, 2009).

4.7.2 Specify the Type of Data Collection Method

Following the discussion on the type of information sought from respondents, the next step is to decide on the way the questionnaire will be administered. Considerations pertaining to the type of data collection method have already been covered in the research design section of this chapter.

Figure 4.1: Questionnaire Design Process



Adapted from Churchill (1999) and Malhotra (2009) to fit the research context of this study

Table 4.2: Information sought from Respondents

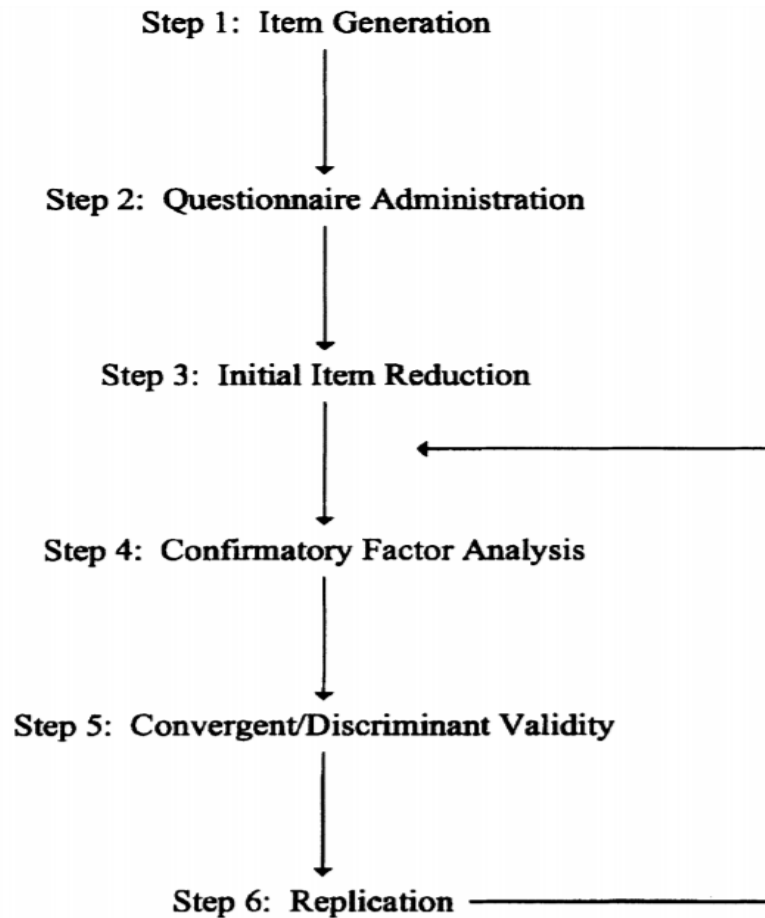
Key Construct
Ethically-based Export Marketing Strategy <ol style="list-style-type: none"> 1. Product 2. Price 3. Promotion 4. Distribution
Antecedents of Ethically-based Export Marketing Strategy
<ol style="list-style-type: none"> 1. Resources <ol style="list-style-type: none"> a) Reputational Resources b) Relational Resources c) Experiential Resources 2. Capabilities <ol style="list-style-type: none"> a) Ethical Leadership Capability b) Ethical Market Orientation c) Organizational Ethical Learning Capability
Consequences of Ethically-based Export Marketing Strategy
<ol style="list-style-type: none"> 1. Competitive Advantage Outcomes <ol style="list-style-type: none"> a) Reputational Advantage b) Ethical Branding Advantage 2. Performance Outcomes <ol style="list-style-type: none"> a) Social Performance b) Market Performance c) Financial Performance
Foreign Moderating Influences
<ol style="list-style-type: none"> 1. Foreign market Competitive Intensity 2. Foreign Market Regulatory Framework

4.7.3 Determine the Content of Questions [Operationalization of Constructs]

After getting the conceptual model and its constructs scrutinized by exporters in the form of exploratory interviews, the next step is to state the measures of the study constructs; and the how they were developed based on previous literature; and appraised based on the pre-study interviews stated above. This technique of specifying the way in which a specific construct is measured [by assigning numbers to characteristics of the constructs], is understood as operationalization of these constructs (Malhotra, 2009). However, developing appropriate indicators to effectively capture the essence of each specific construct is challenging and needs to follow certain rules. These pre-specified rules that govern scaling [assigning symbols to objects in order to represent quantities of attributes] and classification [assuring that the items fall in the same/ different categories concerning an individual attribute] of these measures (Nunnally and Bernstein, 1994); as well as detailed information on the proposed measures of these constructs is presented in the sections that follow.

For the measures that came from an extensive review of literature, the investigator adopted established measurement scales and made necessary modifications, to make them appropriate for the context of the study. However, owing to the novelty of this study, scales for the constructs like the product, price, distribution and promotional elements of ethically-based marketing strategies, reputational advantage, ethical branding advantage, and social performance were developed by the investigator based on a combination of established scales in related literature, in depth interview with exporters and feedback from expert academics in the field. The items that survived in this process were the measures employed in this study and were included in the questionnaire. The newly constructed scales along with the scales adapted to the study's context were purified, refined and validated by following procedural steps [shown in Figure 4.2] and recommended purification and refinement procedures as suggested by Hinkin (1998) Anderson and Gerbing (1988). Chapters five and six showcase detailed information on how the original measures capturing these constructs were adjusted to meet recommended measurement requirements.

Figure 4.2 Scale development Process adopted from Hinkin (1998)



The investigator used reflective multi-item measures for all the constructs in the study; and details about the operationalization of measures of each construct in the model follows next.

4.7.3.1 Ethically-based Resources

As seen in the conceptual development chapter, the investigator carefully selected three types of resources, that are relevant to the context of the study. This was based on an extensive review of literature as well as insights from the exploratory field interviews. They are reputational, relational, and experiential resources as unidimensional constructs; whose individual influence on ethically-based export marketing strategy was studied in this research. While the five items of the reputational resources scale were adapted from Morgan et al. (2006) and Hooley et al. (2005); relational resources were captured using a five-item scale that was adapted from Morgan et al.

(2006). Finally, experiential resources were tapped using a four-item scale adapted from Kaleka (2012).

Here the respondents were asked to assess their firm's reputational, relational, and experiential resources as employed in their chosen export market; on a seven-point rating scale ranging from (1) "strongly disagree" through (4) "neither agree nor disagree", to (7) "strongly agree". The measurement scales, their respective sources and related Cronbach's alphas as well as response formats are indicated in the Table 4.3 below:

Table 4.3: Ethically-based Resources Measurement Scales

Construct	Measurement Items	Source	Response format
Reputational Resources	In this foreign market...		
	The public is aware of the ethical nature of our company and brand(s)*	Morgan et al. (2006) [$\alpha = .90$]*; (Hooley et al., 2005) [$\alpha = .81$]**	(1)“strongly disagree” to (7) “strongly agree”
	Our company’s ethical image helps distinguish itself from other companies*		
	Our company’s “ethical personality” is appealing to customers*		
	Our company has a strong ethical identity**		
Our company enjoys credibility with customers and is well established as an ethical company**			
Relational Resources	Our company...		
	Have strong relationships with buyers in this foreign market.	Morgan et al. (2006) [$\alpha = .79$]	(1)“strongly disagree” to (7) “strongly agree”
	Maintains good quality of channel relationships in this foreign market.		
	Has a long duration of relationship with current distributors		
	Has close relationships with existing buyers.		
Enters into business relationships only with ethical buyers			
Experiential Resources	Our company has experience in...		
	Keeping updated knowledge on the ethically -based requirements of this foreign market.	Kaleka (2012) [$\alpha = .84$]	(1)“strongly disagree” to (7) “strongly agree”
	Exporting products that are ethically made.		
	Getting involved in ethically -based export ventures.		
Achieving success in previous ethically-based export ventures			

4.7.3.2 Ethically-based Capabilities

The investigator combined various literature sources like exporting, international marketing and marketing ethics; as well as exploratory interviews to settle on three constructs and their respective measurement items that are most suited to the context of this study. These unidimensional capabilities are ethical leadership capability, ethical market orientation and organizational ethical learning capability; each of which has been explained in detail in chapter 3. While ethical leadership capability was captured using a six item scale that was adapted from Brown et al. (2005) and Mayer et al. (2012); the measurement scale for ethical market orientation was sourced from Hooley et al. (2005); and lastly, the measurement items for organizational ethical learning capabilities have been based on the study by Jerez-Gómez et al. (2005).

Upon presenting these original measures [adapted to meet the requirements of this study'] in the form of a questionnaire, the respondents were asked to indicate the extent to which these capabilities exist in their exporting firm. The investigator used a seven-point rating scale ranging from (1) "strongly disagree" through (4) "neither agree nor disagree", to (7) "strongly agree", to capture participant responses for all items capturing the dimensions of each scale; as shown in Table 4.4.

Table 4.4: Ethically-based Capabilities Measurement Scales

Construct	Measurement Items	Source	Response format
Ethical Leadership Capability	The export manager(s) in our company ...	Brown et al. (2005) [$\alpha=.94$]; Mayer et al. (2012) [$\alpha=.96$]	(1)“strongly disagree” to (7) “strongly agree”
	Conduct their personal life in an ethical manner.		
	Discipline employees who violate ethical standards.		
	Make fair and balanced decisions.		
	Enforce business ethics and/or values among employees.		
	Set an example of how to do things the right way in terms of ethics.		
	When making decisions, asks “what is the right thing to do?”		
Ethical Market Orientation	We closely monitor our commitment to ethically serving our foreign customers.	Hooley et al. (2005) [$\alpha: .86$]	(1)“strongly disagree” to (7) “strongly agree”
	Our company’s export objectives and strategies are driven by the goal to create customer satisfaction in an ethical way.		
	Our export competitive strategies are based on understanding the ethical requirements of our foreign customers.		
	Our company functions are integrated to serve this foreign market’s requirements in an ethical manner.		
	Our export management encourages employees to create ethically -based value for foreign customers.		
Organizational Ethical Learning Capability	Our company ...	Jerez-Gómez et al. (2005) [$\alpha: .88$]	(1)“strongly disagree” to (7) “strongly agree”
	Promotes experimentation and innovation as ways to make our exporting processes more ethical.		
	Follows up what other exporters are doing and tries to adopt their ethically -based practices and techniques.		
	Learns from the experiences of and ideas provided by external sources (e.g., advisers) and incorporates them to make its export operations more ethical.		
	Has made ethical learning capability a part of its culture so that employees can freely express their opinions and make suggestions to enhance ethicality in the procedures and methods in place for carrying out exporting tasks.		
	Learns from the mistakes made in the past and endeavours to correct them in future export business processes		

4.7.3.3 Ethically-based Export Marketing Strategy

As stated in the literature review chapter, ethically-based export marketing strategy has been studied as a multidimensional construct in this study; that comprises of ethically-based product, pricing, distribution and promotional elements. This higher order construct of ethically-based export marketing strategy uses a total of 22 items to capture the essence of ethically-based export marketing strategy; comprising of a seven-item measurement scale for ethically-based product; and 5 items each for ethically-based pricing, distribution and promotional dimensions.

Owing to the newness of the study the investigator had to construct the scales for all the dimensions by incorporating insights from scales of related constructs in closely related studies, textbooks and exploratory interviews with exporters. The measurement scale for ethically-based product was constructed from by incorporating three items from Vitell et al. (1993a) and the remaining from textbooks like Murphy et al. (2012), Schlegelmilch (1998) and Smith and Quelch (1993), that provide detailed insights into ethically-based issues related to product strategy of firms. Likewise, three items of ethically-based pricing were sourced from Vitell et al. (1993a) and the remainder were constructed from textbooks mentioned above. The measurement scale for ethically-based distribution was adapted by using a combination of items from Leonidou et al. (2013c) and Vitell et al. (1993a). Lastly, ethically-based promotional strategy derived its measurement items from a combination of related research [Leonidou et al. (2013c) and Vitell et al. (1993a)] and ethical marketing based textbook i.e Murphy et al. (2012). All the constructs and respective items were appraised by exploratory interviews with export managers to confirm their relevance to the context of this study. The respondents were asked to evaluate their exporting firm's product, pricing, distribution and promotional strategies in a specific export venture market on a scale of seven-point rating scale ranging from (1) "strongly disagree" through (4) "neither agree not disagree", to (7) "strongly agree". Table 4.5 presents measurement items that were a part of the questionnaire.

Table 4.5: Ethically-based Export Marketing Strategy

Construct	Measurement Items	Source	Response format
Ethically-based Product	In this foreign market, our firm ...		
	Offers products that are safe and properly fit their intended use*	Vitell et al. (1993a) [$\alpha = .67-.87$] *, Textbooks: Murphy et al. (2012), Schlegelmilch (1998) and Smith and Quelch (1993)	(1)“strongly disagree” to (7)“strongly agree”
	Offers products that have been ethically sourced (e.g., made from safe and legal raw materials, do not involve any form of child labor, manufactured in an environmentally friendly way).		
	Discloses information on the label regarding any substantial risks associated with product usage*		
	Does not disclose whether any key constituent of the product has been substituted with another to avoid influencing customer purchase decisions*		
	Offers tamper-proof packaging that minimizes any unnoticed/elicit tampering and educates customers about how to identify packages that have been violated or modified.		
	Cheats customers by deliberately packaging the product in a way that encourages its incomplete usage and/or fills the package with fewer products to encourage repeat purchases.		
Clearly states warnings and usage instructions in the languages of the primary users to ensure safe product usage.			
Ethically-based Pricing	In this foreign market, our firm ...		
	Discloses the full price associated with any purchase of its products*	Vitell et al. (1993a) [$\alpha = .67-.87$] *, Textbooks: Murphy et al. (2012), Schlegelmilch (1998) and Smith and Quelch (1993)	(1)“strongly disagree” to (7) “strongly agree”
	Does not engage in any form of price-fixing practices*		
	Does not hesitate to engage in predatory pricing practices (i.e., reduce prices to unreasonably low levels) to drive competition from the market*		
	Often offers a better price to its favoured buyers than to others.		
Employs misleading pricing tactics to influence consumers’ ability to interpret and compare prices.			
Ethically-based Distribution	In this foreign market, our firm ...		
	Encourages its distributors to be ethically responsible for their activities**	Vitell et al. (1993a) [$\alpha = .67-.87$] *, Leonidou et al. (2013c) [$\alpha = 0.96$]**;	(1)“strongly disagree” to (7) “strongly agree”
	Sets clear instructions to ensure that our distributors act in an ethically responsible manner**		
	Uses specific ethical program standards for its distribution channels**		
	Uses coercion within its channel*		
Exerts undue influence over its resellers’ choice to handle a product*			
Ethically-based Promotion	In this foreign market, our firm ...		
	Does not engage in false and/or misleading advertising*	Vitell et al. (1993a) [$\alpha = .67-.87$] *, Leonidou et al. (2013c) [$\alpha = 0.94$]**; Textbook: Murphy et al. (2012)***	(1)“strongly disagree” to (7) “strongly agree”
	Deceives customers by first advertising a cheap product and then selling an expensive one after they arrive at the store*		
	Uses phrases such as “ethically sourced/made” in advertisements to position the ethical characteristics of its products**		
	Engages in advertising techniques that target the vulnerable members of society (e.g., children, the elderly) to increase sales***		
Engages in high-pressure manipulations and/or misleading sales tactics that put “wrong ideas” in the minds of consumers*			

4.7.3.4 Ethically-based Competitive Advantages

A comprehensive review of literature suggested that firms enjoy reputational and branding advantages over its competitors if they engage in ethically-sound marketing practices. Consequentially, reputational and ethical branding advantages were incorporated in this study as unidimensional constructs. While the measurement scale for ethical branding advantage was adapted from Zou et al. (2003) and appraised to meet the standards of the study; the scale for reputational advantage was constructed by the investigator based on the conceptual paper by Miles and Covin (2000). The investigator incorporated all dimension of reputational advantage generated from environmental marketing practices, as conceptually stated in the paper; and adapted it to fit in the context of ethical marketing. Following this, the investigator sent the newly constructed scale to the authors of the conceptual paper; and their insightful comments were incorporated in the scale. Following this, the scale was also sent to experts in the field to check for the degree to which the scale's items represent a proper sample of the theoretical content domain of a construct (Nunnally and Bernstein, 1994). Having confirmed the face validity of the scale, it was administered as a part of the questionnaire.

Here the respondents were requested to rate their firm's product offerings in the specific export venture market with respect to their competitors on a seven-point rating scale ranging from (1) "strongly disagree" through (4) "neither agree nor disagree", to (7) "strongly agree". Table 4.6 presents measurement items employed to assess the items comprising reputational and ethical branding advantage.

Table 4.6: Ethically-based Competitive Advantages Measurement Scales

Construct	Measurement Items	Source	Response format
Reputational Advantage	Compared with our competitors in this foreign market, various stakeholders (e.g., customers) perceive our firm as ...	Constructed from Miles and Covin (2000)	(1)“strongly disagree” to (7) “strongly agree”
	More credible in ethically conducting its business.		
	More trustworthy in taking ethically sound decisions.		
	Having more ethically reliable business processes.		
	More responsible in ethically handling customer issues.		
	More caring of the health and safety of community members.		
	Complying more with rules and regulations.		
Ethical Branding Advantage	Compared with major competitors in this foreign market, our firm ...	Zou et al. (2003) [$\alpha = .92$]	(1)“strongly disagree” to (7) “strongly agree”
	Enjoys more brand awareness related to ethicality among customers.		
	Occupies a greater share of customers’ minds due it it’s ethically -based initiatives.		
	Has a distinctive brand personality associated with engagement in ethical marketing practices.		
	Has achieved the image of being a highly ethical company.		
	Has customers who are willing to pay premium prices owing to its ethical image.		

4.7.3.5 Ethically-based Export Performances Measurement Scales

Following from the discussion of performance outcomes of reputational and ethical branding advantages in the conceptual development chapter, the investigator derived three export performance outcomes: social performance, market performance and financial performance. These performance outcomes were studied as unidimensional constructs for the purpose of this study. While the dimensions of market and financial performances were captured by employing previously well-established scales like Leonidou et al. (2012) and Leonidou et al. (2013) respectively; the measurement scale for social performance was constructed by the investigator based on borrowings from the legitimation scale by Handelman and Arnold (1999) and ethical citizenship scale by Maignan et al. (1999). Again, the newly constructed scale was sent to experts for checking its face validity; and inputs from experts in the field were incorporated in the scale.

In the case of performance-based outcomes, the investigator had six items each for measuring social, market and financial performances as seen in Table 4.7. In all these cases, the respondents were asked to assess their social, market and financial performances, relative to their major competitors in their specifically chosen export markets; over the span of past one year. In order to do this, they were requested to rate the aforementioned items on a seven-point rating scale ranging from (1) “strongly disagree” through (4) “neither agree nor disagree”, to (7) “strongly agree”. It is noteworthy that the respondents employed self-reported (perceptual) indicators as opposed to objective indicators of market and financial performance; while answering the questions. This is primarily because information regarding individual export venture market and financial performance is not available on companies’ financial statements and reports (Katsikeas et al., 2000). Furthermore, this procedure is consistent with previous empirical research in international marketing (e.g., Cavusgil and Zou, 1994, Morgan et al., 2004).

Table 4.7: Ethically-based Export Performances Measurement Scales

Construct	Measurement Items	Source	Response format
Social Performance	Relative to our major competitors in this foreign market ...		
	Society views our firm as a good example of how other firms should conduct their business.	Constructed from Maignan et al. (1999)* [$\alpha = .92$] Handelman and Arnold (1999) [$\alpha > 0.88$]	(1) "strongly disagree" to (7) "strongly agree"
	People perceive our firm as not meeting the ethical standards set by society.		
	Our firm genuinely listens to the community's specific and socially progressive demands.		
	Our firm is known to set an example for how firms should behave ethically.		
	Our firm is widely recognized as trustworthy*		
Our firm has been rated as a highly ethical firm.			
Market Performance	In the last 12 months, compared with major competitors, our firm has ...		
	A better rate of acquiring new customers.	Leonidou et al. (2012) [$\alpha = 0.90$]	(1) "strongly disagree" to (7) "strongly agree"
	A better rate of retaining existing customers.		
	A better rate of growing existing customers.		
	Been better at providing satisfaction to customers.		
	Earned more customer loyalty.		
Provided more value to customers.			
Financial Performance	In the last 12 months, compared with major competitors in this foreign market, our firm has ...		
	Been more profitable.	Leonidou et al. (2013) [$\alpha = 0.92$]	(1) "strongly disagree" to (7) "strongly agree"
	Generated a higher volume of sales.		
	Achieved greater intensity in export sales.		
	Achieved greater returns on export sales.		
	Achieved higher returns on investment in export operations.		
Achieved higher returns on capital employed in export operations.			

4.7.3.6 Foreign Moderators Measurement Scales

The conceptual model drew its moderating factors from two theories. While foreign market regulatory framework was traced from the Institutional theory, the foreign market competitive intensity has its origins from the Industrial organisation theory. The investigator incorporated foreign market competitive intensity and foreign market regulatory framework as foreign market moderating factors that could significantly influence the exporting firm's ethical marketing initiatives. The investigator employed well-established measurement scales to operationalize these constructs. As shown in Table 4.8 the scale for foreign market regulatory framework comprised of four items that were sourced from Banerjee et al. (2003); and the foreign market competitive intensity measurement scale had five items adapted from Leonidou et al. (2013c), to suit the context of this study.

Like the rest of the questionnaire items, the respondents were asked to rate the intensity of regulatory framework and competition in their chosen foreign market; on a seven-point Likert scale ranging from (1) "strongly disagree" through (4) "neither agree nor disagree", to (7) "strongly agree".

Table 4.8: Foreign Moderators Measurement Scales

Construct	Measurement Items	Source	Response format
Foreign Market Regulatory Framework	In this specific foreign market ...	Banerjee et al. (2003) [$\alpha = .84$]	(1) "strongly disagree" to (7) "strongly agree"
	Regulations by government agencies have greatly influenced our firm's ethical practices.		
	Stricter ethical regulations are a major reason our firm is concerned about the impact of ethically -related issues in marketing.		
	Tougher ethical legislation is required so that only ethically sound firms will survive and grow.		
Foreign Market Competitive Intensity	Our firm's ethical efforts can help shape future legislation within our industry.	Leonidou et al. (2013c) [$\alpha = .87$]	(1) "strongly disagree" to (7) "strongly agree"
	In this specific foreign market ...		
	The level of competition is fierce.		
	There are many wars (e.g., price) between companies.		
	Whatever is offered by a competitor; can be immediately offset by another.		
Competition is an important characteristic.			
Knowledge about a new movement among competitors can be attained almost every day.			

4.7.4 Overcoming the Respondent's Inability and Willingness to Answer

There could be three reasons affecting respondent's ability to answer questions, namely: they might not be informed; they might not remember; or they might not be able to articulate certain type of responses (Malhotra, 2009). The investigator checked for these concerns during the exploratory interviews; and the participants confirmed that they had no issues with respect to their ability to answer questions. Nevertheless, the investigator confirmed the respondent's abilities and willingness to answer during the first wave of data collection over the phone; and only after being assured of key informant's knowledge and abilities to answer; and willingness to participate in the survey, the questionnaire was sent to the selected participants. Furthermore, during the second wave of data collection, the respondents were filtered using a set of pre-screener questions at the beginning of the questionnaire, that flagged out the candidates who were not knowledgeable as per the requirements of the study and the ones who were not willing to answer (Malhotra, 2009). More details about the pre-screener questions is covered in the section 4.8.1.2.

4.7.5 Deciding the Structure of the Questionnaire

A questionnaire could contain either structured or unstructured questions. Whereas unstructured questions are open-ended questions that require the respondents to answer in their own words; structured questions prespecify the set of response alternatives in the form of multiple-choice, dichotomous or a scale formats (Malhotra, 2009). While the unstructured questions are useful for exploratory research as they provide rich insights into the first questions at early stages of research; answers for the structured questions are mutually exclusive and collectively exhaustive, thereby making them most useful in large surveys (Malhotra, 2009). The investigator employed unstructured questions to conduct exploratory interviews as detailed in section 4.6. However, for the purposes of the questionnaire survey-based data collection, a structured approach to close ended questions was followed. A close-ended response format was deemed most suitable because it is easy to be administered via email or online; reduces chances of misinterpretations on the part of respondents; and lastly facilitates comparisons of responses across multiple respondents (Churchill, 1999).

Moving ahead, the type of measurement scale is another key issue to be considered while deciding the structure of the questionnaire. The investigator employed a small number of dichotomous questions [as discussed in Section 4.8.4] in the beginning of the questionnaire, to capture background information related to the nature of exporting activities of the participant firms. Next, the investigator employed continuous questions throughout that were measured on an interval or ratio scale for the purposes of this study (Churchill, 1999, Hair et al., 2014a). This was done because ordinal and nominal scales do not allow for parametric statistical analysis (Hair et al., 2014a), and this is in line with previous research in related fields of environmentally and eco-friendly export marketing strategies (e.g., Leonidou et al., 2015a, Leonidou et al., 2013c). Furthermore, the investigator employed seven-point Likert type rating scale ranging from (1) “strongly disagree” through (4) “neither agree nor disagree”, to (7) “strongly agree” to capture most of the responses.

4.7.6 Choose the Wording of the Questionnaire

In case of self-administered questionnaires, language and wording of questions are known to directly impact the aptness of surveys completed by respondents (Christian and Dillman, 2004). Regarding language, the questionnaire was worded in the English language because the study is based in the UK., which is an English-speaking country. Next, translating the information needed from the respondents into clearly-worded questions is understood as one of the most difficult aspect of questionnaire development; and Malhotra (2009) suggests (1) defining the issue, (2) using ordinary words, (3) avoiding ambiguous words and leading questions as methods to avoid problems related to the wording of the questionnaire. Considering this, the investigator constructed questions that were clear and easy to comprehend; and avoided ambiguous lexicon, generalized, double-barrelled and leading questions that would further confuse, mislead or frustrate the respondent (Malhotra, 2009, Churchill, 1999). Furthermore, the respondents were given a brief summary about the context of study, definition of an ethically-based export marketing strategy as well as instructions to complete the questionnaire; for example, by asking them to choose one export market and answer the questions based on their firm’s exporting functions in that specific export market. This strategy takes away any ambiguities and clarifies

the investigator's expectations from the respondents. As a result, a simplified, and easy to understand questionnaire was developed that required the participants 15-20 minutes to fill in the survey instrument, as indicated in the exploratory study interviews.

4.7.7 Arrange the Questions in Sequential Order

The next step is to arrange the questions in a sequential order. The investigator followed the funnel approach strategy for ordering questions where the sequence starts with general background questions, followed by progressively specific questions, in order to prevent these specific questions from biasing responses to general questions (Malhotra, 2009). In doing so, the questionnaire started with introducing the topic and establishing the legitimacy of the study to gain the respondent's confidence. This was followed by some background questions [like, "How long has your firm been in business; how long has your firm been exporting?"]; that helped the investigator collect information about the respondents' export profile and operations. A list of profiling question is provided in Section 4.8.4 of this chapter.

This was followed by questions that relate directly to the research problem and are considered non-personal and non-threatening to respondents. Here, the questions were divided into sections, wherein every section represented a particular theme [like export-related resources, capabilities, marketing strategy, performances and so on] and contained questions that fall under the umbrella of that particular theme it is representing. Furthermore, each thematic set of questions were introduced with a brief description. For example; the list of questions addressing issues related to ethical branding advantage was introduced as, "Listed below are various elements constituting an ethical branding advantage (i.e., the degree to which your exporting firm commands the image of being an ethical brand among export customers, as compared to your rival brands). For each of these, please indicate the degree to which you agree or disagree; by circling the appropriate alternative [1= strongly disagree, 2= disagree, 3= somewhat disagree, 4= neither agree nor disagree, 5= somewhat agree, 6= agree and 7= strongly agree]."

In the final part of the questionnaire, the respondents were asked specific classificatory demographic information; which is in line with the recommendations by Malhotra (2009) and

Churchill (1999) to place sensitive questions towards the final part of the questionnaire. Overall, the investigator made sure that questionnaire flowed smoothly and logically following the funnel approach, from one section to the next; while grouping similar questions and placing them under one theme.

4.7.8 Choose the Form and Layout of the Questionnaire

The form and layout of the questionnaire can significantly affect the attractiveness of the survey to the respondents and consequently affect their cooperation and willingness to participate in a study (Malhotra, 2009), Churchill (1999). Considering this, the investigator paid particular attention to develop a questionnaire that looked professional and reflective of the significance of the study. Irrespective of the fact that the questionnaire was administered through a mail survey or online; the questionnaire was accompanied with cover letter that included the title of the research project; a Leeds University Business School insignia; introduction to the study requesting for their participation; assurance about maintaining strictest confidentiality in accordance with University of Leeds policies to protect their privacy; and lastly thanking them for agreeing to participate in the study and providing honest answers. These steps were undertaken to enhance the response rate, because a questionnaire that does not look physically presentable, is not in good physical format, and not printed finely on a good quality paper, may cause the respondent to think that the research is not important and induce low responses (DeVellis, 2016).

Furthermore, the length of the questionnaire also needs to be at a reasonable and practical level because lengthy questionnaires could cause the respondent to lose interest halfway; while too short questionnaires may not be able to capture the full essence of all the construct in the study and may not be suitable for complex statistical analysis. While Dillman (2007) suggests that lengthy mail surveys may place increased burden on the respondents, are less likely to be completed by the respondent and calls for poor quality of data received; shorter questions on the other hand, tends to increase the response rate but could reduce the reliability (DeVellis, 2016). Considering the extensive nature of this research, and to be able to perform complex statistical analysis; the investigator decided to optimise the length of the questionnaire to be lengthy enough to be able to adequately capture the essence of all the constructs in the model while producing

data that is highly reliable and worthy of substantial statistical analysis. In total, the length of the questionnaire was eight pages, that included the introductory first page as well as questions about the company characteristics placed at the very end of the survey instrument.

Lastly, the questionnaire was sent to a professional copy-editor with a view to improve the accuracy, readability and aptness of the questionnaire for its intended purpose. The copy-editor reviewed and corrected the contents of the questionnaire; and made sure it was free of error, inconsistencies and undue repetitive jargons. A copy of the questionnaire is attached in the Appendix 1.

4.7.9 Reproduce the Questionnaire

The questionnaire was reproduced as per the guidelines of Malhotra (2009). For the purposes of the first wave of data collection; the respondents who wanted the survey to be mailed to them via post, were presented with the questionnaire in a booklet form which enhanced its appearance and professionalism. For the respondents who asked for an online link to be emailed across to them, as well as respondents participating in the second wave of data collection were presented a questionnaire that would appear on clicking the link provided. As most part of their work requires export professionals to travel extensively; the investigator made sure that the questionnaire is mobile friendly so that the respondents can answer the questions at their convenience and on a mobile. Furthermore, the respondents were given a “save and continue later” option that allowed the respondents to save the questionnaire [if unfinished] and come back to finish it at a later stage, in order to suit their convenience. This provided extra flexibility to the respondents and helped in gaining their support in order to get honest responses.

4.7.10 Pre-test and Revise the Questionnaire

The final step in the questionnaire design process is to pre-test and revise the questions, in order to eliminate any practical problems before launching the survey.

4.7.10.1 Establishing Face and Content Validity through Expert Judgements

The first step in this regard is to establish the face validity of the items that are borrowed from previous literature as well as for those that were adapted to the context of the study or newly

created for the purposes of the study. Face validity establishes the extent to which the items capturing a construct adequately covers all dimensions of the theoretical domain of that particular construct (Nunnally and Bernstein, 1994). It is essential to establish the face validity of the items in the questionnaire before carrying out any theoretical assessments (Hair et al., 2014b).

In line with suggestion by Nunnally and Bernstein (1994), the investigator followed two steps to ensure that the criteria of face and content validity has been met. First, the investigator sent the survey to two professors in the Leeds University business school and the University of Cyprus who provided feedback based on clarity of instructions and overall format; followed by incorporating their suggestions in the survey instrument. The survey instrument was then subject to content validity check, that involved sending the questionnaire to 5 academics that specialise in 1) research on international marketing/exporting; and 2) ethically-based research. Here, the experts were presented with the questionnaire and asked to assess the scales for each construct on a three-point rating scale, ranging from (1) clearly representative of the construct, through (2) somewhat representative and finally to (3) not representative of the construct (Zaichkowsky, 1985). This procedure aided elimination of items that were not representative of the construct in the study; resulting in the final set of items that were true representations of the dimensions of constructs employed for the purposes of the study.

4.7.10.2 Pilot Testing

The next step included a pilot test of the survey instrument with eight export managers who were chosen based on their exporting experience and involvement in their firm's exporting activities. These were the same export managers who had previously participated in exploratory interviews with the investigator as part of the item development process. The investigator arranged in-person meetings with each one of them and requested them to read the survey instrument thoroughly, fill in the questionnaire and provide suggestions for improvement. This was done to ensure that the survey instrument incorporates appropriate terminology, is comprehensive and does not contain any unclear phrases, instructions or response formats. As a result of this review, a few overlapping and confusing items were removed and/or reworded upon the suggestion of the managers (Hardesty and Bearden, 2004).

4.7.10.3 Pre-testing the Questionnaire

Since the overall data was collected in two phases [phase one: via mail survey and online; and phase two: via panel survey data collection] the pre-testing of questionnaire was also done in two phases to assess its suitability to different modes of collecting data. With regard to phase one, the questionnaire was sent to a sample of 50 exporting professionals from exporting firms that were excluded from the final survey. This helped to identify possible faults in mail/online administration method, which otherwise would have emerged in the main survey (Churchill, 1999). A total of 27 completed returns did not reveal any major problems regarding clarity of the questions or the response formats. Hence the questionnaire was now deemed ready to be sent across to the respondents that were carefully sampled as per the procedure detailed in the next section.

4.8 Data Collection

The conceptual framework anchoring this study proposes that ethically-based resources and capabilities contribute towards building an ethically-based export marketing strategy, that is likely to provide reputational and ethical-branding advantage to exporting firms, which in turn predicts their social performance, ultimately predicting its market and financial performance. Therefore, the investigator has employed a cross-sectional questionnaire survey to study the ethically-based export marketing strategies of exporting firms in the UK, as detailed in the research setting section of this chapter.

It important to note that data collection was done in two stages, incorporating export managers sampled from two different sources in two spans of times. The first phase of data collection involved sourcing data from exporting organizations in the UK, that was sampled from trusted databases like Dun and Bradstreet and FAME database. The sample was further substantiated and supplemented by telephone calls and contacting export managers via business social networking site: LinkedIn. The second phase of data collection was done via panel data, where the investigator outsourced data collection to a market research and data collection firm named, Qualtrics. Details about the sampling frame, survey response, informant quality, characteristics

of the study sample and survey bias assessment are detailed in the subsequent sub-sections that follow next.

4.8.1 Sampling Frame Selection

Selection of an appropriate sample frame from a credible source is crucial for the validity of the study, as a dubious source could raise questions about the integrity of the results from the study (DeVellis, 2016, Dillman, 2007). Since the data was collected over two phases, details about sampling frame and its sources for both sets of data collection is detailed below.

4.8.1.1 Data Collection Phase 1

Following from the discussion of the research setting in section 4.5 the investigator drew a sample of 1100 manufacturing exporters, after combining databases from the Dunn and Bradstreet and FAME databases of UK business enterprises as well as the British exporters database. The investigator singled out these 1100 exporting manufacturers, using a systematic random sampling procedure. Following this, the sampling process was executed based on a series of steps. First, the investigator contacted each of these firms by telephone to (1) make sure that the company was still operating, and the investigator had its correct address in the database; (2) inform them about the study and its objectives; (3) to locate an appropriate key informant by name and title; and (4) request participation in this piece of empirical research. As a result of these phone calls, the investigator identified 593 firms that were currently involved in exporting activities. A total of 507 firms were excluded from the study because of a variety of reasons; (1) the investigator had incorrect contact details for 36 firms, (2) 39 firms acknowledged that they were not actively exporting, (3) 26 firms acknowledged being just export intermediaries with absolutely no involvement with exporting, (4) 21 firms were eliminated because they were not UK exporters, but subsidiaries of multinational enterprises, (5) 79 firms had closed down or were closing down, or had ceased operations, or relocated to Europe as a result of mergers, (6) 176 companies acknowledged that their corporate policy prohibits them from disclosing any information regarding the company's operations on surveys; therefore they were unable to transfer the call to the key informant, and lastly (7) 130 firms were excluded because the key informant was either

not familiar or not comfortable with answering sensitive questions around their company's ethically-based exporting practices.

This large number of firms [306] being excluded from participation in the study due to company policy restrictions and key informants not being comfortable answering sensitive questions; could be attributed to the fact that UK managers have become apathetic towards mail surveys due to the number of surveys they receive every year (Ibeh et al., 2004). Correspondingly, it was derived that establishing direct contacts with the target key informant could be useful in establishing a rapport with the target population and gain their trust; that could ultimately result in improved response rates (Ibeh et al., 2004).

Considering the above, the investigator resorted to LinkedIn, a business social networking site that is understood as a hugely valuable tool to "identify and contact 'passive' candidates" for the purposes of alluring them to participate in the study (Thew, 2008). LinkedIn is professional business networking site that was first launched in 2003 and has since transformed into a powerful business service tool (boyd and Ellison, 2007). Being professionally oriented LinkedIn's membership presumes technological literacy and computer-friendly occupations and communicates a statement of class and profession (Papacharissi, 2009).

Hence the investigator employed LinkedIn to trace and contact key informants from the 593 firms that were chosen from the database. This follows from recent research practice in international marketing (i.e., Musarra et al., 2016), where the entire data on strategic alliances was collected by employing LinkedIn as a medium to contact the sample population. This procedure was a success in this study because job titles and professional experience present the core of a LinkedIn profile and are displayed with great detail and attention, so as to grant the LinkedIn member the appropriate status and authority (Papacharissi, 2009). Key informants [exporting professionals] from these companies were messaged directly on LinkedIn via direct messages or InMail, that included a cover letter and information about the details of the study, requesting for their participation. Since the respondents were assured of the authenticity of the survey after seeing the investigator's profession profile; they were happy to participate in the survey. Following this, the respondents were given an option to receive the questionnaire via post or via an email/message

that contains the link to the survey. The survey was made mobile friendly as well, to enhance respondents' flexibility to complete questionnaires at their convenience. The respondents who confirmed their knowledge about the research and acknowledged willingness to participate, were sent the questionnaires as per their indicated choices via post or an online link. A total of 207 questionnaires were sent via first class post and 386 respondents were sent a link to the survey questionnaire via email, LinkedIn specific feature InMail and texts on the respondent's mobile phones. Furthermore, the investigator benefitted from snowball sampling as well, because LinkedIn has a referral system where the participants [who successfully completed the survey] introduced the investigator and recommended the importance of her research to other export managers in their circle. This contributed significantly to data collection by growing the network as large as possible to be able to reduce the degrees of separation from the "target" person in this study (Kietzmann et al., 2011). A total of 16 respondents were further sampled following the aforementioned snowballing approach and were sent the link to the survey.

4.8.1.2 Data Collection Phase 2

The second phase of data collection was opened to a panel of export managers, and the investigator had to take a lot of precautions to ensure that reliable and good quality of data that suited the requirements of the study, is collected. This is because the collection of data was outsourced to Qualtrics, a marketing research firm that specialises in panel data collection. It is important to note here that, a research panel that contains export managers is very niche and difficult to find, and expensive to a great extent. Considering this, Qualtrics was asked to open the survey to people who are managers or above in a B2B setting working in sales/retail/business development within UK firms that do business internationally. Furthermore, two pre-screeners were added to the survey instrument that would flag out the respondents not suited to participate in the survey. The pre-screener questions were:

- (a) Does the company you work for sell products in foreign markets? Response (Yes/No). Respondents answering NO were flagged out and not allowed to participate in the survey.

(b) How knowledgeable are you of your company's selling activities in foreign markets? Response on a Likert scale ranging from 1- Very less knowledgeable to 7-very highly knowledgeable. The respondents answering 4 or below were flagged out and not allowed to participate in the survey.

The survey instrument went through three soft launches before the instrument and medium of data collection was deemed to be appropriate for launching the study at a full scale. During the first soft launch, 11 out of 30 respondents passed the pre-screener stage and the investigator carefully chose 5 out of 11 respondents to be appropriate for the study; and eliminated 6 respondents due to flat-liners, non-serious responses, spending too little time on the survey, failing the negatively worded items check etc. This was a concern that needed to be addressed. Upon suggestions of experts at Qualtrics, the investigator introduced a quality check and an attention check in the survey instrument. With regards to the quality check, the respondents were re-asserted that “we care about the quality of our survey data and hope to receive the most accurate measures of your opinions, so it is important to us that you thoughtfully provide your best answer to each question in the survey”; before the start of the questionnaire. They were then asked, “Do you commit to providing your thoughtful and honest answers to the questions in this survey?”; and were given options to choose from "I will provide my best answers", through “I will not provide my best answers” to “I can't promise either way”. The respondents choosing the last two options were automatically flagged out of the survey.

Furthermore, two attention checks were added just before Question 33 and Q43. Q33 and Q43 probed about promotional strategy [placed halfway through] and moderating influences [towards the end of the survey instrument] respectively and the investigator had noticed during the first phase of data collection that respondents had started losing interest and giving non-serious answers specifically at these stages.

The survey instrument was sent for the second soft launch and the investigator received 6 out of 10 responses that were suitable to be used for the study. Here the investigator noticed that many respondents started skipping the questions they did not want to answer, which led to incomplete questionnaires being sent back to the data collection firm. This concern was rectified by setting up survey validation in Qualtrics; where the investigator utilized “Force Response” validation

option on all questions in the survey; thereby preventing any incomplete response to be counted as complete. Following this the survey instrument was sent for the final soft launch, that yielded 9 out of 11 usable responses, that were deemed fit for the survey. It was at this stage that the survey instrument was deemed fit to be launched for a complete survey.

Conducting three soft launches proved to be very rewarding as the investigator could rule out and address probable issues that would have surfaced when launching the study on full scale. Furthermore, this helped in estimating the average time spent by respondents to complete the surveys and based on that the median time spent on completing each survey was set to 11 mins; for a response to qualify as usable in the main study. It was also agreed between the investigator and Qualtrics that the investigator will check the quality of data received and report any cases that were not suitable for the purposes of the study within a span of seven days from receiving the data from the full launch. Qualtrics agreed to replace any faulty data.

4.8.2 Survey Response

4.8.2.1 Survey Response: Phase 1

As part of data collection in Phase 1, the survey instrument was mailed to 207 respondents together with a pre-addressed envelope via post, and e-mailed/texted to 402 [including 16 from snowball sampling] key informants, the electronic version of the survey, thereby making a total of 609 companies who were sampled for participation in the survey. The investigator tried enhancing the response rate by adopting various strategies. The investigator sent cover letters to the participants, that were personalised with the key informant's title, name and position occupied in the organisation (wherever possible); and highlighted the institution that is sponsoring the study by placing the University of Leeds Business School logo right at the top of the page (Diamantopoulos and Schlegelmilch, 1996). Secondly, in accordance with the recommendations of Diamantopoulos and Schlegelmilch (1996), the investigator highlighted the social applicability, relevance and importance of study for the society and businesses as a whole, to enhance respondent interest in the study and consequently the response rates. Thirdly, owing to the sensitive nature of this study, the investigator assured the respondents that strictest

confidentiality will be maintained in handling their responses, as per the guidelines of University of Leeds. Lastly, the investigator also tried to lure the respondents by promising them a copy of executive summary of the findings of the study as an incentive to participate in the study, as suggested by Dillman (2007).

After a span of three weeks of first dispatch of surveys, follow up letters, mails and reminders containing another survey pack, and/or survey link, and a “thank you” note was sent to the respondents who had not completed their survey. This process of making reminder telephone calls, texts or messages, postcards etc.; and sending survey packs again to the non-respondents; as well as urging the respondents answering online [who were near the completion of the survey and left if unfinished] to click on the saved link and come back to the survey, continued for about 5 months.

In the end a total of 215 sets of completed questionnaires were returned out of 607 questionnaires being sent out to the respondents who agreed to participate in the study; thereby giving an effective response rate of 35 % $[215/607*100]$. The sensitive nature of this study as well as lengthy questionnaire that required an estimated completion time of 20-25 minutes, could be the reasons the survey instrument might have looked unfavourable to some respondents. Nevertheless, this response rate of 35% is satisfactory and compares well to response rates of studies in related research streams like sustainable export marketing strategy by Zeriti et al. (2014) [response rate = 35%]; green business strategy by Leonidou et al. (2017) [response rate = 31.4%]; eco-friendly export marketing strategy by Leonidou et al. (2013c) [response rate = 41.3%]; hotel environmental marketing strategy by Leonidou et al. (2012b) [response rate = 38.5%] and so on. Thus, compared to the relevant literature, it can be said that this study did not suffer significantly from low response bias.

The total set of 215 responses underwent various checks to ascertain the quality and goodness of the responses received. Detailed investigation of data revealed problems related to missing cases, flat liners, randomised responses, and very high correlations among a few key constructs in the model. Hence, the investigator resorted to checking the responses on case by case basis and tried

purifying the data. In the end a total of 99 cases were carefully chosen from phase 1 to be subjected to advanced statistical analysis.

4.8.2.2 Survey Response: Phase 2

It is important to note that 99 cases from the Phase 1 of data collection do not address the issue of test power, which is crucial to lend confidence in the interpretation of the results of the study (Hair et al., 2014b). Test power is fundamentally the probability of making the correct decision regarding rejecting the null hypothesis when the alternative hypothesis is true (Sharma, 1996). Kline (2015) suggests that the test power and the stability of parameter estimated is reliant on the size of the sample employed in the study. Literature is replete with recommendations regarding the adequate size of the sample required for suitably estimating stable parameters in SEM. While Tabachnick and Fidell (2007) suggest that a sample above 150 is acceptably appropriate for parameter estimation, Kline (2015) recommends a sample size to parameter ratio that ranges between 10:1 and 20:1. In any case the sample size to parameter ratio should not be less than 5:1 to enable statistical precision. (Bentler, 2006).

Clearly a low sample size of 99 cases do not fulfil the sample size to parameter ratio as recommended above, thereby pressing the need to collect more data. However, the investigator had exhausted all major databases and resources to contact UK exporters. Hence, as part of phase 2 of data collection, the investigator outsourced data collection to a market research company i.e., Qualtrics that specialises in panel data collection. The process of panel data collection has already been detailed in Section 4.8.1.2. A total of 1530 respondents were sent the link to the survey by Qualtrics. The investigator rigorously checked each response on a case by case basis and discarded responses that were not fit for analysis, thereby leaving the investigator with a total of 152 cases from panel data collection.

These 152 cases from panel data were combined with data from first phase [99 cases] to generate a score of 251 responses. These were further subjected to rigorous purification and *post hoc* respondent suitability tests [explained in section 4.8.3], leading to a final set of 208 responses that

were subjected to various statistical analyses to test for the fit between the proposed conceptual model and the data collected from the sample population.

4.8.3 Informant Quality

It is important to note that key informants are the respondents that are selected not for their representativeness but on the basis of their “informed-ness and ability to communicate with the social scientist” (Campbell, 1955). Considering this, the key informant for this study was deemed to be a person who works in the capacity of a manager or above; and is responsible for exporting activities of the firm; as already detailed in the sampling procedures in the previous sections of this chapter. Following the a *post hoc* suitability test procedure that is widely employed in international marketing studies like Obadia (2013), Leonidou et al. (2013c), Boso et al. (2013), and so on; the investigator had included three questions that evaluated the key informant’s (1) familiarity with the issue of ethically-based export marketing strategy, as addressed in the questionnaire; (2) knowledge about their firm’s resources, capabilities, ethically-based export strategies, and performance outcomes; and lastly (3) confidence in answering the questions in the survey. Again, a seven-point Likert scale ranging from (1) = very low, (2) = low, (3) = somewhat low, (4) = neither low nor high, (5) = somewhat high, (6) = high, to (7) = very high was used to capture the responses. As recommended by Kumar et al. (1993), the investigator excluded any questionnaire with a response lower than themed scale of 4 on either question. This led to exclusion of 36 responses that failed the key informant check; and the mean composite rating for informant quality of the final study sample (n = 208) was 5.89, which lends confidence in the validity of key informant data.

4.8.4 Characteristics of The Study Sample

There was a total of 8 questions used to profile the demographic characteristics of the exporting organisations that were sampled for the study. A summary of frequency distributions of these demographic characteristics of exporting firms is showcased in Table 4.9. These frequency distributions provide evidence that the participant exporting firms differed considerably in terms of firm size (measured by total employee number and total annual turnover), comprising of 44.7%

Table 4.9: Demographic characteristics of study sample

What type of products does your company export?	
Type of product	% of companies
Consumer products	51.9
Industrial products	26.0
Both	22.1
What type of exporting is your firm mainly involved?	
	Valid Percentage
Direct	84.1
Indirect	15.9
Firm Size (New Variable)	
	Valid Percentage
Small	44.7
Medium	20.7
Large	34.6
Total	100.0
Export experience (years)	
	Valid Percentage
Less than 20 years	62.0
20 to 40 years	24.0
Over 40 years	13.9
Total	100.0
Ownership type (Public holding company =1)	
	Valid Percentage
Private company	85.6
Public holding company	14.4
Total	100.0
No. of employees	
	Valid Percentage
Less than 20	44.7
20 to 40	15.9
Over 40	39.4
Total	100.0
Please indicate your chosen export market	
	Valid Percentage
Europe	61.1
America	19.7
Asia	10.6
Africa	4.3
Australia	4.3
Total	100.0
Which specific countries have you exported to during these 3 years	
	Valid Percentage
One country	24.5
Serving multiple countries	75.5
Total	100.0

small firms, 20.7% medium firms and 34.6 % large firms. Within the industries, 51.9% of responding exporters assigned their chosen export venture product to the consumer product category, 26% to the industrial product category, while 22.1% to both consumer and industrial products categories. While 84.1% exporting firms were involved in direct exporting (distribution via intermediaries to the consumer), 15.9% engaged in indirect exporting activities (Importers coming to UK to buy your products). While most of the participant firms (85.6%) were private companies, only 14.4 % firms were public holding company. The sample descriptive also suggest that 62% firms had less than 20 years of experience in exporting, 24% firms had 20-40 years of experience, while only 13.9% firms had over 40 years of experience in exporting. Out of these, 74.5% had a greater degree of heterogeneity in market served, with 75.5% exporting firms exporting to multiple countries while 24.5 % firms exporting to a single export market. It is interesting to note that, when respondents were asked to choose specific export market destination and refer to it while answering the questions, 61.1% chose Europe, 19.7% chose the Americas, 10.6% chose Asia, while Africa and Australia were chosen as an export market destination by 4.3% each.

4.8.5 Survey Bias Assessment

4.8.5.1 Response Bias Assessment

Stemming from the issue of generalizability, non-response bias is understood as a major source of sample bias that needs to be addressed (Hair et al., 2014b). Non-response bias occurs “if failure to respond (or be observed) is disproportionate across groups” and raises concerns regarding the extent to which data used in a research project reflects a broader population (Blair and Zinkhan, 2006, p., 4). Although Hair et al. (2014b) suggests that the ideal way to handle non-response bias is to reduce the non-response itself, there are ways by virtue of which the impact of non-response bias on sample quality can be estimated after the completion of full study (Rindfleisch et al., 2008).

In assessing the possibility of non-response bias in this research, the investigator followed two approaches. First, the investigator followed the recommended and most commonly procedure of

comparing early and late responses by Armstrong and Overton (1977). Comparing characteristics or responses between early respondent and late respondents assumes that non-respondents are not much different from late respondents and is an established approach for testing non-response bias (Armstrong and Overton, 1977). In this study, early responses were all questionnaires received within fourteen working days while late responses were all questionnaires received between fifteen and thirty working days (cf. Zheng et al., 2010, Zahra and Nielsen, 2002, Deutskens et al., 2004). Following prior research (e.g., Clercq and Zhou, 2014), the study compared the responses relating to the substantive variables between the early and the late respondents by subjecting them to independent sample T-test; and found no statistically significant difference (see Table 4.10). This result indicate the non-response bias was not present in the data and thus not a major concern in the study.

A second approach was also employed to assess the possibility of non-response bias in this study. Since the data for this research was collected in two waves, the investigator compared the data from the two different data collection types in these two waves by means of Independent sample T-test, to check for any significant differences between these two groups based on substantive variables of interest in the study. The non-significance results, shown by the p-values in Table 4.11 indicate that the data collection methods didn't introduce bias in the data. Accordingly, the data from Wave 1 and Wave 2 were pooled together to estimate the research model.

Taken together, the two approaches employed to assess the possibility of non-response bias indicate that this empirical investigation is not limited by non-response bias.

Table 4.10: Non-Response bias Test Results

Substantive variable	Response time	N	Mean	SD	t-value	p-value
Financial performance	Early respondents	125	4.97	1.217	-.183	.885
	Late respondents	83	5.00	1.133		
Marketing performance	Early respondents	125	5.50	1.067	.112	.911
	Late respondents	83	5.49	.790		
Social performance	Early respondents	125	5.25	.993	.522	.602
	Late respondents	83	5.18	.965		
Reputational advantage	Early respondents	125	5.37	1.037	.352	.726
	Late respondents	83	5.31	1.060		
Ethical branding advantage	Early respondents	125	4.69	1.121	-.415	.678
	Late respondents	83	4.76	1.276		
Ethically-based export marketing strategy (MS)	Early respondents	125	5.71	.822	-.443	.658
	Late respondents	83	5.76	.814		
Reputational resource	Early respondents	125	4.85	1.149	-.397	.692
	Late respondents	83	4.92	1.154		
Relational resource	Early respondents	125	5.74	.978	.664	.508
	Late respondents	83	5.65	.911		
Experiential resource	Early respondents	125	4.99	1.199	.166	.868
	Late respondents	83	4.96	1.456		
Ethical leadership capability	Early respondents	125	5.51	1.072	.728	.468
	Late respondents	83	5.40	1.046		
Ethical market orientation	Early respondents	125	5.07	1.213	.206	.837
	Late respondents	83	5.03	1.166		
Organizational ethical learning capability	Early respondents	125	5.03	1.102	-.180	.857
	Late respondents	83	5.05	1.108		
Regulatory framework (REG)	Early respondents	125	4.50	1.239	.667	.505
	Late respondents	83	4.37	1.445		
Competitive intensity (COMP)	Early respondents	125	5.08	1.393	-1.320	.188
	Late respondents	83	5.33	1.150		

Table 4.11: Test of difference in data collection approaches

Substantive variable	Wave	N	Mean	SD	t-value	p-value
Financial performance	Wave 1	99	4.97	1.221	-.052	.958
	Wave 2	109	4.98	1.150		
Marketing performance	Wave 1	99	5.59	.946	1.392	.166
	Wave 2	109	5.41	.976		
Social performance	Wave 1	99	5.25	.929	.347	.729
	Wave 2	109	5.20	1.028		
Reputational advantage	Wave 1	99	5.39	1.017	.605	.546
	Wave 2	109	5.30	1.071		
Ethical branding advantage	Wave 1	99	4.67	1.122	-.554	.580
	Wave 2	109	4.76	1.239		
Ethically-based export marketing strategy (MS)	Wave 1	99	5.76	.719	.434	.664
	Wave 2	109	5.71	.900		
Reputational resource	Wave 1	99	4.86	1.149	-.193	.847
	Wave 2	109	4.89	1.153		
Relational resource	Wave 1	99	5.64	.908	-.827	.409
	Wave 2	109	5.75	.989		
Experiential resource	Wave 1	99	4.98	1.306	-.027	.978
	Wave 2	109	4.98	1.309		
Ethical leadership capability	Wave 1	99	5.53	.958	.795	.427
	Wave 2	109	5.41	1.147		
Ethical market orientation	Wave 1	99	5.12	1.193	.744	.458
	Wave 2	109	5.00	1.193		
Organizational ethical learning capability	Wave 1	99	5.01	1.080	-.401	.689
	Wave 2	109	5.07	1.125		
Regulatory framework (REG)	Wave 1	99	4.48	1.349	.305	.761
	Wave 2	109	4.42	1.305		
Competitive intensity (COMP)	Wave 1	99	5.07	1.214	-1.170	.243
	Wave 2	109	5.28	1.378		

4.8.5.2 Common Method Bias [CMB]

As noted in the preliminary section of this chapter [Section 4.2.1], the biggest criticism of cross-sectional research designs is that it is prone to common method variance bias, that can make the findings weak (Podsakoff et al., 2003). Since this study is based on cross-sectional research design and responses on both the independent and dependent variables were sourced from the same informants in the study, concerns regarding common method variance are likely (Podsakoff et al., 2003, Rindfleisch et al., 2008). To guard against the possible threat of common method variance bias the investigator employed a combination of ex ante procedures to limit and ex post statistical methods to detect indications of CMB in the study (Podsakoff et al., 2003).

With regards to ex ante procedures, the investigator followed the guidelines by Podsakoff et al. (2003) and (Rindfleisch et al., 2008). Primarily, the investigator employed simple and concise language as well as avoided ambiguous and unfamiliar terms while formulating the measures of the constructs that would be a part of the questionnaire. Next, the face validity of the construct was established by verifying its measures with academics and then pilot testing with export managers who testified its clarity and comprehensiveness. Also, the respondents were assured of strictest confidentiality and complete anonymity to be maintained as per the guidelines of University of Leeds. The investigator also used reverse-coded items in the questionnaire, while assuring them that there are no right and wrong answers to the questions asked, and they should try to answer with honesty and accuracy. Lastly, the investigator divided the questionnaire into separate topic sections rather than constructs to reduce the possibility of informants determining links between measures (Zeriti et al., 2014).

The investigator then employed two ex-ante statistical procedures. First, the investigator used the Harman single-factor test and included all study measures which we included all questionnaire items in a principal component analysis with Varimax rotation. The basic assumption of this technique is that if a substantial amount of common method variance is present, either (a) a single factor will emerge from the factor analysis or (b) one general factor will account for the majority of the covariance among the measures (Podsakoff et al., 2003). 14 separate factors with eigen values greater than 1.0 emerged from the unrotated factor solution; and by restricting them to load

on one factor; gave a cumulative variance of 25.13% which is less than the 50% threshold. Hence the Harman single-factor test suggests that common method bias is less likely to be a threat for this study. However, Harman's single-factor test has faced numerous criticisms of being just an insensitive diagnostic technique of common method variance, while actually doing nothing to statistically control for (or partial out) method effect (Podsakoff et al., 2003).

So, the investigator moved on to another ex-ante statistical procedure by Cote and Buckley (1987); and employed in exporting literature by scholars like Boso et al. (2013), to statistically test potential common method bias problems in this study. In doing so, the investigator estimated three competing models: Model 1 involved estimation of the *method-only* model in which all indicators were loaded on a single latent factor; Model 2 was a *trait-only* model in which each indicator was loaded on its respective latent factor; and Model 3 was a *method and trait* model involving inclusion of a common factor linking all the indicators in Models 1 and 2. Comparison of the three models [as shown in Table 4.12] indicates that model 2 and model 3 are superior to model 1, and that model 3 is not substantially better than model 2. This shows that common method bias does not sufficiently describe the data; hence it can be concluded that common method bias is not a major concern for this study.

Table 4.12: Competing models to test the Common Method Bias

Fit Statistics	Model 1: Method Only	Model 2: Trait Only	Model 3: Method and Trait
χ^2 /DF	8623.95/1484 = 5.81	1733.71/1348 = 1.29	1583.644/ 1275 = 1.24
RMSEA	0.0152	0.037	0.0675
NNFI	0.293	0.920	0.926
CFI	0.319	0.930	0.939

4.8.5.3 Social Desirability Bias

Another potentially important threat to the validity of research employing multi-item scales, is the social desirability bias. Social desirability bias happens when the pervasive tendency of individuals makes them present themselves in the most favourable manner that is relative to prevailing social norms (King and Bruner, 2000). This basic human tendency to present oneself in the best possible light makes respondents ego-defensive, who for the sake of impression

management either do not participate or report spurious or misleading responses especially in case of investigations regarding sensitive issues (Fisher, 1993). As a result, socially desirable responses in self-report data may lead to distorted findings deduced from spurious correlations between variables as well as the suppression or moderation of relationships between the constructs of interest (King and Bruner, 2000).

In light of the inherent sensitive nature of the topic of this research (Vitell, 2009) [i.e., ethically-based export marketing strategies] and the institutional pressures surrounding it, as the research is export oriented; it became essential for the investigator to control for the possibility of social desirability bias in the study. To this end, the investigator undertook two steps. First, the investigator made sure that the items in the questionnaire had no direct reference to the societal consequences of their firms' ethically-based export marketing strategies (e.g., Katsikeas et al., 2016). This made the respondents answer freely and aptly; thereby evading the possibility of getting socially desirable responses. Secondly, the investigator incorporated the social desirability scale by Stöber (2001) in the questionnaire, to check for significantly high correlations between the measures of the constructs in the study and the scale. The scale did not significantly correlate with any of the constructs, as seen in Table 4.13. Thus, social desirability bias is unlikely to be an issue of major concern in this research.

Table 4.13: Correlations between social desirability scale and the substantive scales

Substantive scales ³ :	Social desirability bias scale	
	<i>r</i>	<i>p</i>
Ethically-based reputational resources	.070	.317
Ethically-based relational resources	.044	.524
Ethically-based experiential resources	.023	.742
Ethically-based leadership capability	.065	.350
Ethical market orientation	.113	.103
Organizational ethical learning capability	.097	.165
Ethically-based export product	.052	.457
Ethically-based export price	.101	.148
Ethically-based export distribution	.028	.685
Ethically-based export promotion	.005	.947
Reputational advantage	.114	.101
Ethical branding advantage	.110	.115
Social performance	.121	.081
Market performance	.100	.150
Financial performance	.070	.314
Foreign market regulatory framework	.115	.098
Foreign market competitive intensity	.035	.619
Minimum	0	
Maximum	15	
Mean	9.85	
Standard deviation	3.222	

4.9 Analytical Procedures

In this section the investigator will make references to the analytical procedures employed in this study in order to (a) transform the data for statistical testing, (b) to examine the characteristics of the data itself, and (c) analyse the data itself using various statistical techniques. To this end, the investigator will present the statistical techniques that will be used to analyse the data gathered for the purposes of this research.

³ full measures (before validation).

4.9.1 Statistical Techniques

Various statistical techniques were employed to study the data collected for the purposes of this study. First, the investigator employed some descriptive techniques using the SPSS statistical package to study the frequency distributions, means and standard deviations of the for each items/variable used in the study. These descriptive techniques allows the investigator to get a feel of the data collected and ascertain the extent to which there is variation in the responses received. Following this the investigator conducts correlation analysis between the key constructs in the study and examines their correlation coefficients in order to understand the strengths and direction of relationship between two constructs. Lastly, the investigator employs structural equation modelling using LISREL to test various research hypotheses while examining all relationships in the conceptual model at the same point in time. The investigator shall provide brief about these statistical techniques in this chapter and elaborate on them in the chapters 5, 6 and 7 that follow.

4.9.1.1 Descriptive Techniques

The investigator employed various descriptive techniques that provides percentage frequencies along with measures of central tendency (means), as well as measures of dispersion (standard deviation) for all the items used to measure a specific construct. As discussed previously, this was done to get a feel of the data and to be sure that the data is not inflicted with problems of monotonicity where the vast majority of responses are concentrated on one side of the measurement scale. Chapter 5 provides an account of variations in the responses by discussing various descriptive techniques used in the study in detail.

4.9.1.2 Correlation Analysis

Correlation analysis is employed to describe the strength and direction of linear relationship between two variables (Pallant, 2010). Correlations between two variables is represented by a correlation coefficient which can either be a Pearson product-moment correlation coefficient (r) or Spearman rank order correlation coefficient (ρ) used for measuring continuous or ordinal scales respectively (Pallant, 2010). In this particular study the investigator uses Pearson's correlation coefficient to indicate the association between variables measured on the basis of

interval or ratio scale; where a correlation coefficient can take values between -1 and +1. A correlation coefficient value of -1 indicates a perfect negative correlation (as one variable increases the other one decreases), a coefficient values of 0 indicates no relationship between the two variables, and lastly a correlation coefficient values of +1 indicates a perfect positive correlation (as one variable increases, so does the other) (Pallant, 2010). The investigator has provided an account of correlations between the key constructs in the research model in the form of a correlation matrix as shown and discussed in Chapter 6.

4.9.1.3 Structural Equation Modelling

Structural Equation Modelling is a “multivariate technique combining aspects of factor analysis and multiple regression that enables the researcher to simultaneously examine a series of interrelated dependence relationships among the measured variables and latent constructs (variables) as well as between several latent constructs” (Hair et al., 2014b, p., 546.). Complimenting multiple regression, SEM enables the investigators to test for measurement, functional, predictive and causal hypotheses and are increasingly used by researchers in the behavioural, managerial, health, and social sciences (Bagozzi and Yi, 2012).

Iacobucci (2010. p., 140) argued that “structural equations are a superior technology to regressions and so should always be used.” This is due to the benefits of following this approach. One advantage is that SEMs are generic tools and provide a broad, integrative function conveying the synergy and complementarity among many different statistical methods (Bagozzi and Yi, 2012). Secondly it accounts for measurement or systematic errors confounding first-generation procedures, thereby enabling the investigator to assess both measurement properties and test the key theoretical relationships simultaneously in one technique (Hair et al., 2014b, Bagozzi and Yi, 2012). Other advantages of SEMs over first-generation methods include provision of more straightforward tests of mediation, methods to assess construct validity in broader and deeper ways than possible with traditional correlation analyses, and ways to correct for systematic bias in tests of substantive hypotheses (Bagozzi and Yi, 2012).

Consequently, structural equation modelling using the Maximum likelihood approach was employed as per the procedure suggested by Anderson and Gerbing (1988). It noteworthy that the maximum likelihood estimation approach [MLE] is the most common SEM estimation procedure that enabled the investigator to “obtain estimates of all the parameters in a model simultaneously from the observed correlation (or covariance) matrix” (Anderson and Gerbing, 1988, p., 453.). Furthermore, MLE, when compared to other techniques, has proven fairly robust to violations of the normality assumption and produced reliable results under many circumstances (Hair et al., 2014b). To this end, the investigator first tested two measurement models (by undertaking confirmatory factor analysis) to validate the measures of the study and established convergent and discriminant validities; followed by estimating a structural model that tested the hypothesised relationships between the exogeneous and endogenous variables in the study. However, Hair et al. (2014b) suggest that SEM should never be attempted without a strong theoretical basis for specification of both the measurement and structural models; because theory plays a critical role in SEM by (1) specifying relationships that define the model, (2) establishing causation, particularly when using cross-sectional data, and (3) developing a modelling strategy. Chapters Six and Seven provide a detailed account of the confirmatory factor analyses as well as SEM techniques employed to test the conceptual model.

A model’s overall fit and individual estimated parameters needs to be evaluated in order to assess any measurement or structural equation model. Literature suggests making use of multiple goodness of fit indices like χ^2 (chi-square) statistic, NFI (Normed fit indices), NNFI (Non-normed fit indices), CFI (Comparative fit indices), and RMSEA (Root mean square error of approximation) (Bagozzi and Yi, 2012, Hair et al., 2014b); and followed by the investigator to test the measurement and structural models in this study. A detailed account of these fit indices in this study, along with their respective minimum threshold values is provided in the Chapters Six and Seven.

4.10 Summary

This chapter states and elaborated on the choices made by the investigator concerning the research design and methodological and analytical aspects of the study. In the following chapters, the

investigator shall proceed with detailed accounts of analysing the data collected in this study. Specifically, the investigator shall present the key descriptive characteristics of the data in Chapter five, elaborate on the measure validation procedures in Chapter Six and test the research hypotheses in Chapter Seven; and provide a summative account of the findings of the study along with conclusion and discussions in final Chapter Eight of this thesis.

Chapter 5

Descriptive Results

5.1 Introduction

Having explained the research methodology employed for the purposes of this study in the previous chapter, this chapter presents descriptive results pertaining to each of the constructs in the model. Specifically, in this chapter the investigator will provide percentage frequencies along with measures of central tendency (means), as well as measures of dispersion (standard deviation) for all the items used to measure a specific construct. The presentation of descriptive results is made construct by construct, and in the following order: ethically-based resources, ethically-based capabilities, ethically-based export marketing strategy, ethically-based competitive advantages, ethically-based export performances, and lastly foreign market competitive intensity and regulatory framework.

5.2 Descriptive Results of Ethically-based Resources (Items)

Table 5.1 showcases the descriptive findings regarding the measurement of ethically-based resources used in this research. A seven-point rating scale ranging from strongly disagree to strongly agree was employed to allow UK export managers to assess their firm's reputational, relational and experiential resources based on the items included in the survey for each of these constructs.

A detailed inspection of Table 5.1 evidences considerable variation in the responses to relevant questions in all three dimensions of ethically-based export venture resources, namely; reputational, relational and experiential resources. As regards to reputational resources the item with highest mean value (mean = 5.13) concerned "the credibility that the exporting firm enjoys with its customers due to being established as a reputed company". It is also noted that all the other items of this resource dimension exhibited mean values above 4 which is the mid-point of the seven-point scale following its conversion from -3 to 1; -2 to 2; -1 to 3; 0 to 4; 1 to 5; 2 to 6; and, 3 to 7. Regarding the relational resources, the item that allows export managers to assess the "maintenance of good quality of channel relationships" in their focal export market has the highest mean value (mean = 5.71). It is also noteworthy that all the remaining items measuring this

Table 5.1 Descriptive Results of Ethically-based Resources (Items)

Items	Response Scale							Scale Descriptive	
	Strongly Disagree						Strongly agree	Mean	SD
	(1)	(2)	(3)	(4)	(5)	(6)	(7)		
Ethically-based Reputational Resources									
The public is aware of the ethical nature of our company and brand(s).	1.9%	7.2%	8.7%	17.8%	35.6%	26.0%	2.9%	4.67	1.33
Our company's "ethical personality" is appealing to customers.	.5%	4.3%	9.6%	24.0%	26.4%	29.8%	5.3%	4.82	1.26
Our company has a strong ethical identity.	.5%	5.3%	10.6%	20.7%	26.9%	23.1%	13.0%	4.89	1.39
Our company enjoys credibility with customers and is well established as an ethical company.	.5%	3.8%	8.7%	13.9%	26.9%	34.6%	11.5%	5.13	1.31
Ethically-based Relational Resources									
Have strong relationships with buyers in this foreign market.	-	1.0%	3.4%	7.7%	23.1%	42.8%	22.1%	5.70	1.06
Maintains good quality of channel relationships in this foreign market.	-	-	3.8%	5.8%	26.4%	43.8%	20.2%	5.71	.98
Has close relationships with existing buyers.	.5%	3.8%	8.7%	13.9%	26.9%	34.6%	11.5%	5.70	1.12
Ethically-based Experiential Resources									
Keeping updated knowledge on the ethically -based requirements of this foreign market.	1.9%	6.7%	8.2%	16.3%	31.3%	25.0%	10.6%	4.86	1.44
Exporting products that are ethically made.	1.4%	5.3%	4.8%	12.5%	22.1%	36.1%	17.8%	5.28	1.42
Getting involved in ethically -based export ventures.	2.4%	6.7%	9.1%	19.2%	24.5%	27.4%	10.6%	4.81	1.49

construct exhibited slightly lower mean scores that were well above the mid-point of the scale. Similarly, experiential resource items generated calculated mean values above the mid-point of the scale, with the item referring to experience in “exporting products that are ethically made” in their chosen focal export market indicating the highest mean score (mean = 5.28).

These frequencies and descriptive results suggest a clearer tendency amongst the participating export managers to provide responses towards the upper- end of the scales employed to measure all ethically-based resources. This suggests that, on average, exporters perceived that they incorporated ethicalness in their resource deployment in their chosen focal export market. This is attributable to the fact that these exporting firms in the sample have valuable experience having been predisposed to deploying ethically-based reputational, relational and experiential resources in their exporting activities. This evidence is consistent with findings of previous studies on firms that exhibited considerable experience of employing reputational, relational and experiential resources in exporting (e.g., Hooley et al., 2005, Morgan et al., 2006, Kaleka, 2012).

5.3 Descriptive Results of Ethically-based Capabilities (Items)

Table 5.2 exhibits the response frequencies, mean values and standard deviations for the items measuring ethically-based capabilities used in this research. Pertaining to their focal export ventures, UK export managers were asked to assess and rate their organisation’s ethical leadership, ethical market orientation and ethical learning capabilities on seven-point scale ranging from strongly disagree to strongly agree.

Table 5.2: Descriptive Results of Ethically-based Resources (Items)

Items	Response Scale							Scale Descriptive	
	Strongly Disagree						Strongly agree	Mean	SD
	(1)	(2)	(3)	(4)	(5)	(6)	(7)		
Ethical Leadership Capability									
Conduct their personal life in an ethical manner.	-	2.9%	4.8%	19.7%	29.8%	26.0%	16.8%	5.22	1.24
Make fair and balanced decisions.	.5%	2.4%	4.3%	8.2%	20.2%	41.3%	23.1%	5.62	1.23
Enforce business ethics and/or values among employees.	.5%	1.4%	6.3%	10.1%	24.5%	39.4%	17.8%	5.46	1.21
When making decisions, asks “what is the right thing to do?”	1.0%	2.4%	6.3%	7.2%	19.7%	38.9%	24.5%	5.57	1.32
Ethical Market Orientation									
We closely monitor our commitment to ethically serving our foreign customers.	.5%	5.8%	7.7%	14.4%	24.5%	38.5%	8.7%	5.07	1.34
Our export competitive strategies are based on understanding the ethical requirements of our foreign customers.	.5%	4.8%	8.7%	17.3%	23.6%	35.6%	9.6%	5.04	1.33
Our company functions are integrated to serve this foreign market’s requirements in an ethical manner.	1.0%	2.9%	7.2%	19.2%	23.1%	38.9%	7.7%	5.08	1.26
Our export management encourages employees to create ethically -based value for foreign customers.	.5%	4.3%	9.1%	17.8%	24.0%	34.6%	9.6%	5.03	1.32
Organizational Ethical Learning Capability									
Promotes experimentation and innovation as ways to make our exporting processes more ethical.	1.4%	3.4%	10.6%	22.1%	28.8%	28.8%	4.8%	4.79	1.27
Learns from the experiences of and ideas provided by external sources (e.g., advisers) and incorporates them to make its export operations more ethical.	2.4%	5.8%	7.7%	19.2%	30.8%	25.5%	8.7%	4.81	1.41
Has made ethical learning capability a part of its culture so that employees can freely express their opinions and make suggestions to enhance ethicality in the procedures and methods in place for carrying out exporting tasks.	1.9%	4.3%	12.5%	18.3%	24.5%	25.5%	13.0%	4.88	1.47
Learns from the mistakes made in the past and endeavours to correct them in future export business processes.	.5%	.5%	2.9%	12.0%	23.6%	33.2%	27.4%	5.67	1.16

A detailed examination of Table 5.2 not only showcases considerable variance in the responses, but also indicates a tendency of the UK export manager participants to answer towards the upper-end of the scale for all three ethically-based capabilities. It is noteworthy that the mean values of all three marketing capabilities are above the mid-point of the scale. With regards to ethical leadership capability, the item probing whether the export management in the respondents' company makes "fair and balanced decisions" scored the highest mean value (mean = 5.62). Concerning the ethical market orientation dimension, the item pertaining to "integrated company functions that serve the focal export market's requirements in an ethical manner" scored the highest mean values (mean = 5.08); while all other items capturing this dimension produced mean scores above the mid-point of the scale. Similarly, all items capturing organizational ethical learning capability showed mean values well above the scale's mid-point of 4, with the item labelled "learning from past mistakes and endeavouring to correct them in future export business processes", having the highest mean values (mean = 5.67).

Therefore, it can be concluded that majority of the sample of export managers in the study perceived that their respective exporting firms are in possession of ethically-based capabilities like ethical leadership, ethical market orientation and ethical learning capability. As in the case of resources, a plausible explanation for this could be the fact that the sample firms in this study have experience of encouraging ethicality in their businesses by not only introducing it amongst the top management and ethically orienting their export market decisions, but also enhancing organisational ethical learning capabilities. These findings are consistent with prior empirical research on firms experienced in employing such capabilities to deploy and enhance specific resources to achieve firms' strategic objectives (e.g., Mayer et al., 2012, Hooley et al., 2005, Jerez-Gómez et al., 2005).

5.4 Descriptive Results of Ethically-based Export Marketing Strategy (Items)

Table 5.3 enlists the response frequencies, mean values and standard deviations for the items measuring the product, pricing, distribution and promotional elements of ethically-based export marketing strategy used in this research. Here, the respondents were asked to assess and rate their

exporting firm's product, pricing, distribution and promotional strategies based on ethical aspects on seven-point scale ranging from strongly disagree to strongly agree.

Following an inspection of table 5.3, it can be observed that amongst all the four dimensions of ethically-based export marketing strategy, there was a common tendency for participant export managers to respond towards the upper-half of the scale. Specifically, regarding the dimension of ethically-based product strategy, all items exhibited a mean value greater than 4; with offering "ethically sourced products" in their focal export market as the most highly rated item by exporters (mean = 5.83). Likewise, the dimension of ethically-based pricing strategy exhibited all item means scores to be greater than 4; with the item probing usage of "misleading pricing tactics to influence consumers' ability to interpret and compare prices" scoring the highest mean value (mean = 5.86). Similar findings were replicated in the dimensions of ethically-based distribution and promotional strategies with all items for both the dimensions exhibiting mean scores to be greater than 4. Particularly, the items labelled "encouragement of distributors to be ethically responsible for their activities" and "engaging in high-pressure manipulations and/or misleading sales tactics" yielded higher mean scores than the other items in the ethically-based distribution and ethically-based promotional strategy scales, as demonstrated by highest mean values of (mean = 5.40) and (mean = 6.37) respectively.

The high mean scores for the items in the study could be attributed to the fact that the study is based in the UK which is a developed country that promotes ethical behaviour and strategies (Zeriti et al., 2014); and most of the firms that responded to the study chose developed economies [Europe (61.1%), and the Americas (19.7%)] as their export markets where ethical issues have longed gained sufficient attention of most firms. These frequency and descriptive findings indicate that the exporters in the study sample considered that their export marketing strategies in their respective focal markets were ethically-based and that majority of the exporting firms incorporated ethicality when designing their marketing strategies.

Table 5.3: Descriptive Results of Ethically-based Export Marketing Strategy (Items)

Items	Response Scale							Scale Descriptive	
	Strongly Disagree						Strongly agree	Mean	SD
	(1)	(2)	(3)	(4)	(5)	(6)	(7)		
Ethically-based Product									
Offers products that have been ethically sourced (e.g., made from safe and legal raw materials, do not involve any form of child labour, manufactured in an environmentally friendly way).	-	.5%	1.9%	13.9%	14.4%	36.5%	32.7%	5.83	1.12
Discloses information on the label regarding any substantial risks associated with product usage.	-	.5%	3.4%	18.8%	16.8%	24.0%	36.5%	5.70	1.26
Clearly states warnings and usage instructions in the languages of the primary users to ensure safe product usage.	-	1.9%	2.9%	21.6%	18.8%	26.9%	27.9%	5.50	1.29
Ethically-based Price									
Discloses the full price associated with any purchase of its products.	.5%	1.4%	5.8%	13.5%	21.2%	27.4%	30.3%	5.57	1.32
Does not engage in any form of price-fixing practices.	-	1.9%	3.4%	15.9%	14.9%	28.4%	35.6%	5.71	1.29
Employs misleading pricing tactics to influence consumers' ability to interpret and compare prices*	.5%	1.4%	3.4%	7.7%	21.6%	24.0%	41.3%	5.86	1.26
Ethically-based Distribution									
Encourages its distributors to be ethically responsible for their activities.	.5%	.5%	2.9%	22.6%	21.2%	33.2%	19.2%	5.40	1.19
Sets clear instructions to ensure that our distributors act in an ethically responsible manner.	-	.5%	3.8	24.5%	21.6%	29.8%	19.7%	5.36	1.19
Uses specific ethical program standards for its distribution channels.	-	1.0%	8.2	28.4%	24.0%	31.7%	6.7%	4.98	1.14
Ethically-based Promotion									
Deceives customers by first advertising a cheap product and then selling an expensive one after they arrive at the store*	-	1.0%	2.9%	5.8%	8.7%	24.0%	57.7%	6.25	1.12
Engages in advertising techniques that target the vulnerable members of society (e.g., children, the elderly) to increase sales*	-	-	1.4%	10.1%	11.1%	18.3%	59.1%	6.24	1.09
Engages in high-pressure manipulations and/or misleading sales tactics that put "wrong ideas" in the minds of consumers*	-	-	1.4%	5.8%	10.1%	19.7%	63.0%	6.37	.98

5.5 Descriptive Results of Ethically-based Export Competitive Advantages (Items)

Table 5.4 exhibits frequency distribution of responses, along with means, and standard deviations calculated for each of the items comprising the two elements of ethically-based export competitive advantages, namely; reputational advantage and ethical branding advantage. Here, the respondents were requested to assess and rate the reputational and ethical-branding aspects of their exporting firm's product offering in the chosen export market relative to their major competitors. A seven-point scale, ranging from "strongly disagree to strongly agree" was utilized to capture export managers' responses to individual questions.

A detailed study of the descriptive results shown in Table 5.4 evidences a tendency amongst participant managers to respond towards the upper-end of the scale for both reputational and ethical branding dimensions of competitive advantages. Pertaining to the dimension of reputational advantage; all items exhibited mean values greater than 4; and the item capturing the respondents' rating on "taking responsibility in ethically handling customer issues" as compared to competitors, scored the highest mean value (mean = 5.43). Likewise, all ethical branding advantage items were consistently rated above the mid-point 4; with the item capturing "the distinctive brand personality associated with engagement in ethical marketing practices" achieving the highest mean value score (4.82).

Overall the evidence cited in table 5.4 clearly suggests that majority of exporters who participated in this research perceived that their exporting firm had achieved a strong reputational as well as ethical branding advantage position as compared to their main direct competitors in their focal export venture market. This finding could be attributed to the fact that the participant exporting firms placed great emphasis on incorporating ethicality in designing their export marketing strategies by employing ethically-based resources and capabilities, as evident from their descriptive results explained previously. Consequentially, such firms are in place to enjoy reputational and ethical branding advantages against competitors; as exhibited by the descriptive results of export managers participating in this research.

Table 5.4: Descriptive Results of Ethically-based Competitive Advantages (Items)

Items	Response Scale							Scale Descriptive	
	Strongly Disagree						Strongly agree	Mean	SD
	(1)	(2)	(3)	(4)	(5)	(6)	(7)		
Reputational Advantage									
More trustworthy in taking ethically sound decisions.	-	.5%	2.9%	20.2%	25.5%	38.0%	13.0%	5.37	1.06
Having more ethically reliable business processes.	1.0%	.5%	3.8%	22.1%	23.6%	38.9%	10.1%	5.24	1.15
More responsible in ethically handling customer issues.	-	1.4%	2.9%	18.8%	19.2%	43.8%	13.9%	5.43	1.12
Ethical Branding Advantage									
Enjoys more brand awareness related to ethicality among customers.	1.4%	2.9%	7.2%	30.3%	27.4%	22.1%	8.7%	4.80	1.27
Has a distinctive brand personality associated with engagement in ethical marketing practices.	1.9%	3.4%	7.7%	26.4%	28.4%	23.1%	9.1%	4.82	1.32
Has customers who are willing to pay premium prices owing to its ethical image.	2.9%	4.8%	13.0%	28.8%	23.1%	19.7%	7.7%	4.54	1.42

5.6 Descriptive Results of Ethically-based Export Performance (Items)

Table 5.5 accounts for response frequencies, mean values and standard deviations for the items employed to capture the social, market and financial elements of the export venture performance. Here, the respondents were requested to assess their firm's performance in these areas in comparison to their main competitors in the export market and rate them on a seven-point scale anchored by "strongly disagree" to "strongly agree".

A detailed examination of table 5.5 suggests a tendency amongst the participant managers to provide answers toward the upper-end of the scale in all three dimensions of export venture performance; as demonstrated by the means of all items of social, market and financial performance scoring well above 4, the mid-point of the scale. With regards to social performance dimension, all items consistently produced relatively high means; with the item "our firm genuinely listens to the community's specific and socially progressive demands" scoring the highest mean response (mean = 5.29). A similar picture is evident pertaining to market performance, where all items exhibit mean values greater than the mid-point of the scale i.e. 4; with the item labelled "been better at providing satisfaction to customers" yielding the highest mean value (mean value = 5.54). Similarly, all items pertaining to the dimension of financial performance exhibited calculated mean scores greater than 4. "Achieving greater returns on export sales" as compared to competitors was the item with the highest mean response (mean = 5.03).

These descriptive results confirm that majority of the exporting firms in the study sample demonstrated performing favourably in social, market and financial dimensions as compared to their main competitors in the export venture market. The evidence cited here is consistent with previous research efforts on financial and market performance in exporting firms (e.g., Morgan et al., 2006, Leonidou et al., 2015a).

Table 5.5: Descriptive Results of Ethically-based Export Performance (Items)

Items	Response Scale							Scale Descriptive	
	Strongly Disagree						Strongly agree	Mean	SD
	(1)	(2)	(3)	(4)	(5)	(6)	(7)		
Social Performance									
Society views our firm as a good example of how other firms should conduct their business.	-	1.0%	2.4%	24.0%	29.3%	32.7%	10.6%	5.22	1.06
Our firm genuinely listens to the community's specific and socially progressive demands.	.5%	2.9%	2.4%	15.4%	31.7%	34.1%	13.0%	5.29	1.17
Our firm is known to set an example for how firms should behave ethically.	.5%	3.4%	2.4%	21.6%	28.8%	32.2%	11.1%	5.16	1.20
Market Performance									
A better rate of retaining existing customers.	1.0%	-	2.4%	15.4%	28.8%	37.0%	15.4%	5.44	1.10
Been better at providing satisfaction to customers.	1.0%	.5%	2.4%	10.1%	28.4%	40.9%	16.8%	5.54	1.09
Earned more customer loyalty.	.5%	.5%	1.9%	13.9%	27.9%	38.9%	16.3%	5.50	1.06
Financial Performance									
Achieved greater intensity in export sales.	1.0%	3.8%	9.1%	19.2%	26.0%	28.8%	12.0%	5.00	1.36
Achieved greater returns on export sales.	.5%	2.9%	7.2%	21.2%	28.8%	29.8%	9.6%	5.03	1.24
Achieved higher returns on investment in export operations.	.5%	2.9%	6.7%	28.8%	26.4%	26.0%	8.7%	4.90	1.22

5.7 Descriptive Results of Export Market Moderating Factors (Items)

Foreign market competitive intensity and foreign market regulatory framework are the two moderating factors used in this research. Table 5.6 displays the descriptive statistics, and response frequencies pertaining to the moderating influence of competitive intensity and regulatory framework in the focal export venture market. Here, export managers were asked to indicate their degree of agreement or disagreement with the statements concerning the regulatory framework and competitive intensity in their chosen export market on a scale of “strongly disagree to strongly agree”. The results indicate that, on average, participant export managers perceived higher-than-moderate levels of competitive intensity in the focal export venture market. This can be concluded from the fact that the mean responses to the questions pertaining to this construct ranged from the lowest 4.98 for the item labelled, “knowledge about a new movement among competitors can be attained almost every day” to the highest of 5.46 for the item labelled “Competition is an important characteristic” in this foreign market. The results also indicated moderate-to-high levels of foreign market regulatory framework, as perceived by export managers in their focal export market. This can be deduced from the fact that the mean scores of all the items measuring this construct were slightly above the mid-point 4. Here, the lowest and highest mean scores were quite closely ranged with the lows of 4.24 for the item labelled “stricter ethical regulations are a major reason our firm is concerned about the impact of ethically -related issues in marketing” and the highs of 4.66 for the item labelled “tougher ethical legislation is required so that only ethically sound firms will survive and grow”.

Table 5.6: Descriptive Results of Foreign Moderators (Items)

Items	Response Scale							Scale Descriptive	
	Strongly Disagree						Strongly agree	Mean	SD
	(1)	(2)	(3)	(4)	(5)	(6)	(7)		
Foreign Market Regulatory Framework									
Regulations by government agencies have greatly influenced our firm's ethical practices.	3.4%	11.1%	12.0%	20.2%	25.0%	21.2%	7.2%	4.45	1.56
Stricter ethical regulations are a major reason our firm is concerned about the impact of ethically -related issues in marketing.	2.9%	14.9%	12.0%	24.5%	22.6%	17.8%	5.3%	4.24	1.53
Tougher ethical legislation is required so that only ethically sound firms will survive and grow.	1.4%	10.1%	9.6%	18.3%	28.8%	23.6%	8.2%	4.66	1.47
Foreign Market Competitive Intensity									
There are many wars (e.g., price) between companies.	2.9%	4.3%	4.3%	13.0%	28.4%	26.4%	20.7%	5.22	1.49
Whatever is offered by a competitor; can be immediately offset by another.	1.9%	4.3%	6.3%	20.7%	23.6%	26.4%	16.8%	5.06	1.45
Competition is an important characteristic.	1.9%	2.4%	4.3%	9.1%	26.9%	32.2%	23.1%	5.46	1.35
Knowledge about a new movement among competitors can be attained almost every day.	1.9%	4.8%	7.2%	20.7%	28.8%	17.8%	18.8%	4.98	1.47

5.8 Summary

This chapter presented the descriptive statistics of export managers' response frequencies, their means and standard deviations as a primary step to analysis the data collected for the purposes of this study. Following conclusions can be derived from this chapter. Firstly, considerable variation is demonstrated in the all items used to capture the constructs in the study, as seen in the participant export managers' responses. Furthermore, the standard deviations in all the cases was greater than 1.0. Secondly, it can also be noted that the mean scores for the items in the study are generally high, given a scale of 1-7. However, this isn't surprising because this study was conducted in the UK which has a reputation of endorsing a pro-ethical culture most of the firms. Furthermore, most of the UK exporting firms that responded to the study were exporting to developed economic regions in the Europe and America, where ethical issues have longed gained sufficient attention of most firms. Overall, conducting a descriptive analysis of the data provided the investigator with crucial preliminary inferences about the data relating to the measures of central tendency and dispersion for every item used to measure every construct; thereby enhancing the understanding of the nature of the data. The next step is to use this data for further statistical analysis in order to validate the measures employed in this study as well as test for the research hypotheses; the results of which are presented in Chapter Six (Measure Validation) and Chapter Seven (Hypotheses testing).

Chapter 6
Measurement Scale Validation

6.1 Introduction

Subsequent to a review of extant literature and in-depth interviews with export managers; multiple item measures were created to measure all constructs in this study, as stated in the research methodology chapter. The previous chapter on descriptive results presented and examined descriptive statistics pertaining to all the items used to measure all the constructs in this study. This chapter on measure validation, aims to provide a detailed explanation of the analytical procedures that were employed to develop valid and reliable measures for the constructs in this research.

The item measures used in this study were validated via a three-step process. First, the investigator performed item-to-total correlation analysis as a preliminary psychometric evaluation technique to test if each set of items used to measure a construct, captures all dimensions of the construct used in the study. The aim of doing so was to identify ill-defined items, that do not belong to the specific domain of the construct and then decide between the items that are best fit to measure the scale. The second step involved the usage of confirmatory factor analysis (CFA) to validate the underlying dimensions and scale dimensionalities of each construct. Furthermore, CFA was also used to test for discriminant validity amongst all measures in the study. This technique evaluates the extent to which all construct measures in the study are distinct from one another. Finally, the investigator conducted reliability analysis to check for the internal consistency of each measurement scale, as estimated by the alpha reliability coefficients for each set of items used to measure a construct. The results of these three steps are illustrated in the following pages.

6.2 Item-to-total Correlation Analysis:

A preliminary item-to-total correlation analysis was performed for each measurement items to check if they belong to the its specific domain of construct. This is the first step to purify the measures that identifies and eliminates the items that do not belong to the domain of the constructs employed in this study (Nunnally and Bernstein, 1994). In this procedure, the investigator first calculates the mean values for measures of a specific construct and then computes the correlation of each item with mean values of the scale. Following this, the items that seem to be more poorly

correlated with the mean become targets for removal from the measurement scale. Table 6.1 showcases the item-to-total correlation analysis for all dimensions of all measurement scales used in the study. As evidenced in the item-to-total correlation results, there are no ill-fitting items that exhibit considerably lower correlation coefficients compared to other items in their respective scales. All item-to-total correlation coefficients were high, directed as expected, and highly significant at the .01 level; thereby justifying the contribution of each measurement item to tap the attributes of its scale. This is followed by the presentation of confirmatory factor analysis (CFA), conducted to establish or verify the dimensionalities of the measurement scales employed in this research.

Table 6.1: Ethically-based Reputational Resources

Ethically-based Reputational Resources		
REPR1	The public is aware of the ethical nature of our company and brand(s).	.67
REPR3	Our company's "ethical personality" is appealing to customers.	.78
REPR4	Our company has a strong ethical identity.	.79
REPR5	Our company enjoys credibility with customers and is well established as an ethical company.	.81
Ethically-based Relational Resources		
RELR1	Have strong relationships with buyers in this foreign market.	.79
RELR2	Maintains good quality of channel relationships in this foreign market.	.79
RELR4	Has close relationships with existing buyers.	.74
Ethically-based Experiential Resources		
EXPR1	Keeping updated knowledge on the ethically -based requirements of this foreign market.	.77
EXPR2	Exporting products that are ethically made.	.77
EXPR3	Getting involved in ethically -based export ventures.	.77
Ethical Leadership Capability		
EL1	Conduct their personal life in an ethical manner.	.67
EL3	Make fair and balanced decisions.	.73
EL4	Enforce business ethics and/or values among employees.	.71
EL6	When making decisions, asks "what is the right thing to do?"	.77
Ethical Market Orientation		
EMO1	We closely monitor our commitment to ethically serving our foreign customers.	.81
EMO3	Our export competitive strategies are based on understanding the ethical requirements of our foreign customers.	.83
EMO4	Our company functions are integrated to serve this foreign market's requirements in an ethical manner.	.85
EMO5	Our export management encourages employees to create ethically -based value for foreign customers.	.85
Organizational Ethical Learning Capability		
OELC1	Promotes experimentation and innovation as ways to make our exporting processes more ethical.	.71
OELC3	Learns from the experiences of and ideas provided by external sources (e.g., advisers) and incorporates them to make its export operations more ethical.	.71
OELC4	Has made ethical learning capability a part of its culture so that employees can freely express their opinions and make suggestions to enhance ethicality in the procedures and methods in place for carrying out exporting tasks.	.78
OELC5	Learns from the mistakes made in the past and endeavours to correct them in future export business processes.	.77

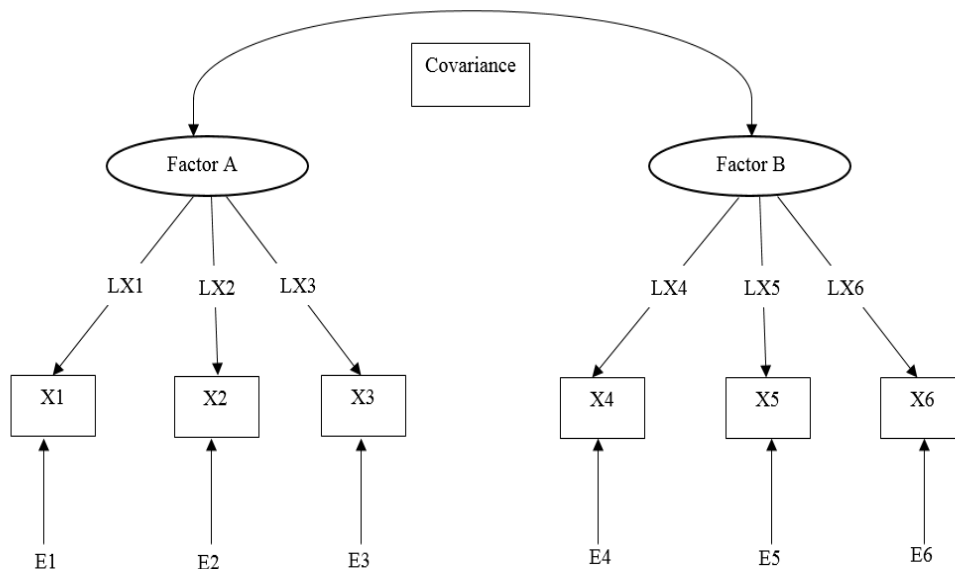
Ethically-based Export Product		
EP2	Offers products that have been ethically sourced (e.g., made from safe and legal raw materials, do not involve any form of child labour, manufactured in an environmentally friendly way).	.69
EP3	Discloses information on the label regarding any substantial risks associated with product usage.	.70
EP7	Clearly states warnings and usage instructions in the languages of the primary users to ensure safe product usage.	.68
Ethically-based Export Price		
EPx1	Discloses the full price associated with any purchase of its products.	.75
EPx2	Does not engage in any form of price-fixing practices.	.78
EPx5	Employs misleading pricing tactics to influence consumers' ability to interpret and compare prices.	.72
Ethically-based Export Distribution		
ED1	Encourages its distributors to be ethically responsible for their activities.	.83
ED2	Sets clear instructions to ensure that our distributors act in an ethically responsible manner.	.90
ED3	Uses specific ethical program standards for its distribution channels.	.77
Ethically-based Export Promotion		
EPr2	Deceives customers by first advertising a cheap product and then selling an expensive one after they arrive at the store.	.77
EPr5	Engages in advertising techniques that target the vulnerable members of society (e.g., children, the elderly) to increase sales.	.82
EPr6	Engages in high-pressure manipulations and/or misleading sales tactics that put "wrong ideas" in the minds of consumers.	.85
Reputational Advantage		
RA2	More trustworthy in taking ethically sound decisions.	.85
RA3	Having more ethically reliable business processes.	.89
RA4	More responsible in ethically handling customer issues.	.86
Ethical Branding Advantage		
EBA1	Enjoys more brand awareness related to ethicality among customers.	.76
EBA3	Has a distinctive brand personality associated with engagement in ethical marketing practices.	.81
EBA5	Has customers who are willing to pay premium prices owing to its ethical image.	.75
Social Performance		
SP1	Society views our firm as a good example of how other firms should conduct their business.	.65
SP3	Our firm genuinely listens to the community's specific and socially progressive demands.	.68
SP4	Our firm is known to set an example for how firms should behave ethically.	.69
Market Performance		
MP2	A better rate of retaining existing customers.	.74
MP4	Been better at providing satisfaction to customers.	.72
MP5	Earned more customer loyalty.	.79
Financial Performance		
FP2	Achieved greater intensity in export sales.	.84
FP3	Achieved greater returns on export sales.	.87
FP4	Achieved higher returns on investment in export operations.	.81
Foreign Market Regulatory Framework		
FMR1	Regulations by government agencies have greatly influenced our firm's ethical practices.	.79
FMR2	Stricter ethical regulations are a major reason our firm is concerned about the impact of ethically -related issues in marketing.	.74
FMR3	Tougher ethical legislation is required so that only ethically sound firms will survive and grow.	.85
Foreign market Competitive Intensity		
FMCi2	There are many wars (e.g., price) between companies.	.83
FMCi3	Whatever is offered by a competitor; can be immediately offset by another.	.86
FMCi4	Competition is an important characteristic.	.82
FMCi5	Knowledge about a new movement among competitors can be attained almost every day.	.80

*All correlation coefficients are significant at the .01 level

6.3 Confirmatory Factor Analyses

Item-to-total correlation justified the contribution of each measurement item in tapping the attributes of its scale. The next step is to further assess and purify these measures by conducting a theory-led confirmatory factor analysis (CFA) procedure that provides a confirmatory test to all the measures in the measurement model. It is a rigorous approach that measures a theoretical variable in a study by formally testing whether its set of reflective indicators share enough common variance among themselves to be considered as measures of a single factor (Bagozzi and Yi, 2012). Figure 6.1 showcases a typical CFA model that comprises of indicators (depicted with Xs), their measurement errors (depicted with Es), the latent factors (depicted with letters A and B); and lastly their respective factor loadings (depicted with Lx1-Lx6). This model exhibits a complete specification of standard CFA measurement model; depicting the linkage between measured variables and their associated latent constructs. It also represents the hypotheses that factor A is measured by its indicators X1-X3, factor B is measured by factors X4-X6, while both the factors A and B are allowed to covary (Kline, 2015).

Figure 6.1: A typical CFA model



Following the same approach, the CFA allowed the investigator to use theory to pre-specify relationships between the latent variables (cannot be measured directly) and the set of measured

variables that represent its respective latent construct; and test how these measured variables logically and systematically represent constructs involved in the theoretical model of the study (Anderson and Gerbing, 1988, Hair et al., 2014b).

Using the CFA procedure, the investigator allowed each item to load on its a priori specified factor [theoretical pattern of factor loadings on prespecified constructs], while allowing the underlying factors to correlate; and tested if all the factors loaded on the constructs they were assigned to (Hair et al., 2014b). In addition, the investigator constrained the path coefficient between an item of each factor to 1.0 as suggested by literature (Hair et al., 2014b); and then investigated the extent to which theoretical specifications of the factors represent reality (i.e., the actual data). For this, the investigator banked upon various modification indices (MIs) that enhanced understanding on accepting the model by performing alterations like linking a measurement item to a different factor, or deleting the item from the model, or checking for correlated error terms to make the measurement model more acceptable (Anderson and Gerbing, 1988).

The statistical tool used to estimate the measurement model in this study is LISREL, using the Maximum Likelihood [ML] estimation technique as there appears to be consensus in the SEM literature that ML estimator is an efficient estimation technique and produces reliable and robust results under many circumstances (Hair et al., 2014b, Bagozzi and Yi, 2012). Due to the relatively large number of constructs and estimated parameters in comparison to the relatively smaller sample size, the investigator divided the measures into two subsets of theoretically related variables so that appropriate sample size-to-parameter ratios is maintained (Hair et al., 2014b). This practice has been widely followed in the literature (Morgan et al., 2004, Leonidou et al., 2013c, Leonidou et al., 2015a, Leonidou et al., 2010a). The results of these analyses are provided below.

6.3.1 Measurement Model A (Resources, Capabilities and Ethically-based Export Marketing Strategy)

The first measurement model [Model A] contained ethically-based resources (i.e., reputational, relational and experiential); ethically-based capabilities (i.e., ethical leadership, ethical market orientation and organizational ethical learning capability); and ethically-based export marketing strategy (as a higher order construct comprising ethically-based product, price, distribution and promotional elements). While reputational, relational, and experiential resources; as well as ethical leadership, ethical market orientation and organizational ethical learning capabilities are first order constructs; ethically-based export marketing strategy was viewed as a higher-order factor construct, where the observed indicators originated from first-order factors (i.e., product, price, distribution and promotion); that in turn emerge from a second-order factor (e.g., Leonidou et al., 2013c, Morgan et al., 2004).

Figure 6.2. and 6.3 exhibits ethically based export marketing strategy with its first and second order constructs respectively. The model statistics for both the first order ($\chi^2 = 70.63$, $df = 48$, p -value = 0.01841, RMSEA = 0.048) and second order ($\chi^2 = 81.89$, $df = 50$, p -value = 0.00297, RMSEA = 0.056) CFA model demonstrate an acceptable fit. It is noteworthy that although the aim of introducing the second-order factor is merely to explain the covariation among the first-order factors in a more parsimonious way; and consequently, even when the second-order factor model can explain effectively the factor covariations, it's the goodness-of-fit can never be better than the competing first-order model (Venkatraman, 1990).

Figure 6.2: First-order CFA model (Ethically-based export marketing strategy)

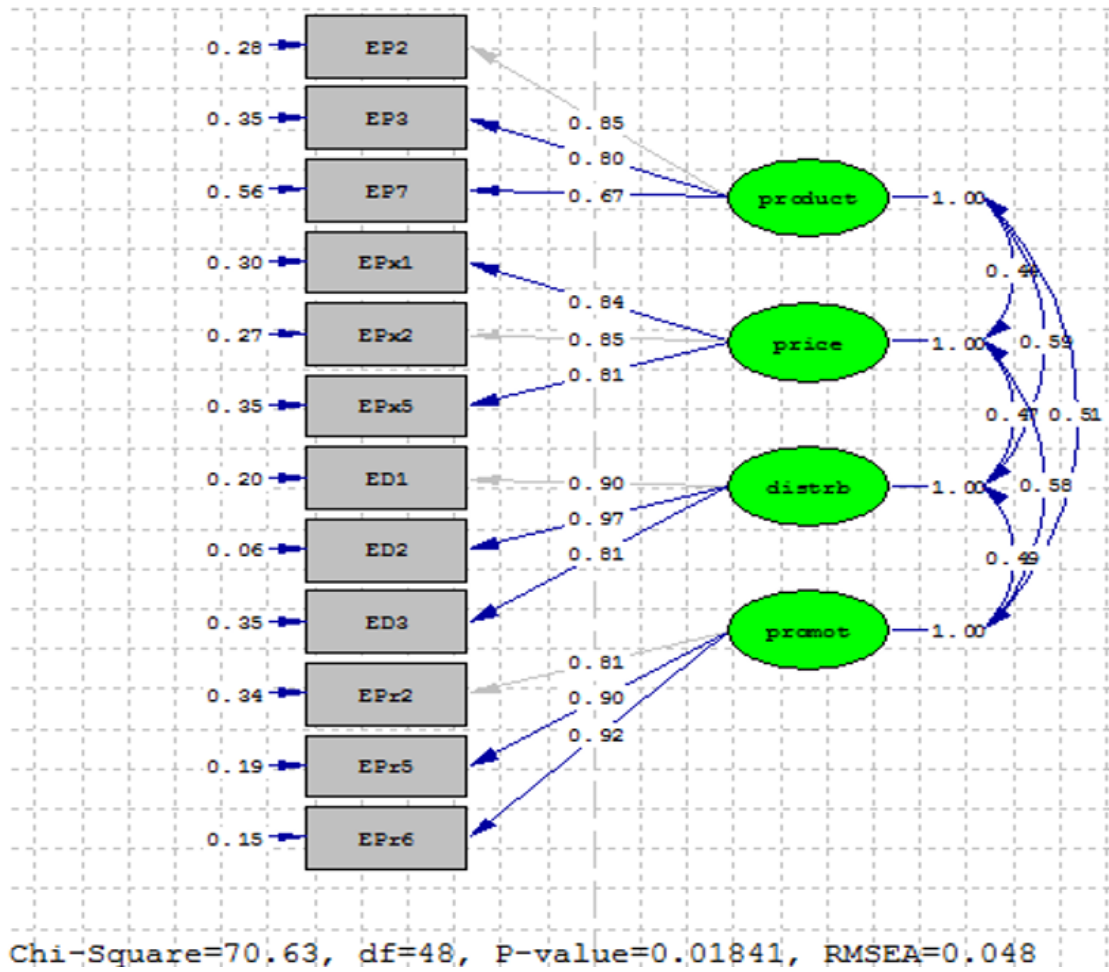
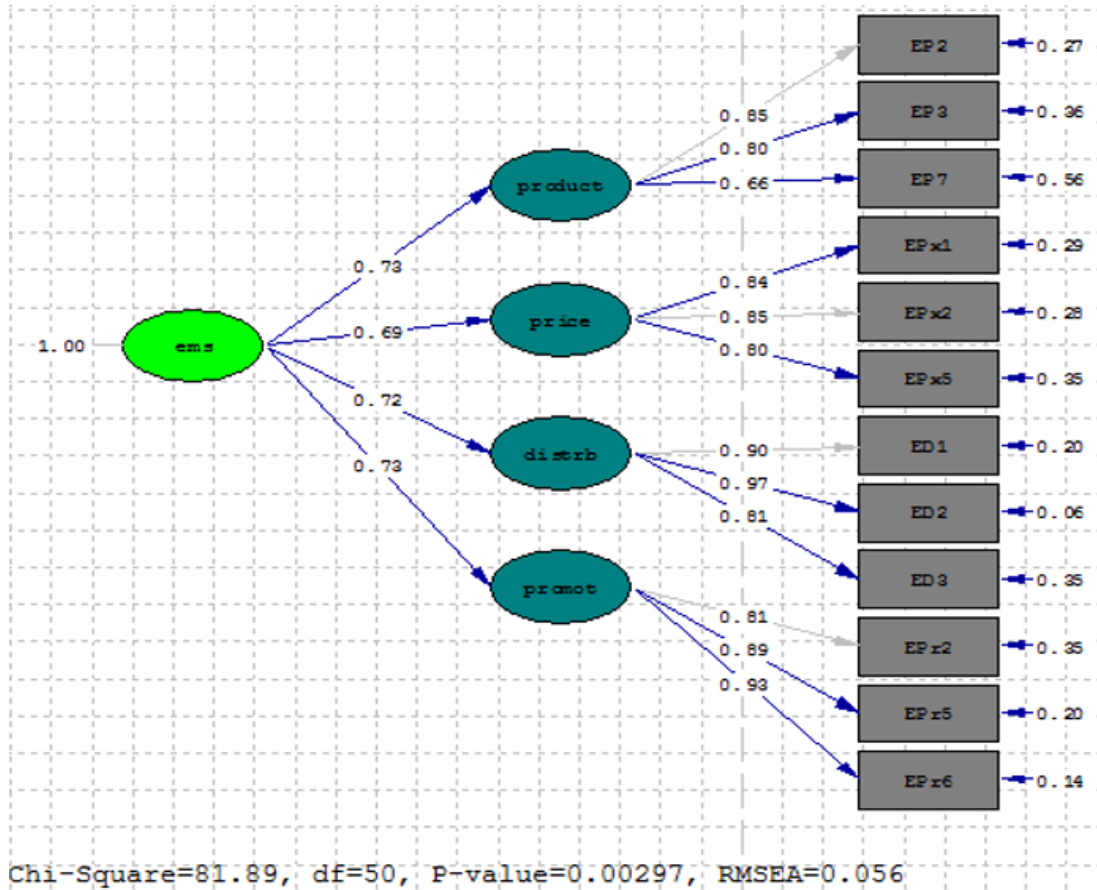


Figure 6.3: Second-order CFA model (Ethically-based export marketing strategy)



Notwithstanding the decreased goodness-of-fit indices of the second-order construct in comparison to the first-order model, the latter is understood to provide a target fit for the former (Cao and Zhang, 2011). Specifically, in this study, the second order construct of ethically-based export marketing strategy demonstrates validity as its target coefficient (T) (i.e., ratio of the χ^2 of the 1st order CFA model to that of the 2nd order CFA model) is greater than 0.80 [$T = 70.63/81.89 = 0.86$], as suggested by (Marsh and Hocevar, 1985). It can be safely concluded from above that the second-order model should be accepted as more accurate representation of model structure over the corresponding first-order model due to its more parsimonious explanation of observed covariance.

Table 6.2 exhibits confirmatory factor analysis results concerning the first half of the measurement model (Model A). In specifying this measurement model, path coefficients of the first variable of scales of all the above variables (reputational, relational, and experiential resources; ethical leadership, ethical market orientation and organizational ethical learning

capabilities; and product, price, promotion and distribution as elements of ethically-based export marketing strategy) were fixed to 1.0. The scales underwent purification processes by first checking the reliability coefficients of each measurement scale (as explained in section 6.5) and problematic items like EPx3 and ED4, whose inclusion lowered considerably the reliability coefficient of its respective scale were dropped from all further analysis.

The scales underwent further purification process by employing factor loadings as criteria for item exclusion; where items failing to load significantly (≥ 0.5) were dropped from the scale (Hair et al., 2014b). In doing so, the scale items underwent step by step deletion in order to avoid the practical limitations of having too many or too little indicators of a scale; keeping in mind scholarly justifications of having at least three indicators per factor (Bagozzi and Yi, 2012). Using this criteria, one item from reputational resources, two items from relational resources, one item from experiential resources, two items from ethical leadership capability, one item from ethical market orientation and one item from organizational ethical learning capability were problematic and hence deleted from the scale. With regards to product, price, distribution and promotional elements of ethically-based export marketing strategy, four items from product, two items from price, three items from distribution and three items from promotion were the problematic items that called for expulsion from the scale. The items excluded from the scale at this stage are shown as market by Asterix (*) along with included scale items in Appendix 1.

Table 6.2: Measurement Model A

Constructs	Scale Items	Std Loadings	t-Value	α	ρ	AVE	Mean Score	Std Deviation	Item Means	Item Std Deviations
Ethically-based Reputational Resources	REPR1	0.72	--- ⁴	0.89	0.90	0.68	4.89	1.15	4.67	1.33
	REPR3	0.84	11.56						4.82	1.26
	REPR4	0.87	11.89						4.89	1.39
	REPR5	0.87	11.86						5.13	1.31
Ethically-based Relational Resources	REL1	0.86	--- ^a	0.88	0.90	0.75	5.70	.95	5.70	1.06
	REL2	0.89	14.73						5.71	.98
	REL4	0.80	13.28						5.70	1.12
Ethically-based Experiential Resources	EXPR1	0.84	--- ^a	0.88	0.88	0.71	4.98	1.30	4.86	1.44
	EXPR2	0.83	13.62						5.28	1.42
	EXPR3	0.86	14.00						4.81	1.49
Ethical Leadership Capability	EL1	0.72	--- ^a	0.87	0.87	0.63	5.47	1.06	5.22	1.24
	EL3	0.80	10.82						5.62	1.23
	EL4	0.78	10.49						5.46	1.21
	EL6	0.86	11.50						5.57	1.32
Ethical Market Orientation	EMO1	0.84	--- ^a	0.93	0.93	0.77	5.05	1.19	5.07	1.34
	EMO3	0.87	15.66						5.04	1.33
	EMO4	0.90	16.82						5.08	1.26
	EMO5	0.89	16.42						5.03	1.32
Organizational Ethical Learning Capability	OELC1	0.80	--- ^a	0.85	0.85	0.59	5.04	1.10	4.79	1.27
	OELC3	0.78	11.85						4.81	1.41
	OELC4	0.88	13.45						4.88	1.47
	OELC5	0.60	8.63						5.67	1.16
Ethically-based Export Product ⁵	EP2	0.85	--- ^a	0.81	0.82	0.60	5.67	1.04	5.83	1.12
	EP3	0.80	11.72						5.70	1.26
	EP7	0.67	9.85						5.50	1.29
Ethically-based Export Price	EPx1	0.83	--- ^a	0.87	0.87	0.69	5.71	1.14	5.57	1.32
	EPx2	0.85	13.48						5.71	1.29
	EPx5	0.81	12.81						5.86	1.26
Ethically-based Export Distribution	ED1	0.90	--- ^a	0.92	0.92	0.80	5.24	1.08	5.40	1.19
	ED2	0.97	22.65						5.36	1.19
	ED3	0.81	15.92						4.98	1.14
Ethically-based Export Promotion	EPr2	0.81	--- ^a	0.91	0.91	0.77	6.29	.98	6.25	1.12
	EPr5	0.90	15.29						6.24	1.09
	EPr6	0.92	15.77						6.37	.98
Fit statistics: $\chi^2 = 609.243$, $p = 0.000$, d.f. = 482; NNFI = 0.964, CFI = 0.969, SRMR = 0.0473, RMSEA = 0.0357										

⁴ Item fixed to set the scale⁵ Ethically-based Export marketing strategy is a higher order factor (M= 5.73, SD = 0.82)

Table 6.3: Recommendations for model evaluation

Fit Measure	Fit Measure Characteristics	Recommended Fit Threshold
Chi Square χ^2	Examines the extent of discrepancy between the sample and the covariance matrices and should ideally, be non-significant	>0.05
Normed χ^2	Chi square/ degrees of freedom (χ^2/df)	<3
RMSEA	Root mean square error of approximation gives the average amount of misfit for a model per degree of freedom	≤ 0.07
NNFI	Non-normed fit index rewards for model parsimony/ penalizes for model complexity	≥ 0.92
CFI	Comparative fit index is an indicator of relative non-centrality between a hypothesised model and a model where only error variances are estimated	≥ 0.93
SRMR	Standardized root mean square residual is the square root of the average squared residuals	≤ 0.07

Adopted from (Bagozzi and Yi, 2012)

The investigator then assessed fit for the CFA Model A using the Chi-square goodness of fit statistic, that is understood as “the most direct and obvious test of model fit” (Barrett, 2007, p. 823). The χ^2 for Model A is $\chi^2 = 609.243$, which is significant at $p = 0.000$. Since a good fit is obtained when the χ^2 is non-significant, at $P\text{-values} \geq .05$., the investigator employed additional checks as the Chi-square statistic is sensitive to sample size, and tends to be significant in larger samples (Bagozzi and Yi, 2012); the sample size in this study being 208.

The investigator then computed the normed chi-square by dividing the Chi-squares statistic by the degrees of freedom; and found it to be [Normed $\chi^2 = (\chi^2/df) = 1.26$], well below the recommended threshold of Normed χ^2 to be < 3 (Iacobucci, 2010). The path loadings of the items and corresponding t-values demonstrated significant values, confirming their association with the underlying factors (see table 6.3). Furthermore, Root Mean Square Error of Approximation (RMSEA) was employed as another statistic to check for the average amount of misfit for a model per degree of freedom by examining the fit between the specified model and the observed covariances (Bagozzi and Yi, 2012, Byrne, 2006). The RMSEA for Model A is 0.0357, which is less than the recommended threshold of [RMSEA ≤ 0.07] (Bagozzi and Yi, 2012).

Three additional statistical fit statistics were computed to further test the robustness of the model fit; the Non-normed fit index (NNFI) that rewards for model parsimony/ penalizes for model complexity, the Comparative fit index (CFI) that indicates the relative non-centrality between a hypothesised model and a model where only error variances are estimated, and the Standardized root mean square residual (SRMR) that is the square root of the average squared residuals (Bagozzi and Yi, 2012). The goodness of fit statistics for Model A (NNFI = 0.964, CFI = 0.969, SRMR = 0.0473) suggest a good fit to the data. Several measurement assessment criteria that were used to test whether the CFA models specified were valid and had good fit with the data, along with their minimum acceptable threshold values are listed in Table 6.3.

6.3.2 Measurement Model B (Competitive Advantages, Export Performance Outcomes and Moderators)

The second measurement model [Model B] comprised of two competitive advantages (i.e., reputational advantage and ethical branding advantage); three export performance outcomes (i.e., social performance, market performance and financial performance); and lastly two moderators (i.e., foreign market competitive intensity and foreign market regulatory framework); that were subjected to confirmatory factor analyses. The rationale for running these constructs together in the same CFA is that the investigator divided the measures of the study into two sets of most theoretically related constructs (Kohli and Jaworski, 1994) and constructs like competitive advantages, export performance outcomes and foreign market moderators are not only conceptually related, but also have been studied together leading to several scholarly contributions in related literature (e.g., Leonidou et al., 2015a, Leonidou et al., 2013c, Leonidou et al., 2015b, Leonidou et al., 2012b).

Unlike the first measurement model [Model A], all constructs to be a part of measurement model [Model B], were first order constructs. Table 6.4 exhibits confirmatory factor analysis results concerning the second half of the measurement model (Model B). Like the CFA procedure followed while analysing Model A, path coefficients of the first variable of scales of all the above variables (reputational advantage, ethical branding advantage, social performance, market performance, financial performance and foreign market competitive intensity and foreign market regulatory framework) in Model B, were fixed to 1.0. The scales underwent purification processes by first checking the reliability coefficients of each measurement scale (as explained in section 6.5) and problematic items like SP2, whose inclusion lowered considerably the reliability coefficient of its respective scale were dropped from all further analysis.

Table 6.4: Measurement Model B

Constructs	Scale Items	Standardized Loadings	t-Value	α	ρ	Average Variance Extracted	Mean Score	Standard Deviation	Item Means	Item Standard Deviations
Model B										
Reputational Advantage	RA2	0.89	--- ^a	0.94	0.94	0.83	5.34	1.04	5.37	1.06
	RA3	0.95	20.93						5.24	1.15
	RA4	0.90	19.05						5.43	1.12
Ethical Branding Advantage	EBA1	0.84	--- ^a	0.86	0.87	0.69	4.7	1.18	4.80	1.27
	EBA3	0.95	16.42						4.82	1.32
	EBA5	0.69	11.07						4.54	1.42
Social Performance	SP1	0.71	--- ^a	0.82	0.82	0.60	5.22	.98	5.22	1.06
	SP3	0.77	9.91						5.29	1.17
	SP4	0.84	10.63						5.16	1.20
Market Performance	MP2	0.82	--- ^a	0.87	0.87	0.69	5.50	.96	5.44	1.10
	MP4	0.81	12.81						5.54	1.09
	MP5	0.86	13.77						5.50	1.06
Financial Performance	FP2	0.88	--- ^a	0.92	0.92	0.80	4.98	1.18	5.00	1.36
	FP3	0.94	19.86						5.03	1.24
	FP4	0.85	16.69						4.90	1.22
Foreign Market Regulatory Framework	FMR1	0.90	--- ^a	0.84	0.85	0.66	4.45	1.32	4.45	1.56
	FMR2	0.89	13.49						4.24	1.53
	FMR3	0.63	9.66						4.66	1.47
Foreign market Competitive Intensity	FMCi2	0.87	--- ^a	0.93	0.93	0.76	5.18	1.30	5.22	1.49
	FMCi3	0.91	18.25						5.06	1.45
	FMCi4	0.86	16.40						5.46	1.35
	FMCi5	0.85	15.97						4.98	1.47
Fit statistics: $\chi^2 = 254.513$, $p = 0.000885$, d.f. = 188; NNFI = 0.969, CFI = 0.975, SRMR = 0.0451, RMSEA = 0.0413										

a: Item fixed to set the scale.

The scales underwent further purification process by employing factor loadings as criteria for item exclusion; where items failing to load significantly (≥ 0.5) were dropped from the scale (Hair et al., 2014b). In doing so, the scale items underwent step by step deletion in order to avoid the practical limitations of having too many or too little indicators of a scale; keeping in mind scholarly justifications of having at least three indicators per factor (Bagozzi and Yi, 2012). Using these criteria, three items from reputational advantage, two items from ethical branding advantage, three items from social performance, three items from market performance, three items from financial performance were problematic and hence deleted from the scale. With regards to the moderators, one item each from foreign market competitive intensity, and foreign market regulatory framework were the problematic and called for expulsion from the scale. The items excluded from the scale at this stage are shown as marked by Asterix (*) along with included scale items in Appendix 1.

The investigator then assessed fit for the CFA Model B using the Chi-square goodness of fit statistic, that is understood as “the most direct and obvious test of model fit” (Barrett, 2007, p. 823). As seen in table 6.4, the χ^2 for Model B is $\chi^2 = 254.513$, which is significant at $p = 0.000885$. It is understood that a good fit is obtained when the χ^2 is non-significant, at P-values $\geq .05$ (Iacobucci, 2010). However, since the Chi-square statistic is sensitive to sample size, and tends to be significant in larger samples (Bagozzi and Yi, 2012); the investigator employed additional checks because the sample size in this study was 208 respondents.

The investigator then computed the normed chi-square by dividing the Chi-squares statistic by the degrees of freedom; and found it to be [Normed $\chi^2 = (\chi^2/df) = 1.35$], well below the recommended threshold of Normed χ^2 to be < 3 (Iacobucci, 2010). The path loadings of the items and corresponding t-values demonstrated significant values, confirming their association with the underlying factors (see table 6.4). Furthermore, Root Mean Square Error of Approximation (RMSEA) checked for the average amount of misfit for a model per degree of freedom by examining the fit between the specified model and the observed covariances (Bagozzi and Yi, 2012, Byrne, 2006). The RMSEA for Model B is 0.0413, which is less than the recommended threshold of [RMSEA ≤ 0.07] (Bagozzi and Yi, 2012).

Furthermore, the robustness of the model fit was assessed and demonstrated by three additional statistical fit statistics; the Non-normed fit index (NNFI), the Comparative fit index (CFI), and the Standardized root mean square residual (SRMR). The goodness of fit statistics for Model B (NNFI = 0.969, CFI = 0.975, SRMR = 0.0451) suggest a good fit to the data. These findings can be deduced as per the measurement assessment criteria by Bagozzi and Yi (2012), that tests the validity and fit of the CFA models with the data, along with their minimum acceptable threshold values (see Table 6.3).

6.4 Validity and Reliability

Prior to testing the research hypotheses that links various constructs in the research model proposed in the study; it is crucial that the investigator examines the extent to which the empirical indicators employed to tap into the domain of the constructs, actually provide an apt representation of the specific construct they are supposed to measure (Hair et al., 2014b). If the items used in the questionnaire are not truly representative of the constructs they are meant to measure, there is a risk that the study may not reflect a real picture of the phenomenon investigated (Hair et al., 2014b). Hence, it is essential to consider the issues of validity and reliability of the measures used in the study. In the following sub-sections, the investigator shall provide details about various validity and reliability assessment techniques available; and analytically establish the validity and reliability of the measures employed in this study.

6.4.1 Assessment of Validity

Validity of a particular measure refers to the extent to which it is free from any systematic or non-random error in correctly representing the concept of the study (Hair et al., 2014b). The validity of any measure(s) can be assessed by examining the link between the indicators and the construct they are supposed to measure (Nunnally and Bernstein, 1994). In light of this, the investigator will assess various types of validities (namely; content, convergent and discriminant validity) pertaining to each construct that is incorporated in the research model.

6.4.1.1 Content Validity Assessment

The content validity assesses the degree of correspondence between the items selected to constitute a *summated scale* and its *conceptual definition* (Hair et al., 2014b); and is evaluated by making use of expert judges like academic researchers and managers who shed light on the content validity aspects of the constructs in the study. As elaborated in section 4.4 in Chapter- 4, the investigator incorporated opinions of expert academic practitioners and pre-tested the constructs with several managers to decide on the items that would finally be measuring their respective constructs. Hence, it can be affirmed that all the constructs in this research had no issues related to the content validity of its constructs.

While the content validity of the measures employed to study various constructs has already been established after extensive pre-testing with managers and academic researchers who provided their valuable opinions, the investigator shall now detail upon the establishment of convergent and discriminant validities in much detail.

6.4.1.2 Convergent and Discriminant Validity Assessment

The investigator further examined the convergent and discriminant validity of the final constructs that would be a part of this study. It is essential to examine both convergent and discriminant validity of the constructs for an overall assessment of the validity of the constructs. This is because while convergent validity assesses the degree to which items of a given scale share a high variance, while demonstrating high correlations amongst themselves at the same time; thereby justifying the collective functioning of those items together as elements of a latent factor and measuring its intended concept (Hair et al., 2014b). On the other hand, discriminant validity, refers to the “extent to which a construct is truly distinct from other constructs both in terms of how much it correlates with other constructs and how distinctly measured variables represent only this single construct” (Hair et al., 2014b, p., 601).

The investigator can establish convergent validity by looking for alternative measures of a concept and then correlating them with the summated scale; and high correlations are indicative of the fact that the scale is measuring its intended concept (Hair et al., 2014b). On the contrary, the

investigator can establish discriminant validity by correlating the summated scales of measures with a similar but conceptually distinct measure; where low correlations are indicative of the summated scales being sufficiently different from the other similar concept, thereby establishing discriminant validity of measures employed in the study (Hair et al., 2014b).

Considering the above, the investigator checked the convergent validity for all the constructs which was evident because all the factor loadings were large and the t-value for each item was always high and significant (t-values ≥ 8.63), thus satisfying the criterion of t-values to be 2 or greater by Anderson and Gerbing (1988). Furthermore, all standard errors of the estimated coefficients were low. The next issue to be examined concerns the evaluation of the extent to which the item measures of the constructs are distinct from each other.

For this, the investigator employed a stringent test of discriminant validity by Fornell and Larcker (1981). This test requires the investigator to first calculate the squared correlation between two latent constructs and then compare it with average variance extracted estimates of those two constructs; and if the former is lower than later for each pair of constructs, the discriminant validity between those constructs will be established.

Average variance extracted (AVE) can be referred to as a summary measure of convergence among a set of items representing a latent construct; as reflected by the average percentage of variation explained (variance extracted) among the items of a construct (Hair et al., 2014b). The investigator, then followed the procedure as explained above and consequentially, the correlation matrix among the latent constructs in the study, along with their respective AVE is showcased in Table: 6.5. As seen in the table, the AVE values for each construct ranged from .59 for organizational ethical learning capability construct to .80 for both ethically-based distribution and financial performance constructs. It is noteworthy that all the values within this range for all the constructs in the study were greater than or equal to 0.50; thereby representing an adequate AVE score (Hair et al., 2014b). The correlation coefficients for all pairs of latent constructs in the study ranged from -.02 to .57; and it is noteworthy that in all the cases these correlations

Table 6.5: Correlation Matrix

Measures	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
1 Financial performance	1																	
2 Marketing performance	.57**	1																
3 Social performance	.39**	.51**	1															
4 Reputational advantage	.27**	.34**	.49**	1														
5 Ethical branding advantage	.35**	.48**	.63**	.44**	1													
6 Product	.16*	.24**	.34**	.20**	.30**	1												
7 Price	-.01	.18**	.13	.22**	.14*	.35**	1											
8 Distribution	.27**	.34**	.45**	.38**	.40**	.53**	.42**	1										
9 Promotion	.06	.23**	.22**	.15*	.07	.43**	.53**	.45**	1									
10 Reputational resource	.22**	.28**	.44**	.35**	.46**	.32**	.13*	.33**	.17*	1								
11 Relational resource	.17*	.11	.13	.08	.07	.26**	.06	.11	.09	-.06	1							
12 Experiential resource	.28**	.24**	.36**	.38**	.44**	.31**	.12	.44**	.14*	.36**	.08	1						
13 Ethical leadership capability	.05	.26**	.36**	.33**	.26**	.17**	.20**	.21**	.27**	.24**	.12	.18**	1					
14 Ethical market orientation	.21**	.29**	.50**	.45**	.44**	.27**	.19**	.46**	.17**	.34**	.12	.39**	.32**	1				
15 Organizational ethical learning capability	.19**	.22**	.48**	.37**	.47**	.24**	.15*	.42**	.14*	.45**	.11	.37**	.31**	.56**	1			
16 Regulatory framework (REG)	.35**	.26**	.30**	.20**	.24**	.13	.10	.23**	-.01	.14*	.00	.28**	.06	.26**	.21**	1		
17 Competitive intensity (COMP)	.04	.11	.07	.05	.15*	.00	-.07	.04	-.07	-.02	.02	.05	-.07	.06	.07	.04	1	
AVE	0.80	0.69	0.60	0.83	0.69	0.60	0.69	0.80	0.77	0.68	0.75	0.71	0.63	0.77	0.59	0.66	0.76	
P	0.92	0.87	0.82	0.94	0.87	0.82	0.87	0.92	0.91	0.90	0.90	0.88	0.87	0.93	0.85	0.85	0.93	
** Correlation is significant at the 0.01 level (2-tailed).																		
* Correlation is significant at the 0.05 level (2-tailed).																		
ρ = Composite construct reliability values																		

and their respective squared values are lower than the AVE for each construct (Fornell and Larcker, 1981). Furthermore, the confidence interval around the correlation estimate for each pair of constructs examined never included 1.00 (Anderson and Gerbing, 1988). Hence, it can be safely concluded that discriminant validity is evident among the constructs in the study (Fornell and Larcker, 1981, Anderson and Gerbing, 1988).

6.5 Assessment of Reliability

Reliability of a construct's measure is regarded as the extent to which a variable or a set of variables is consistent with what it is intended to measure if multiple measurements of the same measure are taken (Hair et al., 2014b). It is essential to estimate the reliabilities of measures in the study in order to take into account any variation in the observed values due to chance error or inconsistencies in measurement (Nunnally and Bernstein, 1994). The reliability coefficient Cronbach's alpha (that ranges from 0 to 1), has been widely accepted as a measure of reliability, with values of .60 to .70 deemed the lower limit of acceptability (Hair et al., 2014b). A discussion of construct and composite reliability assessment is done in the next section.

6.5.1 Constructs' Reliability Assessment [Construct and Composite Reliability]

While construct reliability tests the extent to which a variable or set of variables is consistent in what it is intended to measure (Bagozzi and Yi, 2012); composite reliability indicates that respective measures consistently represent the same factor (Hair et al., 2014b). In the ultimate step of measure validation, the investigator assessed the reliability measures used to represent the constructs in the study. To do this, Cronbach's alpha was calculated to study the internal consistency of each set of items used to represent a scale. As mentioned earlier, the item labelled "EPx3" that questioned the respondents if they would "hesitate to engage in predatory pricing practices to drive competition from the market"; was problematic and dropping this item improved Cronbach's alpha of the scale from .81 to .86. Another item labelled "ED4" that probed the respondents if they "use coercion in the distribution channel", was dropped as it improved the Cronbach's alpha from .73 to .79. Likewise, for similar reasons, the exclusion of item labelled "SP2", indicative of "people's perception of the respondent's firm as not meeting the ethical

standards set by the society” resulted in a considerable increase in the reliability coefficient of this scale from .74 to .82.

Following the reliability checks, the investigator then proceeded with further purification methods like the CFA analyses (as already explained above) to come up with the final set of items that will be utilized for hypotheses testing in this research. Finally, the investigator checked for construct reliability again and the Cronbach’s alphas ranged from $\alpha = 0.81$ for ethically-based product construct to $\alpha = 0.94$ for reputational advantage construct; thereby suggesting good internal consistency of the scales of all constructs in the model that exhibited Cronbach’s Alpha scores to be greater than or equal to 0.70 (Nunnally and Bernstein, 1994). Furthermore, the composite reliability for all the constructs was also satisfactory with all the coefficients being greater than 0.60 (Bagozzi and Yi, 2012) . The measurement scales along with their respective reliability coefficients and composite reliability scores are demonstrated in Table 6.2 and 6.4, respectively; thereby suggesting that all the measures in this study are very highly reliable. The investigator shall conduct multicollinearity diagnostics and present the correlation matrix and descriptive statistics of the constructs employed in this research in the following section.

6.6 Multicollinearity Diagnostics and Descriptive Statistics

Multivariate statistical analysis is plagued with the issue of multicollinearity, that represents a situation where the independent variables in the model are highly correlated, because what appears to be separate variables are actually measuring the same thing (Kline, 2015). Some degree of multicollinearity is desirable in any study, because the objective is to identify interrelated sets of variables; however, as multicollinearity increases, it complicates the interpretation of the variate because it is more difficult to ascertain the effect of any single variable, owing to their interrelationships (Hair et al., 2014b). Therefore, the ability to define any single variable’s effect is diminished because high correlations between two or more variables leads to a difficulty in separating the effects of each independent variable on the dependent variables (Tabachnick and Fidell, 2007). Hence it is imperative for the researchers to control for its influence in order to avoid issues like; instability in the results of the study, non-significant and wrong coefficient

signs (see., Ping, 1995, Grewal et al., 2004). The investigator ensured that multicollinearity was not a problem to the current study by conducting bivariate correlations (i.e. Pearson correlations, two-tailed test) amongst all the key constructs in the study. Literature recommends that correlations between any pair of constructs should not be greater than 0.80 (e.g., Grewal et al., 2004, Hair et al., 2014b, Kline, 2015). It can be clearly derived from the evidence cited in Table 6.5, that there are no major concerns about high correlations amongst constructs; especially amongst the independent variables. Notably, the highest correlation is between ethical branding advantage and social performance, which exhibits a coefficient of 0.63; and the next correlation to watch was between financial performance and market performance, which exhibited a coefficient of 0.57. This is in consistent with the recommendations by Hair et al. (2014b p., 162), who suggest that, “to maximize the prediction from a given number of independent variables, the investigator should look for independent variables that have low multicollinearity with the other independent variables but also have high correlations with the dependent variable.” Hence the correlations of 0.63 and 0.57 in this study, do not warrant any further attention because they are not too high [well below the threshold of 0.80] and are between sets of independent and dependent variables and not between two independent variables.

Furthermore, Grewal et al. (2004) suggested that multicollinearity is unlikely if the test of discriminant validity by Fornell and Larcker (1981) is satisfied. It has already been established in Table 6.5, that AVEs of each correlated construct were larger than their squared correlations; thereby establishing the discriminant validity as per Fornell and Larcker (1981) and adding further robustness to the conclusion that the issue of multicollinearity is not relevant in the context of this study.

Since there are two moderator variables, the investigator reduced the potential threat of multicollinearity [due to the usage of multiple interaction terms in the study]; by using orthogonalised (or residual centred) variables for the purposes of SEM analyses (see., Little et al., 2006). It is also interesting to note considerable variation in the responses provided by the survey respondents, as demonstrated by standard deviations of the key constructs [see Table 6.6] in the

conceptual model that range from 0.82 for ethically-based export marketing strategy to 1.19 for ethical market orientation.

Table 6.6: Descriptive Statistics: Means and Standard Deviations

Variables		Mean	Standard Deviation
1	Financial performance	4.98	1.18
2	Marketing performance	5.50	0.96
3	Social performance	5.22	0.98
4	Reputational advantage	5.34	1.04
5	Ethical branding advantage	4.72	1.18
6	Ethically-based export marketing strategy (MS)	5.73	0.82
7	Reputational resource	4.88	1.15
8	Relational resource	5.70	0.95
9	Experiential resource	4.98	1.30
10	Ethical leadership capability	5.47	1.06
11	Ethical market orientation	5.05	1.19
12	Organizational ethical learning capability	5.04	1.10
13	Regulatory framework (REG)	4.45	1.32
14	Competitive intensity (COMP)	5.18	1.30

6.7 Summary

This chapter drew our attention to various item measures and their related latent constructs. It is essential to purify and validate these measures before they can be employed for hypotheses testing. To this end, the investigator undertook various measure validation procedures (i.e., item-to-total correlation, confirmatory factor analyses, discriminant validity and measure reliability checks) to conclude that all measures used in this study are valid and reliable, in that they have adequate psychometric properties. Indeed, based on the confirmatory factor analysis, the investigator removed the items that were problematic in measuring the intended construct, and then established the discriminant and convergent validities, and construct and composite reliabilities of the measures employed in this study. The investigator also conducted multicollinearity diagnostic tests and descriptive statistical tests like mean and standard deviations. The results established that the issue of multicollinearity was not relevant in the context of this study because the correlations between two independent variables in the model are insignificant and well below the threshold. Furthermore, variance in the responses was also established by the standard deviations of the constructs. As a result of the above, it can be safely derived that all measures in this study can now be subject to hypotheses testing where the hypothesised relationships between the latent constructs in the conceptual model shall be tested for support. The next chapter illustrates the procedure pertaining testing of all research hypotheses underpinning this study.

Chapter 7
Test of Hypothesis and Discussion of Results

7.1 Introduction

The previous chapter demonstrated all the measure validation procedures employed by the investigator; wherein confirmatory factor analysis confirmed if the measures of all the constructs were psychometrically valid and reliable. These constructs shall now be subjected to structural equation modelling to test the hypotheses formulated in this study; and the results of hypotheses testing will be presented in this chapter. Key concepts related to structural equation modelling and related fit statistics has already been explained in Chapter 4. In line with explanation, this chapter will showcase how a parsimonious estimation procedure known as Maximum Likelihood for SEM was employed to test the hypothesised relationships.

7.2 Structural Model Estimation Procedure

The investigator employed structural equation modelling (SEM) to test the hypotheses defining various relationships in the model. This is because SEM is a multivariate technique that combines the aspects of factor analysis and multiple regression; thereby enabling the investigator to “simultaneously examine a series of interrelated dependence relationships among the measured variables and latent constructs (variates) as well as between several latent constructs” (Hair et al., 2014b p., 546). Further details about SEM have already been discussed in Section 4.9.3.2 of the research methodology (Chapter 4).

The investigator employed the Maximum likelihood [ML] estimation method and the LISREL 8.7 programme to assess the structural model (Jöreskog and Sörbom, 2004), because the data meets the normality assumption for the use of ML. Maximum likelihood is a flexible approach to parameter estimation that finds the “most likely “parameter values to achieve the best model fit (Hair et al., 2014b). There appears to be consensus in the SEM literature that ML estimator is more efficient and produces reliable and robust results under many circumstances as compared to alternative estimation approaches like generalised least square (GLS), partial least square (PLS) and asymptotic distribution free (ADF) methods (Hair et al., 2014b, Bagozzi and Yi, 2012, Ping, 1995).

7.3 Test Power

Test power is fundamentally the probability of making the correct decision regarding rejecting the null hypothesis when the alternative hypothesis is true (Sharma, 1996), thereby making it reliant on the size of the sample employed in the study (Kline, 2015). The investigator has addressed the issue of test power by collecting adequate size of data that satisfy the required sample size to parameter ratio, as already explained in Section 4.8.2.2. Furthermore, the investigator also employed a parsimonious estimation procedure for testing the structural model, by calculating composite measures to be used as manifest indicators for each latent construct. This was done by averaging the items of each scale for unidimensional constructs and sub-scales for higher order constructs in the study (Bagozzi and Heatherton, 1994, Morgan et al., 2012). This procedure is done to reduce the number of latent variable indicators in the structural model for testing models that involve complex relationships (Bagozzi and Heatherton, 1994); which is the case for this study. Specifically, to minimize model complexity as also implemented in (Cao and Zhang, 2011), composite scales were created for the lower order constructs and used as the reflective measures of ethically-based export marketing strategy. This approach is permissible if the second order construct parsimoniously explains the variances in the first order constructs, as demonstrated in this study. It should be noted that this procedure of parsimonious estimations has been widely employed in exporting and international studies for testing hypothesised relationships using structural equation modelling (e.g., Morgan et al., 2012, Morgan et al., 2004, Leonidou et al., 2017, Leonidou et al., 2015a, Leonidou et al., 2013c, Leonidou et al., 2012b). Based on the above, it was considered suitable to rely on a sample of 208 cases to be tested using maximum likelihood estimation.

7.4 Structural Model Results

The investigator tested for four alternative structural models for the purposes of selecting the most suitable and robust model for this study (Iacobucci, 2010). While the first model [Model 1] contained all the constructs from the conceptual model, excluding the control effects, in the second model [Model 2], the investigator included the controls and tested full structural model with all the constructs from the conceptual model. Since the conceptual model used in this study

is complex with numerous variables, and in order to test the robustness of the model, the investigator trimmed the conceptual model to see if the fit indices improved significantly after excluding the financial and market performance constructs, both with and without controls. Therefore, the third model [Model 3] tested all the constructs from the conceptual model except market and financial performance including the control effects, and Model 4 tested all the constructs from the conceptual model except market and financial performance, and control effects.

Results suggest that controls have almost no significant effect on Models 1 and 3 where they were included as part of the SEM and adding the controls have made the model worse. The fact that none of the controls correlates with dependent variables in the model [as shown in the Appendix 3], further establishes that controls are redundant for the purposes of the study and only contribute to increasing the complexity of the model and making it worse. Furthermore, as Hair et al. (2014b, p. 587) noted that “the quality of fit depends heavily on model characteristics, including sample size and model complexity”, the investigator tested trimmed Models 3 and 4, that excluded market and financial performance constructs, to see if removing these two constructs would reduce the model complexity compared to the sample size and improve the overall fit indices of the model. However, the model fit indices improved just slightly and not significantly to enable the investigator to eliminate the key consequences from the study, especially because the RMSEA and other fit indices were well within the threshold. Since adding the controls made the model worse and excluding the market and financial and market performance did not greatly enhance the fit indices of the structural model, Model 1, that tests for the full structural model without controls was chosen for the purposes of this study. While the structural equations, fit indices, results, and detailed explanation of the final model [Model 1] are shown in the next section, those of Models 2, 3, and 4 are shown in Appendix 4, 5, and 6 respectively.

7.4.1 Final Structural Model

While table 7.1 showcases the structural equations, and fit indices, table 7.2 showcases the results of the structural model which was finally chosen for the purposes of this study. This model tested for 13 direct effects, and 4 moderating effects. The table exhibits standardized parameter

Table 7.1: Model 1-Full Structural Model (Without Controls)⁶

ems = 0.18*repu + 0.10*rel + 0.16*exp + 0.095*ldshp + 0.037*olc + 0.15*mo, R ² = 0.51	
(0.062)	(0.051) (0.046) (0.056) (0.065) (0.056)
2.86	1.99 3.42 1.70 0.57 2.66
repADV = 0.66*ems + 0.041*reg + 0.071*comp - 0.16*msreg + 0.21*mscomp, R ² = 0.45	
(0.11)	(0.043) (0.045) (0.059) (0.049)
5.91	0.96 1.57 -2.72 4.26
brandADV = 0.84*ems + 0.082*reg + 0.16*comp - 0.13*msreg + 0.21*mscomp, R ² = 0.51	
(0.13)	(0.049) (0.052) (0.066) (0.055)
6.31	1.68 3.17 -1.95 3.79
socPERF = 0.21*repADV + 0.46*brandADV, R ² = 0.67	
(0.051)	(0.057)
4.00	8.09
mktPERF = 0.75*socPERF, R ² = 0.40	
(0.10)	
7.40	
Fperf = 0.17*socPERF + 0.75*mktPERF, R ² = 0.41	
(0.14)	(0.12)
1.26	6.07
MODEL FIT INDICES	
Chi-square (χ^2)	1623.92 ($p = 0.0$)
Degrees of freedom (d.f.)	1111
Normed Chi-square (χ^2 / d.f.)	1.46
Non-normed fit index (NNFI)	0.90
Comparative fit index (CFI)	0.91
Standardised root mean square residual (SRMR)	0.07
Root mean square error of approximation (RMSEA)	0.047
Note: ems= Ethically-based Export Marketing Strategy, repu= Reputational Resources, rel= Relational Resources, exp= Experiential Resources, ldshp= Ethical Leadership Capability, olc= Organizational Ethical Learning Capability, mo= Ethical Market Orientation, repADV= Reputational Advantage, brandADV= Ethical Branding Advantage, socPERF= Social Performance, mktPERF= Market Performance, Fperf = Financial Performance, msreg= Foreign Market Regulatory Framework X ems, mscomp= Foreign Market Competitive Intensity X ems	

⁶ Unstandardized parameters are in the equations; Values in brackets are standard errors; Values beneath the standard errors are t-values

Table 7.2: Structural Model Results

Hypothesis	Hypothesized Path	β -Value	t-Value	p-Value	Support/ No support
Main Effects					
H1 (+)	Reputational Resources \longrightarrow Ethically-based Export Marketing Strategy	0.18	2.86	0.00	Support
H2 (+)	Relational Resources \longrightarrow Ethically-based Export Marketing Strategy	0.10	1.99	0.05	Support
H3 (+)	Experiential Resources \longrightarrow Ethically-based Export Marketing Strategy	0.16	3.42	0.00	Support
H4 (+)	Ethical Leadership Capability \longrightarrow Ethically-based Export Marketing Strategy	0.09	1.70	0.09	Support
H5 (+)	Ethical Market Orientation \longrightarrow Ethically-based Export Marketing Strategy	0.15	2.66	0.01	Support
H6 (+)	Organizational Ethical Learning Capability \longrightarrow Ethically-based Export Marketing Strategy	0.03	0.57	0.57	No Support
H7(a) (+)	Ethically-based Export Marketing Strategy \longrightarrow Reputational Advantage	0.66	5.91	0.00	Support
H7(b) (+)	Ethically-based Export Marketing Strategy \longrightarrow Ethical Branding Advantage	0.84	6.31	0.00	Support
H8 (+)	Reputational Advantage \longrightarrow Social Performance	0.21	4.00	0.00	Support
H9 (+)	Ethical Branding Advantage \longrightarrow Social Performance	0.46	8.09	0.00	Support
H10 (+)	Social Performance \longrightarrow Market Performance	0.75	7.40	0.00	Support
H11 (+)	Social Performance \longrightarrow Financial Performance	0.14	1.26	0.21	No Support
H12 (+)	Market Performance \longrightarrow Financial Performance	0.12	6.07	0.00	Support
Moderation Effects					
	Foreign Market Competitive Intensity \longrightarrow Reputational Advantage	0.07	1.57	0.12	
	Foreign Market Competitive Intensity \longrightarrow Ethical Branding Advantage	0.16	3.17	0.02	
H13 (a) (+)	Foreign Market Competitive Intensity X Ethically-based Export Marketing Strategy \longrightarrow Reputational Advantage	0.21	4.26	0.00	Support
H13 (b) (+)	Foreign Market Competitive Intensity X Ethically-based Export Marketing Strategy \longrightarrow Ethical Branding Advantage	0.21	3.79	0.00	Support
	Foreign Market Regulatory Framework \longrightarrow Reputational Advantage	0.04	0.96	0.34	
	Foreign Market Regulatory Framework \longrightarrow Ethical Branding Advantage	0.08	1.68	0.09	
H14 (a) (+)	Foreign Market Regulatory Framework X Ethically-based Export Marketing Strategy \longrightarrow Reputational Advantage	-0.16	-2.72	0.01	No Support
H14 (b) (+)	Foreign Market Regulatory Framework X Ethically-based Export Marketing Strategy \longrightarrow Ethical Branding Advantage	-0.13	-1.95	0.05	No Support
Fit statistics: $\chi^2 = 1623.92$, $p = 0.0$, d.f. = 1111, NNFI = 0.90, CFI = 0.91, SRMR = 0.07, RMSEA = 0.04					

estimates, t-values and significance levels for the structural paths, alongside the research hypotheses concerning main effects. Furthermore, expected directional effect of the hypotheses is showcased by positive (+ve) or negative (-ve) signs and the results of these directional hypotheses are showcased by support or no-support specifications. With regards to the goodness of fit statistics for the structural model, the chi-square statistic is significant ($\chi^2 = 1623.92$) at $p = 0.0$. According to Bagozzi and Yi (2012), for SEM, a good fit is obtained when the χ^2 statistic is nonsignificant, and that happens for p -values $> .05$. It has also been suggested that the larger the sample size, the more likely a model will fail to fit via using the χ^2 goodness of fit test (Barrett, 2007). Likewise, in the case of this study, the χ^2 statistic is significant which is expected due to the sensitivity of this statistic to the sample size (Bagozzi and Yi, 2012). However, the Normed χ^2 which is χ^2/df ($1623.92/1111$) is 1.46 and is well within the recommended threshold.

The other fit indices pertaining to this study are NNFI = 0.90, CFI = 0.91, SRMR = 0.07, RMSEA = 0.047. As per the recommendations of Marsh et al. (2004), if the SRMR is $\leq .07$, a model might be satisfactory with RMSEA $\leq .07$, NNFI $\geq .92$, AND CFI $\geq .93$. Our data fits the model well with respect to SRMR, RMSEA and normed χ^2 fit indices, while the fit indices are slightly below the threshold for NNFI and CFI. With respect to model fit indices, literature suggests the golden rule that there is no golden rules of thumb (Markland, 2007). Furthermore, Bagozzi and Yi (2012, p. 29) recommend that “more research is needed to establish these fit indices” and that “one might discount the NNFI” if the model is too complex. Hair et al. (2014b, p. 587) also noted that “the quality of fit depends heavily on model characteristics, including sample size and model complexity”. It is also believed that each of these indexes of practical fit address different concerns (Hair et al., 2014b, Bagozzi and Yi, 2012). Accordingly, consistency in their values should not always be expected. For example, Bagozzi and Yi (2012) note that “the NNFI and RMSEA tend to reward for parsimony/penalize for complexity but can disagree between themselves at times” (p.28). Also, Bagozzi and Yi (2012) point out that RMSEA and CFI are relatively independent of sample size, but the SRMR and NNFI are not.

Having reviewed the analysis so far, the investigator can conclude that the inconsistencies in the fit indexes (that is, some meeting the recommended thresholds while others don't) increase as the

complexity of the model increase, (e.g. analysing the links from resources and capabilities to export marketing strategy, and from export marketing strategy to performance separately, and also combining them, and lastly including the moderator variables). Furthermore, the literature cited above makes the investigator suspect that the main reason for the inconsistency in the fit indexes for the final model is model complexity, relative to the sample size. This conclusion is also in line with the literature that suggests that in situations where the fit for complex models is tested on small sample, the value of the NNFI can indicate poor fit despite other statistics pointing towards good fit (Bentler, 2006, Kline, 2015, Tabachnick and Fidell, 2007).

As Hair et al. (2014b) noted that these are guides for usage, not rules that guarantee a correct model, and that several guidelines should be used together to determine the acceptability of fit for a given model (p.583). So, the investigator can conclude that the data fits the model well because the other fit indices like SRMR, RMSEA and normed χ^2 fit the threshold perfectly and the NNFI and CFI differ from the recommended threshold by a difference of just 0.02 for each. Recent business ethics related research by Rego et al. (2015) have reported similar findings, where NNFI and CFI are inconsistent with respect to meeting thresholds as compared to RMSEA and other crucial fit statistics.

The next section presents results of the hypotheses testing the final model in three separate subsections: antecedents of ethically-based export marketing strategies; consequences of ethically-based export marketing strategies; and lastly the moderating effects.

7.5 Hypotheses Testing Results

7.5.1 Antecedents of Ethically-based Export Marketing Strategy

The conceptual model in this study showcases ethically-based organizational resources and capabilities as the two broad categories of antecedents of ethically-based export marketing strategy. This was based upon the widely held view in the literature that organizational resources and capabilities are critical determinants of the “type” and “direction” of export marketing strategies that firms employ to in response to changes in the external environment (Amit and Schoemaker, 1993, Morgan, 2012, Leonidou et al., 2013c, Slotegraaf et al., 2003). Under the

organizational resources category, the positive effects of reputational, relational and experiential resources [representing hypotheses H1-H3] on ethically-based export marketing strategy were hypothesised. Under the organizational capabilities category, the positive effects of ethical leadership capability, ethical market orientation and organizational ethical learning capability [representing hypotheses H4-H6] on ethically-based export marketing strategy were hypothesised. The results of each of the hypotheses and their relation to previous work and findings reported in literature, shall be discussed subsequently.

7.5.1.1 Reputational Resources and Ethically-based Export Marketing Strategy

Structural model results showcased in Table 7.2, exhibits support for H1, which posits that “the more the ethically-based reputational resources the firm possesses, the greater the likelihood of developing an ethically-based export marketing strategy” [β -Value = 0.18, t-Value = 2.86, p-Value = 0.00]. This underscores crucial role of firm’s reputation and image-based assets, in shaping its ethically-based export marketing strategy that caters to the specific needs of foreign customers (Fombrun and Shanley, 1990, Hall, 1993). This result is in harmony with those of other studies conducted in marketing (Hooley et al., 2005), exporting (Morgan et al., 2006, Morgan et al., 2012) and ethically-based (Berrone et al., 2007, Martin et al., 2011) settings, in which reputational resources provided a base for building marketing strategies that are conducive to gaining sustainable competitive advantages against competitors, and ultimately enhance firm performance.

7.5.1.2 Relational Resources and Ethically-based Export Marketing Strategy

Table 7.2 evidences structural model results’ support for H2, which posits that “the more the ethically-based relational resources the firm possesses, the greater the likelihood of developing an ethically-based export marketing strategy” [β -Value = 0.10, t-Value = 1.99, p-Value = 0.05]. This underlines the importance of the number, strength, and quality of existing relationships with customers and channel members in crafting an ethically-based export marketing strategy that accommodates the specific needs of foreign customers (Morgan and Hunt, 1994, Morgan et al.,

2006). This result is in line with those of other studies in the international business and marketing literature (e.g., Morgan et al., 2006, Morgan and Hunt, 1999, Ambler and Styles, 2000, Morgan, 2012). The results are particularly in harmony with exporting related studies, that suggest strong relationships with channel members (e.g., Ambler et al., 1999) and customers (e.g., Leonidou and Kaleka, 1998) are crucial drivers of an exporting firm's ability to design and execute suitable marketing strategies; that ultimately result in sustainable competitive advantages (e.g., Kaleka, 2011) and strategic and financial performances (e.g., Luo et al., 2004).

7.5.1.3 Experiential Resources and Ethically-based Export Marketing Strategy

The results also validated H3 [β -Value = 0.16, t-Value = 3.42, p-Value = 0.00], which hypothesised positive relationship between ethically-based experiential resources and ethically-based export marketing strategy by positing, "The more the ethically-based experiential resources the firm possesses, the greater the likelihood of developing an ethically-based export marketing strategy." This underscores the importance of accumulated knowhow of the venture relevant to performing [ethically-based] tasks that enable export market venture's adaptation to its export market environment by impacting its [ethically-based] export marketing strategies (Morgan et al., 2003). The results are in harmony with extant literature within the exporting context (Kaleka, 2011, Koed Madsen, 1989) as well as within related fields like eco-friendly export marketing strategies (e.g., Leonidou et al., 2013c) and environmental business (Darnall and Edwards Jr., 2006); that evidence the influence of firms' experiential resources on the adoption of appropriate marketing strategies that are conducive to sustainable competitive advantages and enhanced performance outcomes.

7.5.1.4 Ethical Leadership Capability and Ethically-based Export Marketing Strategy

The results supported H4 [β -Value = 0.09, t-Value = 1.70, p-Value = 0.09] that hypothesised the link between ethical leadership capability and ethically-based export marketing strategy by positing, "the greater the firm's ethical leadership capability, the greater the likelihood of developing an ethically-based export marketing strategy" The finding is in line with previous

studies documented in the literature, that evidence the role of ethical leadership capabilities in engendering ethical culture within a firm by incorporating ethical values in firms' strategic business practices (e.g., Thomas et al., 2004, Buller and McEvoy, 1999, Brown et al., 2005).

7.5.1.5 Ethical Market Orientation and Ethically-based Export Marketing Strategy

The results confirmed H5 [β -Value = 0.15, t-Value = 2.66, p-Value = 0.01]; that hypothesised a positive link between ethical market orientation and ethically-based export marketing strategy, by positing that, "the greater the firm's ethical market orientation capability, the greater is the likelihood of developing an ethically-based export marketing strategy". The results are in line with previous research where market orientation has been evidenced to contribute to the firm's marketing strategies and in return strengthen business and exporting performances (e.g., Singh, 2003, Rodriguez Cano et al., 2004, Menguc and Auh, 2006, He et al., 2013). Furthermore, hypothesis testing of H5 also provides empirical support to the suggestions by Robin and Reidenbach (1993), Robin and Reidenbach (1987b) and Griffith and Mayo (1997a), who emphasized on the importance of market orientation in integrating ethics into international marketing strategies.

7.5.1.6 Organizational Ethical Learning Capability and Ethically-based Export Marketing Strategy

The link between organizational ethical learning capability and ethically-based export marketing strategy [H6] that posited, "the greater the firm's ethical learning capability, the greater the likelihood of developing an ethically-based export marketing strategy"; was not supported [β -Value = 0.03, t-Value = 0.57, p-Value = 0.57] by the data. This finding is surprising considering evidence in the literature about how organizational learning capabilities shape their marketing and business strategies in a manner that leads to competitive advantages to ultimately improve performance outcomes by adapting to changing market environment demands (e.g., Santos-Vijande et al., 2012, Kenny, 2006, Madhavaram and Hunt, 2008, Beer et al., 2005). Despite studied to be an integral part of organizational capabilities when firms cross national boundaries (Buller and McEvoy, 1999); organizational ethical learning capabilities failed to get any empirical

support in this study. This could be attributed to the fact that organizational learning capability is a rare capability (Slater and Narver, 1995), that is complex and difficult to develop owing to its requirements of both generating new knowledge and adapting the acquired knowledge simultaneously (Huber, 1991); which could be a very challenging task for most organizations.

7.5.2 Consequences of Ethically-based Export Marketing Strategy

In line with the relationships hypothesised in the conceptual model, there are competitive advantage-based [reputational and ethical branding advantages]; as well as performance-based consequences [social, market and financial performances] of an ethically-based export marketing strategy. The results of each hypothesis along with relationship to previous work and findings in the literature, shall be discussed subsequently.

7.5.2.1 Competitive Advantage-based Outcomes

The investigator had hypothesised a positive relationship between ethically-based export marketing strategy and different forms of competitive advantage. Theoretically grounded on the resource-based view, this relationship was based upon the widely held view in the literature that an export marketing strategy, stemming from resources and capabilities that are specific to the export venture; leads to attainment of competitive advantages in the export market; which in turn causes the exporting firm to perform better in the export market (e.g., Morgan et al., 2004, Peteraf, 1993, Grant, 1991). Precisely, the investigator ethically augmented the export marketing strategy construct by ingraining ethical attributes via specific resources and capabilities to leverage competitive advantages that are sustainable, difficult to imitate, and above and beyond product differentiations (Miles, 1993, Martin et al., 2011). Reputational advantage and ethical branding advantage were proposed to be two competitive advantages generated from such an ethically-based export marketing strategy.

The results indicate strong support for hypotheses H7(a) [β -Value = 0.66, t-Value = 5.91, p-Value = 0.0] and H7(b) [β -Value = 0.84, t-Value = 6.31, p-Value = 0.0]; which posited, “the adoption of an ethically-based export marketing strategy creates a reputational advantage for the firm in

the export market”; and “the adoption of an ethically-based export marketing strategy creates an ethical branding advantage for the firm in the export market” respectively. The findings underscore two major consequences of adopting an ethically-based export marketing strategy: reputational advantage and ethical branding advantage. While on one hand, the results evidence that the adoption of an ethically-based export marketing strategy leverages a positive reputational advantage that helps to differentiate the exporting firms’ marketing mix, obtain pricing concessions, and leverage their competitive positions in both the business-to-business and business-to-consumer markets (Miles and Covin, 2000, Miles, 1993). This type of reputational advantage is deemed to be sustainable because the time involved in matching an ethically-based reputation built on fame and esteem is inimitable by competitors; as fame can be bought with advertising in the short term, but esteem has to be earned over long periods of time (Hall, 1992). On the other hand, the results evidence that the adoption of an ethically-based export marketing strategy leverages a positive ethical-branding advantage, that helps to create defensible competitive positions thereby making consumers identify ethical considerations as elements of an ethically augmented product; above and beyond the offerings of competitors (Smith, 1990). This ethical brand positioning stemming from an ethically-based export marketing strategy; and communicated and portrayed as a calculated ethical brand image has been studied to be a source of sustainable [ethical] branding advantage by studies like (Sagar et al., 2011, Sen and Bhattacharya, 2001, Zou et al., 2003).

7.5.2.2 Performance-based Outcomes

As hypothesised in the conceptual model, three performance-based outcomes of reputational and ethical branding advantages are generated after employing an ethically-based export marketing strategy: social performance, market performance and financial performance. Theoretically grounded on the resource-based view, these relationships were based upon the widely held view in the literature that export competitive advantages stemming from an export marketing strategy, lead to attainment of greater performance outcomes (e.g., Morgan et al., 2004, Peteraf, 1993, Grant, 1991). While social performance is hypothesised to be a direct outcome of reputational

and ethical branding advantage, market and financial performances are hypothesised to be outcomes of social performance.

The results support the hypothesised association between reputational advantage and social performance [H8], which posited, “the achievement of a reputational advantage based on an ethically-based export marketing strategy improves the firm’s social performance” [β -Value = 0.21, t-Value = 4.00, p-Value = 0.00]. This finding provides empirical support to suggestions in the literature that suggests good reputation leads to positive social performance (Galbreath, 2005); because investors are more willing to trust their investments with firms enjoying reputational advantage over their competitors owing to low level of perceived risks and enhanced marketing opportunities when associating with firms that have good reputational advantage (Miles and Covin, 2000).

The hypotheses testing results also lend great support to the hypothesised association between ethical branding advantage and social performance [H9], which posited, “the achievement of an ethical branding advantage based on an ethically-based export marketing strategy improves the firm’s social performance” [β -Value = 0.46, t-Value = 8.09, p-Value = 0.0]. This positive association between firm’s ethically-based brand image and social performance has been hinted by Luo and Bhattacharya (2006) who suggest that firms adopting and projecting a strong ethical stance increases the value of a company’s offering in the marketplace. Although Zou et al. (2003) has empirically established the positive impact of branding advantage on export financial performance; this study is a pioneer attempt at empirically evidencing the impact of ethical branding advantage on export social performance, thereby stressing the role of ethical augmentation of brands in transforming them into the most preferred brands amongst the stakeholders.

The results evidence strong support for the hypothesised link between social performance and market performance of the exporting firm [H10], which hypothesised, “the higher the firm’s social performance, the greater is the possibility of achieving superior market performance” [β -Value = 0.75, t-Value = 7.40, p-Value = 0.0]. These results evidence the positive impact of exporting firm’s social performance on their market performance; where exporting firms performing socially well develop, satisfy and retain customers by offering products and services that cater to

the needs of the “ethical” consumer (Moorman and Rust, 1999, Crane, 2001); thereby enhancing market performance in their export markets.

Contrary to expectations, the hypothesis testing results evidenced no support for the hypothesised link between social performance and financial performance of the exporting firm [H11], which hypothesised, “the higher the firm’s social performance, the greater is the possibility of achieving superior financial performance” [β -Value = 0.14, t-Value = 1.26, p-Value = 0.21]. These results are surprising because the positive link between social performance and financial performance has been well documented in the literature (e.g., Orlitzky et al., 2003, Brammer and Millington, 2008, Waddock and Graves, 1997). This could be attributed to a possible “misfit” between the stakeholders’ understanding of ethically-based expectations and concerns with respect to the exporting firm’s ethically-based initiatives (Brammer and Pavelin, 2006); that led the stakeholders support in the form of social performance not translating into enhanced sales revenue, profitability, and greater market share in the export market.

Lastly, the investigator found good support for the hypothesised association between market performance and financial performance of the exporting firm [H12], that posited, “the higher the firm’s market performance, the greater is the possibility of achieving superior financial performance” [β -Value = 0.12, t-Value = 6.07, p-Value = 0.0]. The results underscores the positive impact of market performance [emanating from being rated highly ethical by the stakeholders at the social performance level] on the financial performance of the firm. It can therefore be derived that exporting firms that gain customer satisfaction, retention, and loyalty due to ethically-augmenting their product/service quality; enjoy low costs, enhanced sales revenue, profitability, and greater market share in the export market (Moorman and Rust, 1999). The positive results of this hypothesis is in harmony with literature in broader marketing and management fields (e.g., Homburg et al., 2007, Ramaswami et al., 2008, Zhou et al., 2009); as well as closely related field of environmental marketing (e.g., Leonidou et al., 2013e).

7.5.3 Moderating Effects on the Ethically-based Export Marketing Strategy

Based on the theoretical background of the industry-based Industrial Organisation theory, and the context-specific Institutional theory, the investigator tested for the moderating effects of two external factors: the foreign market competitive intensity and foreign market regulatory framework, on the links between ethically-based export marketing strategy and ethically-based export competitive advantages [reputational and ethical branding advantage]. In doing so, the investigator performed the analysis in two steps. First, the effects of cross products of ethically-based export marketing strategy with foreign market competitive intensity and foreign market regulatory framework, on ethically-based export marketing strategy was assessed in the structural model moderation analysis. Here, the investigator orthogonalised (or residual centred) the variables involved in multiplicative terms; to be subsequently used for SEM analysis. This was done to minimise the potential threat of multicollinearity arising from the introduction of multiplicative terms in the structural models, as per the suggestions of (Little et al., 2006). The result of this moderation analysis is presented in Table 7.2. To further test and validate the findings of moderation effects from the residual centring approach, the investigator also conducted multi group analysis as detailed in the next section.

7.5.3.1 Additional Tests on Moderation Effects

Following this, the investigator employed multi-group analysis to test the moderating effects of H13 and H14 on (a) reputational advantage and (b) ethical branding advantage, in order to gain a better understanding of the conditioning effect of interdependence. The investigator, then employed a median split, and divided the data into two groups for each moderating construct (i.e., low *versus* high foreign market competitive intensity and low *versus* high foreign market regulatory framework). Following this, the investigator ran two separate models: (1) a free/non-restricted model that allowed all parameter estimates to vary between two groups, and (2) a restricted model where the investigator imposed an equality restraint on the hypothesised moderating links between the two groups. The results are presented in Table 7.3. A moderation effect is understood to be evident if a significant chi-square difference emerges (Leonidou et al., 2013e, Katsikeas et al., 2016). The results of the hypotheses testing along with detailed discussion

pertaining to relationship to previous work and findings in the literature, shall be done subsequently.

Table 7.3: Multi-group SEM results

<i>Competitive Intensity as a Moderator^a</i>				
Main Effect Path	Hypothesised moderating effect	High Group (N = 106)	Low Group (N = 102)	$\Delta\chi^2$ (d.f.), p
EMS → Reputational Advantage		$\beta = .74, t = 6.06^{***}$	$\beta = .08, t = .79$	8.02 (2), $p < .05$
EMS → Brand Advantage		$\beta = .70, t = 5.65^{***}$	$\beta = .16, t = 1.53$	
<i>Regulatory Framework as a Moderator^a</i>				
Main Effect Path	Hypothesised moderating effect	High Group (N = 89)	Low Group (N = 119)	$\Delta\chi^2$ (d.f.), p
EMS → Reputational Advantage		$\beta = .10, t = .83$	$\beta = .55, t = 4.80^{***}$	24.29 (2), $p < .01$
EMS → Brand Advantage		$\beta = .19, t = 1.58$	$\beta = .55, t = 4.60^{***}$	

Notes:

EMS = ethical export marketing strategy

Both Reputational advantage and brand advantage are simultaneously modelled as endogenous variables

^a Groups were created using median split

*** $p < .01$

7.5.3.2 Discussion of Moderating Effects:

7.5.3.2.1 Foreign Market Competitive Intensity

Hypotheses testing of the cross products of ethically-based export marketing strategy with foreign market competitive intensity, generated a positive moderating effect on both reputational advantage [β -Value = 0.21, t-Value = 4.26, p-Value = 0.00] and ethical branding advantage [β -Value = 0.21, t-Value = 3.79, p-Value = 0.00]. These fit indices lend good support to the hypotheses H13(a), that posited, “high intensity of competition in the foreign market has a positive effect on the associations between an ethically-based export marketing strategy and reputational advantage”; and H13(b), that posited, “high intensity of competition in the foreign market has a positive effect on the associations between an ethically-based export marketing strategy and ethical branding advantage”. This indicates that under conditions of intense foreign market competition, the exporting firm has a potential to gain a reputational and ethical branding advantage amongst its competitors by taking an ethically-based stance towards their export marketing strategies and operations.

The results of the multi group analysis also bring out similar findings; and testify moderation effect by statistically significant chi-square difference ($\Delta\chi^2$ (d.f.), $p = 8.02(2)$, $p < .05$). Specifically, the results suggest that under low competitive intensity setting in the foreign market, ethically-based export marketing strategy negatively influences reputational advantage ($\beta = .08$, $t = .79$) and ethical branding advantage ($\beta = .55$, $t = 4.60$); the link is significantly stronger under high foreign market competitive intensity conditions as shown by ($\beta = .74$, $t = 6.06$) for reputational advantage and ($\beta = .70$, $t = 5.65$) for ethical branding advantage.

The findings are in harmony with the view that reduced competition in the foreign market “locks-in” the customers to buy the product offerings in the market; while enhanced competition allows customers to explore more options to meet their requirements (Kumar et al., 2011). That is when an ethically-based export marketing strategy will lead ethically-aware consumers to choose ethical products over others. Similar findings have been reported in related fields of green business strategy (Leonidou et al., 2017) and environmental marketing strategy (Leonidou et al., 2013e) etc.

7.5.3.2.2 Moderating Effect of Foreign Market Regulatory Framework

Hypotheses testing of cross product of ethically-based export marketing strategy with foreign market regulatory framework, generated a negative moderating effect on both reputational advantage [β -Value = -0.16, t-Value = -2.72, p-Value = 0.01] and ethical branding advantage [β -Value = -0.13, t-Value = -1.95, p-Value = 0.05]. These results lend no support to the hypotheses H14(a), that posited, “high intensity of regulatory framework in the foreign market has a positive effect on the associations between an ethically-based export marketing strategy and reputational advantage”; and H14(b), that posited, “high intensity of regulatory framework in the foreign market enhances the positive effect of an ethically-based export marketing strategy on ethical branding advantage”. The results of the multi group analysis also bring out similar findings; and lend no support to the moderation effect, as reflected by chi-square difference ($\Delta\chi^2$ (d.f.), $p = 24.29$ (2), $p < .01$). This indicates that under conditions of intense and stricter regulations in the foreign market, the exporting firm will find it challenging to gain reputational and ethical branding advantage by taking an ethically-based stance towards their export marketing strategies and operations. This could be attributed to the fact that in this particular scenario, the competing firms will also adhere to the same stricter regulations and act in an ethically responsible manner; thereby leaving lesser chance of attaining ethically-based competitive advantages over competitors.

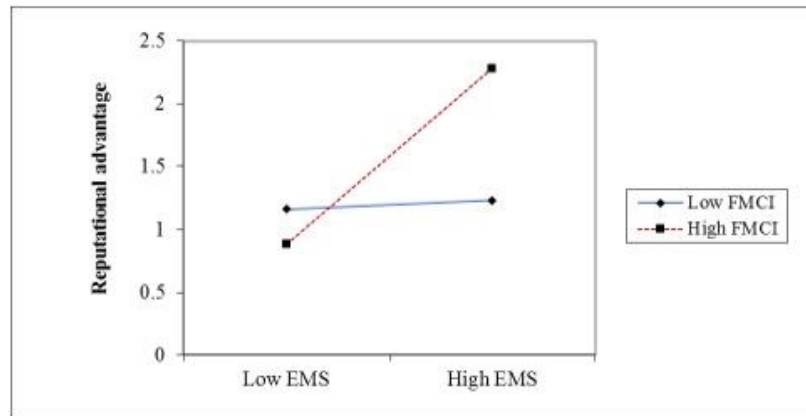
7.5.3.3 Additional Insights on Interaction Effects

In order to gain additional insights on the nature of the interaction effects, four graphs were plotted to show the interaction of high and low levels of foreign market competitive intensity and foreign market regulatory framework on the link between ethically-based export marketing strategy and reputational advantage as well as ethically-based export marketing strategy with ethical branding advantage (see., Katsikeas et al., 2016). Following from the findings on moderation effects in the previous section on this chapter, the nature of the effects at differing levels (high/low) of foreign market competitive intensity and foreign market regulatory framework were plotted, as shown in Figures 7.1. In doing so, the investigator followed the guidelines from Aiken et al. (1991) the relationships between ethically-based export marketing strategy and (a) reputational advantage, (b) ethical branding advantage were plotted above and below mean levels (i.e. one standard deviation above and below mean levels) of the three contingency variables.

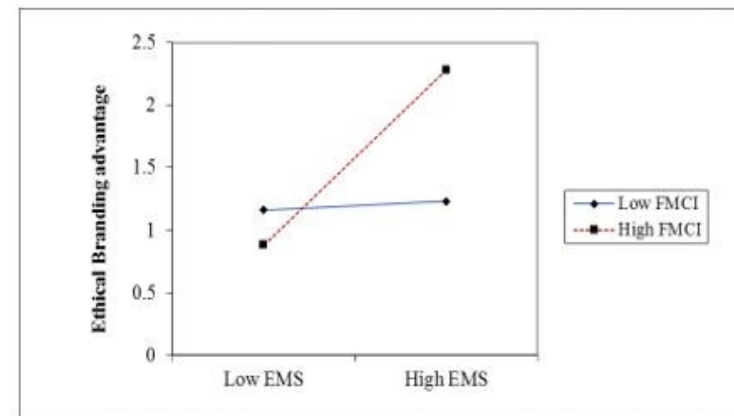
As shown in Figure 7.1 (A & B), the effect of ethically-based export marketing strategy on reputational and ethical branding advantages is on an exponential growth trajectory at high levels of foreign market competitive intensity as compared to the effect of low level of competitive intensity in the foreign market. Clearly, firms that export to highly competitive export markets will be able to earn greater reputational and ethical branding advantages over their competitors if they distinguish themselves by engaging in ethically-based export marketing strategies, as compared to firms whose export market is not very competitive.

As derived from the hypotheses testing, the nature of the interaction effect of high and low levels of foreign market regulatory framework on the ethically-based export marketing strategy and reputational and ethical branding advantage link seems to be working in a negative direction (see Figure 7.1 (C & D)). This means that, in export markets where the level of regulatory framework is low, exporting firms will be in a better position to exploit the benefits of an ethically-based export marketing strategy and convert it into a reputational advantage and enhance the performance outcomes; contrary to export markets with highly restrictive regulatory frameworks where there is a very low chance of earning reputational and ethical branding advantages by exploiting the firm's ethically-based export marketing strategies.

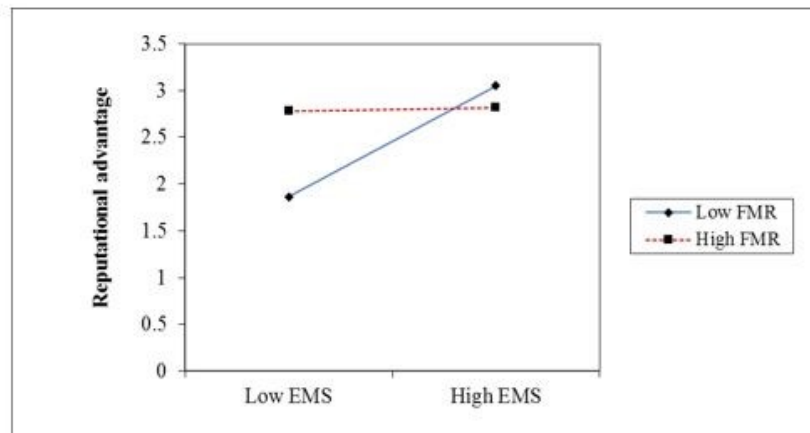
Figure 7.1 Nature of the Interaction Effects



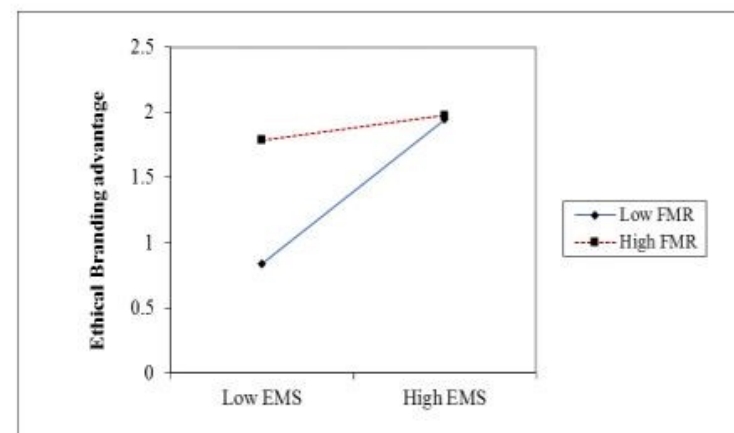
A



B



C



D

7.6 Summary

This chapter presented the results of the empirical tests employed to test the research hypotheses that were developed in Chapter Three. The empirical findings and fit indices were presented in a clear and systematic manner by developing several tables and plotting graphs where required. A total of fourteen research hypotheses [inclusive of twelve hypotheses (H1-H12) referring to direct links and two (H13(a, b) and H14(a, b)) relating to moderating effects] were tested using structural equation modelling. Overall the results provided support for eleven of the fourteen hypothesised statements. The investigator then discussed the results of each hypotheses while making references to previous empirical studies and examining whether the findings of the study are in line with the evidences reported in previous studies. In the next chapter the investigator shall examine and discuss the implications of the findings of the study for theory and practice; and shed some light on limitations of the study along with directions for future research.

Chapter 8
Conclusions, Implications, Limitations and Future
Research

8.1 Introduction

The previous chapter presented the results of testing of various hypotheses that were incorporated in the conceptual model of this study. In doing so, the investigator also discussed the empirical findings in context of previous studies in this field or closely related fields. In this chapter the investigator will present the key takeaways after assessing the empirical findings of the current research effort. Specifically, the objectives of this chapter are fourfold: *first*, to provide a conclusive summary of the key findings of this empirical investigation; *second*, to shed light on several implications of the findings of this research for theory, export managers, public policy makers, and marketing educators; and *third*, to state and discuss the limitations of this study and identify areas for future empirical research in this field.

8.2 Conclusions of the Study

The present study has developed and empirically tested a conceptual model that investigates the drivers and consequences of ethically-based export marketing strategy in the context of UK firms. In doing so, the investigator paid heed to call by Leonidou et al. (2013c), who indicated investigating the antecedents and consequences of ethical export marketing behaviour as a promising area of future research. Several conclusions can be drawn from the key findings of this research.

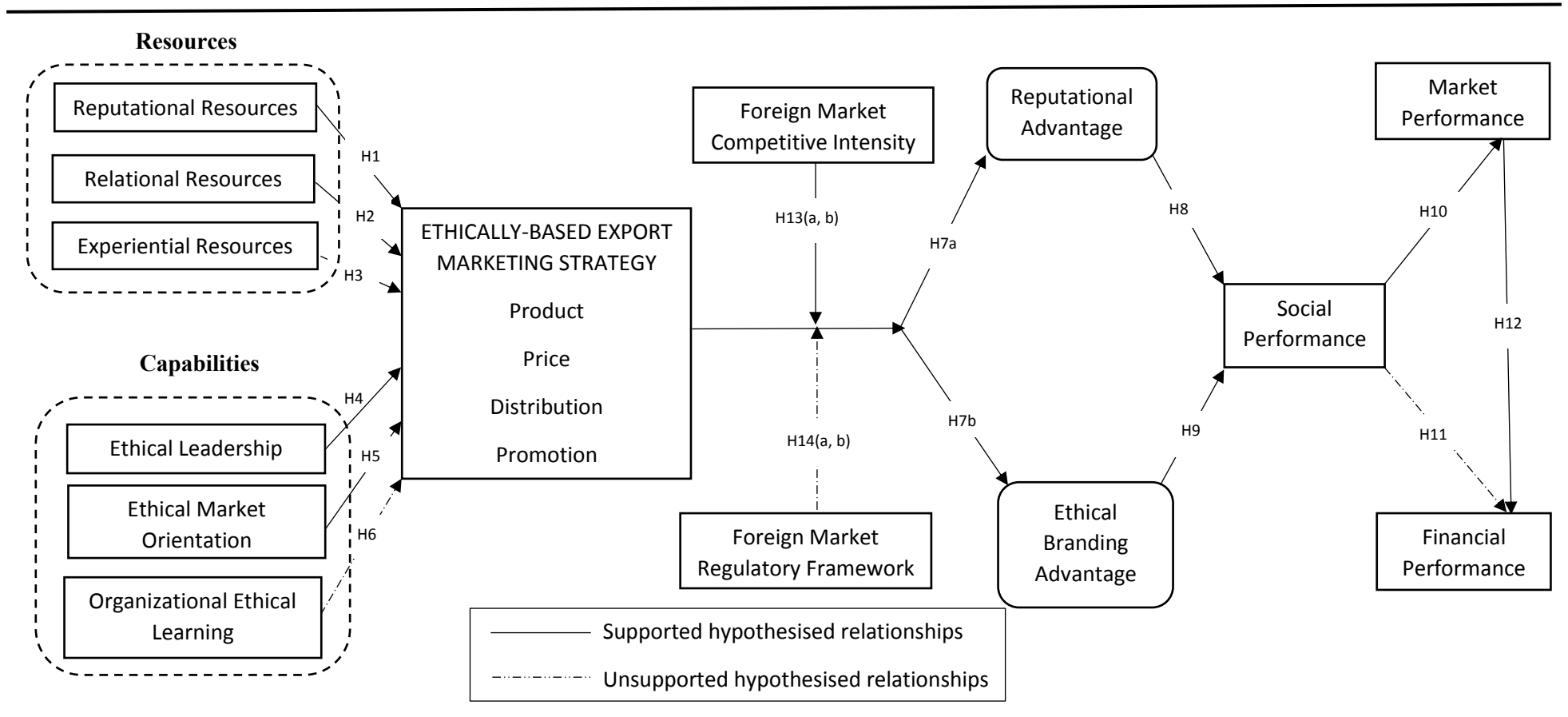
This study has empirically demonstrated that the Resource-based view, the Institutional theory and the Industrial organisation theory can provide a sound theoretical platform for explaining the antecedents and consequences of ethically-based marketing strategy in the exporting context. Indeed, the study confirmed that certain organizational resources [i.e., reputational, relational, and experiential], and capabilities [i.e., ethical leadership and ethical market orientation] can be conducive to the development of an ethically-based export marketing strategy. Once formed and implemented, this strategy leads to unique reputational and ethical branding advantages. Furthermore, such competitive advantages are likely to be even stronger for firms operating in highly competitive environment, and weaker when exporting to countries with stricter rules and regulations. In turn, these ethically-based competitive advantages should enable firms to achieve

superior social performance, which in turn enhances the market performance of the exporting firm. Finally, this study has empirically proven that an ethically-driven market performance eventually enhances the financial performance of the exporting firms. A diagrammatic summary of the supported and unsupported hypotheses relationships of this research is shown in Figure 8.1.

More specifically, the data analysis in this study has revealed that possessing adequate resources (particularly reputational, relational, and experiential) is conducive to building a sound ethically-based export marketing strategy. Firstly, the results empirically prove that exporting firms, that are in possession of reputation and image-based assets, are able to better shape their ethically-based export marketing strategy as per the specific needs of their foreign buyers (Fombrun and Shanley, 1990, Hall, 1993). Secondly, regarding relational resources, these results underline the importance and role of the number, strength, and quality of existing relationships with customers and channel members in crafting an ethically-based export marketing strategy, that accommodates the specific needs of foreign customers (Morgan and Hunt, 1994, Morgan et al., 2006). Lastly, the results underscore the importance of accumulated knowhow of the venture relevant in performing [ethically-based] tasks that enable export market venture's adaptation to its foreign market environment by impacting its [ethically-based] export marketing strategies (Morgan et al., 2003). Besides, exporting firms that aim to effectively influence their ethically-based export marketing strategies, should ensure that their chosen resources are not easily copied by competitors and/or easily substituted by other resources (Barney, 1991). In the case of this study, reputational, relational and experiential resources that are difficult to imitate and highly intangible, have been empirically proven to provide adequate "raw materials" that are instrumental in formulating an ethically-based export marketing strategy (Morgan, 2012, Peteraf, 1993).

The investigator also found that exporting firms need ethically-based capabilities to support their ethically-based export marketing strategy. In particular, the study has empirically established that both ethical leadership and ethical market orientation capabilities aid the deployment of the

Figure 8.1: A model of antecedents and consequences of ethically-based export marketing strategy



aforementioned resources, and as a result lead to the formulation of ethically-based export marketing strategy. Specifically, in sync with the mentions in literature (e.g., Thomas et al., 2004, Buller and McEvoy, 1999, Brown et al., 2005), the findings of the study underscore the role of Ethical leadership capability in effectively designing ethically-based export marketing strategy. It can therefore be derived that ethical leadership capability contributes in designing of ethically-based export marketing strategy whereby an ethical tone at the top plays a significant role in preventing unethical behaviour at the workplace and inculcating ethicality as an integral part of its strategic planning process, as suggested by (Griffith and Mayo, 1997a).

The results also underscore the repeatedly established importance of cultivating ethical market orientation capability in the literature, whereby exporting firms that encourage, disseminate, and respond to ethically-based information concerning foreign customers, competitors and the external environment can successfully draw marketers' and policy makers' attention towards incorporating ethical market orientation into export marketing strategy (Kohli and Jaworski, 1990, Smith et al., 2013).

However, despite the consensus in the literature (e.g., Santos-Vijande et al., 2012, Kenny, 2006, Madhavaram and Hunt, 2008, Beer et al., 2005), the positive impact of organisational ethical learning capability on ethically-based export marketing strategy failed to get any empirical support in this study. This unexpected finding could probably be attributed to rarity and complexity of organizational learning capability that is not only difficult to develop, but also challenging for most organisations as it involves simultaneous generation and adaptation of knowledge (Slater and Narver, 1995, Huber, 1991).

The study also found empirical support for the argument that by adopting an ethically-based approach in their marketing strategies, exporting firms can achieve reputational and ethical branding competitive advantages over their competitors. This is very much in line with extant literature, indicating that positive implementation of [ethically-based] marketing strategies leads to achievement of reputational (e.g., Miles and Covin, 2000, Miles, 1993), and ethical branding advantages (e.g., Sagar et al., 2011, Sen and Bhattacharya, 2001, Zou et al., 2003) over competitors. However, achievement of these competitive advantages based on ethically-based

export marketing strategy, is subject to the influence of external factors like foreign market competitive intensity and foreign market regulatory framework. The results of this study empirically established that the effect of an ethically-based export marketing strategy on reputational and ethical branding advantages is even more imperative in case of exporting firms facing intense competition in their foreign market. Intense foreign market competition allows exporting firms to distinguish the ethical aspects of their products from the competitors, and as a result transform their ethically-based export marketing strategy to reputational and ethical branding advantages. Contrastingly, it was noted that under conditions of intense and stricter regulations in the foreign market, the exporting firm will find it challenging to gain reputational and ethical branding advantage by taking an ethically-based stance towards their export marketing strategies and operations. This could be attributed to the fact that in this particular scenario, the competing firms will also adhere to the same stricter regulations and act in an ethically responsible manner, thereby leaving lesser chance of attaining ethically-based competitive advantages over competitors.

This study also empirically established that firms that enjoy reputational and ethical branding advantages over its competitors due to formulation and implementation of ethically-based export marketing strategies, also enjoy social performance in their export markets. This finding provides empirical support to suggestions in the literature (e.g., Galbreath, 2005, Miles and Covin, 2000, Luo and Bhattacharya, 2006), where it is recommended that exporting firms must differentiate from competitors on the basis of good reputation and ethical brand image to increase social performance. This crucial finding is a significant addition to research that underscores that exporting firms that benefit from non-financial advantages stemming from the reputation of engaging in ethically-based marketing strategies are rated highly by their stakeholders (e.g., customers, suppliers, distributors and regulatory bodies) due to their ethically-based initiatives, and consequently enjoy enhanced social performance.

This research empirically stated that exporting firms that outperform their competitors on social aspects, enjoy greater market performance, because differentiating on ethical aspects facilitates better penetration into foreign markets that values ethical marketing conduct. Indeed, exporting

firms that perform socially well will develop, satisfy and retain customers by offering products and services that cater to the needs of the “ethical” consumer (Moorman and Rust, 1999, Crane, 2001), and as a consequence build greater market share resulting in enhanced market performance in their export markets.

Contrary to suggestions in the literature (e.g., Orlitzky et al., 2003, Brammer and Millington, 2008, Waddock and Graves, 1997), the findings of this study point to the fact that enhanced social performance [due to the firm’s ethically-based initiatives] does not directly enhance the exporting firm’s financial performance, thereby suggesting that an exporting firm’s goodwill earned due to its ethically-based initiatives, does not directly translate into financial benefits. This finding could also be attributed to the fact that goodwill earned due to differentiation-based competitive advantages [reputational and ethical branding] will take some time to reach to the other end of the continuum due to charging of premium prices; but it will eventually [upon implementation of ethically-based export marketing strategy] translate into sustainable financial performance (D. Banker et al., 2014). The results also point to an indirect relationship where the social performance indirectly leads to export financial performance via improved export market performance, thereby suggesting a temporal and directional route that firms undergo to convert their goodwill earned due to ethically-based export marketing initiatives into financial rewards.

This positive effect of market performance on financial performance indicates that exporting firms that gain customer satisfaction, retention, and loyalty due to ethically-augmenting their products/services are able to penetrate the market deeply and enhance their market share. As a result, such firms enjoy low costs, enhanced sales revenue, and profitability in the export market (Moorman and Rust, 1999). The positive results are synonymous with findings in the broader marketing and management literature (e.g., Homburg et al., 2007, Ramaswami et al., 2008, Zhou et al., 2009), as well as closely related field of environmental marketing (e.g., Leonidou et al., 2013e).

Overall, the results support the premise that ethically-based export marketing strategy, when properly developed and implemented, can reap both financial and non-financial benefits for firms. A central conclusion brought forward by this study is that exporting firms must exploit their

reputational, relational and experiential resources, and ethical market orientation capability to pursue ethically-based export marketing strategies. As a result, they will enjoy reputational and ethical branding advantages that are further advantageous for enhanced social, market and financial performance outcomes, even in intense competitive foreign market conditions.

8.3 Implications

This study has several implications for theory development, export managers, public policy makers, methodological and marketing educators, that are discussed next.

8.3.1 Theoretical Implications

This study's implications for theory development are manifold. First, by developing and empirically testing a conceptual model that investigates the drivers and consequences of ethically-based export marketing strategies, this study has bridged the much discussed, but not yet filled, gap between international marketing and marketing ethics in a field of empirical inquiry [as suggested by Doh et al. (2010)]. To this end, this study analysed marketing ethics from a strategic point of view by incorporating ethics into the marketing mix elements of export marketing strategy (Litz, 1996, Martin and Johnson, 2008), thereby fulfilling the well documented paucity of knowledge regarding ethical practices of firms at international level [due to most ethical marketing studies being conducted at domestic level] (Schlegelmilch and Öberseder, 2010, Javalgi and La Toya, 2015).

Second, this study has adopted a paradigmatic pluralism approach to develop the conceptual model of antecedents and consequences of ethically-based export marketing strategies. In doing so, the investigator delved into deeper and resilient aspects of ethical export marketing behaviour by theoretically anchoring the conceptual model on three theories, namely, The Resource based View, The Institutional theory and The Industrial Organisation theory. The fact that these three rival theories could be brought together to synergistically explain the antecedents and consequences of ethically-based export marketing strategy, is another theoretical contribution and testament to the growing importance and relevance of paradigmatic pluralism in gaining deeper insights into ethical export marketing behaviour (e.g., Leonidou et al., 2013c). It is hoped that the

successful combination of three different and rival theoretical paradigms will provide an impetus to generate future research that can provide a more holistic view of such complex and dynamic phenomenon as ethically-based issues in international markets. This study also encourages researchers to test other combinations of theories [e.g., Political economy paradigm, stakeholder theory] to shed light on other complex ethical phenomena.

Third, the findings of this research have indicated an alternate way of improving performance in export markets, resulting from two ethically-based competitive advantages earned by incorporating ethics into the export marketing mix by means of certain types of firm specific resources and capabilities. Also, by formulating reputational and ethical branding advantage outcomes of ethically-based export marketing strategy, the investigator went above and beyond the traditional cost/price or differential advantages that have been repeatedly studied as consequences to export marketing strategy-based studies by researchers in this field.

Fourth, social performance has been empirically established as a primary consequence of competitive (reputational and ethical branding) advantages gained from implementing ethically based export marketing strategy. Future researchers must re-think about possible non-financial (social) performance-based consequences of export marketing strategies, that are above and beyond the traditionally studied market and financial performance-based outcomes and test its applicability in research related to other dimensions of business ethics like corporate social responsibility, and environmental marketing.

8.3.2 Implications for Export Managers

In today's "ethics era", consumers are ethics-inclined and ready to pay premium prices to buy ethical products (Smith, 1995b). As a result, managers these days are facing enhanced pressures from buyers and other stakeholders to integrate ethics in their export marketing strategies (Martin and Johnson, 2008). The findings of this study offer guidance related to the formulation of ethically-based export marketing strategies and practical implications for export managers in their endeavour to achieve competitive advantage and enhanced performance in their export ventures.

First, export managers must acquire, build, and deploy the right mix of resources and capabilities that are adequate and appropriate for an ethically-based export marketing strategy to be successful. Specifically, this study has empirically established that export managers must develop ethically-based reputational, relational, and experiential resources, and ethical market orientation capability and use them to effectively design and sustain their ethically-based export marketing programs.

Second, it is advised that while integrating ethics with export marketing strategies, export managers must incorporate ethical issues in all four functional elements of the marketing mix, namely, ethical product, price, distribution and promotion to effectively design and implement ethically-based export marketing strategy. In doing so, it is crucial to adopt a proactive and not compliant stance in their ethical initiatives, because this will not only grant reputational and ethical branding advantages to the exporting firm (Miles and Covin, 2000, Zou et al., 2003), but also save them from negative implications like heightened security or tightening up or having sanctions (Martin et al., 2011).

Third, export managers must recognise the crucial role of designing ethically-based marketing strategies in their ability to gain reputational and ethical branding advantages, because such competitive advantages will significantly improve their social, market and financial performance in foreign markets. However, export managers are highly recommended to check over the external forces in their export markets and adjust their ethically-based export marketing strategy accordingly, because the findings of this study have indicated that firms can maximise reputational and ethical branding advantage outcomes when their ethically-based export marketing strategies are executed in competitive but less regulatory export market environments. The findings of this research also shed light on the nature of the effects at differing levels (high/low) of foreign market competitive intensity and regulatory framework, where firms can gain these competitive advantages by deploying ethically-based export marketing strategies in foreign markets that have high competitive intensity and be aware of investing in deployment of such strategies in host markets that are known to have highly restrictive regulatory frameworks.

Fourth, export managers must note that incorporating ethicality in export marketing practices is a time-consuming process and requires consistent and continuous commitment to ethically-based initiatives for achieving social, market and financial success in their exporting endeavours. Successful implementation of ethically-based export marketing strategy requires top management's commitment to inculcating pro-ethical behaviour amongst the employees by setting ethical codes of conduct, devising ethical support policies, and embarking on ethical training programs to instil ethical values and facilitate ethical thinking among employees. Firms can even set up an ethics committee within the organisation that not only motivates employees to engage in pro-ethical activities by offering rewards or incentives, but also keeps a check on any unethical behaviour within the firm. Failure to inculcate ethical climate within the organisation can adversely affect the firm's ethical reputation and resultant social, market and financial performances. Not only this, entering into business relationships with ethical distributors or foreign partners shall also ensure ethicality in the firm's exporting operations throughout and enable the firms to maintain and enhance their ethical reputations in export markets.

8.3.3 Implications for Public Policy Makers

The results of this study should also be of interest to public policy-makers. They can employ the long understood thought, "there is only private gain if there is also a public good" (Miles, 1993, p.222), to promote the findings of this study amongst exporters. By emphasising that doing good leads to doing better (Sen and Bhattacharya, 2001), substantiated by scientific support derived from the findings of this study, public policy makers can attract enhanced exporter interest, and strategically communicate to them that adoption of an ethically-based approach to export business could result in enhanced market, financial and non-financial (social) benefits.

They can also encourage current and future exporters to take a pro-active ethical stance by providing financial assistance to start an ethically-based export initiative, as well as support to acquire relevant organisational resources and capabilities to develop sound ethical marketing strategies. Furthermore, they can provide expert guidance and education on host country ethics and how they can make their business processes ethics oriented to cope with ethically-based

requirements of their export markets. This can be done by providing specific information to exporting firms that enables them to consider differences in country-specific regulations, and ethical aspects in each country and make necessary strategic changes so as to attain maximum social legitimacy and perform well both financially and non-financially (Oliver, 1991).

Government can also stimulate national export promotion programmes to raise awareness and promote ethics-oriented export behaviour by means of organising conferences, discussing case studies of ethical companies and how well they have performed due to their ethical initiatives (Leonidou et al., 2011). On one hand, public policy-makers can support ethical exporting initiatives by rewarding (e.g., ethical exporter of the year) exporting firms that have distinguished themselves in ethical-based exporting and/or by providing special incentives like tax rebates to encourage firms to engage in ethical exporting activities. On the other, they can encourage exporting firms to report their ethically-based initiatives, since ethical reporting is likely to increase credibility amongst foreign buyers and other stakeholders. All of the above, shall not only enhance the country's exports, but also facilitate the government's aim of earning a good reputation for their country in overseas markets (Windsor, 2009).

8.3.4 Methodological Implications

As a methodological contribution, this study not only developed and empirically tested the ethically-based export marketing strategy construct and its measurement scale, but also developed the scales for constructs like reputational advantage, ethical branding advantage and social performance. Since these scales have good reliability as demonstrated by high Cronbach's alpha values, they have a very significant contribution to research and can be validated by future researchers by employing them in various other fields of strategic enquiry. Specifically, the social performance construct, despite being frequently employed by social researchers, has traditionally been studied using secondary data. This study contributes by developing a measurement scale for this construct, thereby providing an opportunity for future researchers to validate their social performance-related data using both secondary and primary data sources.

8.3.5 Implications for Marketing Educators

Large number of corporate scandals that are repeatedly cited in media, raise questions on the fundamental integrity of businesspeople, thereby making it a crucial responsibility of Business schools to develop students who are ethically responsible (Hunt and Laverie, 2004). Yoo and Donthu (2002) found that marketing ethics may not be developed adequately without focussing on ethics in marketing education. The findings of this study could be used by marketing educators to integrate ethics in business education curriculum, and as a result improve business students' ethically-based knowledge and attitudes (Setó-Pamies and Papaoikonomou, 2016). They can do this by stressing on the empirically established findings of this study that, releasing appropriate resources and capabilities necessary for developing an ethically-based export marketing strategy; and incorporating this ethicality in business processes leads to superior social, market and financial performance. The growth in global marketing and increased focus on ethical issues, provide a unique challenge for marketing educators-teaching international business/ marketing ethics, who must not only sensitize business students to ethically-based decision making, but also familiarize them with the differences in perceptions of ethical problems when dealing with businesses from diverse cultures and stages of development (Marta et al., 2000).

8.4 Limitations and Directions for Future Research

The results of this empirical study should be interpreted in light of a set of limitations that should be taken into consideration while conceiving and providing directions for future research.

First, this study was conducted in the specific context exporting firms in the UK, thereby making the findings indicative of the exporting activities of manufacturing firms in the UK alone. Since the United Kingdom is a developed country with favourable conditions for ethical strategies to take seed and grow (Zeriti et al., 2014), it would be insightful to see how ethical thinking differs across countries with idiosyncratic differences related to economic, social and regulatory conditions. Also, this replication of the study in other national contexts with different ethical settings would test the external validity of the findings of this study.

Second, the United States and the European Union are known to be the major trade partners of the UK (Leonidou et al., 2011), and rightly so, the majority of the study sample used for the purposes of this study was exporting to developed economic regions like the Europe, and North America. It would be illuminating to conduct the study among firms that export to the emerging and developing economies, in order to better understand the ethical peculiarities existing there. Also, comparing the ethically-based export marketing strategies followed by firms that export to these emerging economies against the developed ones, is also expected to deliver insightful findings.

Third, since exporting is the core vehicle of the growth of international trade (Chabowski et al., 2018), this research focussed on investigating the drivers and consequences of ethically-based export marketing strategies of individual export product ventures only. No attention has been given in this study to other types of firm international expansion. With the advent of globalisation, it would be useful to extend this study and examine the proposed model in an international setting that involves other forms of foreign market entry like international joint ventures, licensing, franchising, and even multinational firms. Furthermore, an interesting avenue for future research could be applying the conceptual model to study the importer's ethical marketing strategy, as that could deliver insights about ethical aspects from the importer's point of view.

Fourth, further research could consider issues pertaining to standardisation/adaptation of ethically-based marketing strategies due to idiosyncratic intricacies (like cultural and psychological distance, consumer ethical awareness and regulatory intensities) of specific foreign markets. Specifically, looking at mandatory versus discretionary adaptation could also be an interesting avenue for future investigations that wish to extend the findings of this study. Studying firm's export market adaptation strategy that incorporates ethics for proactive (strategic) reasons against a reactive (compliance-based) approach, is expected to shed light on the difference in reputational and ethical branding advantages, as well as resulting performance outcomes (Miles and Covin, 2000, Miles, 1993).

Fifth, the difference in culture i.e., “*collective mental programming*” of the exporting firm and their partners from another country, could create numerous complicated ethical issues (Hofstede, 1983 p.76, Leonidou et al., 2010b). Javalgi and La Toya (2015) very aptly noted in their literature review on International marketing ethics, ethical behaviour changes from country to country and culture to culture. Therefore, export companies are suggested to become more sensitive to cross cultural ethical differences and more sophisticated in applying the appropriate ethics in any given situation (Buller and McEvoy, 1999). The association between culture and ethically-based marketing decisions has been studied by researchers like (Armstrong, 1996, Blodgett et al., 2001, Singhapakdi et al., 2001). Since this thesis did not consider the role of culture in the developing an ethically-based export marketing strategy, future research could enrich the findings of this study by exploring the impact of cultural differences between export partners on the development of ethically-based export marketing strategy.

Sixth, Companies employ two generic strategies to achieve competitive advantage: cost leadership and differentiation (Porter, 2008). While firms adopting the cost leadership strategy, aim to increase market share based on creating a low-cost position relative to their competitors; firms adopting the differentiation strategy achieve a competitive advantage by investing in developing products that offer unique qualities desirable to customers which allow the firm to command premium prices (D. Banker et al., 2014). Clearly, Ethical Export Marketing Strategy is a differentiation strategy as it helps in differentiating ethically-based products from the competitors’ offerings. Also, ethically based products command a price premium and hence less attractive to price sensitive export markets, like the far east. Therefore, the finding that reputational and ethical branding advantages are outcomes of an ethically-based export marketing strategy could be limited to the context of exporting to developed and less price sensitive markets. Nevertheless, this represents an opportunity for future researchers to replicate the study among firms that export to price sensitive markets, to see if differentiation based on ethicality generates similar results as that of this study.

Seventh, this research employs a cross-sectional research design that enables the investigator to study the design of an ethically-based export marketing strategy and its effect on competitive

advantage and performance outcomes at this point in time. However, it takes time for organisational resources and capabilities to lead to an ethically-based export marketing strategy and more time for the implementation of such an ethically-based export marketing strategy to result in competitive advantages and performance outcomes. Therefore, despite being time consuming and expensive, it is crucial to investigate the role of temporal effects on the aforementioned links through execution of longitudinal studies that measure export financial performance after a time lag (Skarmeas et al., 2002). This engagement in fully fledged longitudinal examinations with all constructs measured at different points in time, can also reveal additional insights into the dynamics of causality between study constructs (Katsikeas et al., 2016).

Eighth, the data in this study was collected using single informants, and there is a possibility for key informant bias. Therefore, future research could use multi-informants to validate the findings of this research (Katsikeas et al., 2016). In addition, there is a possibility of further validating the subjective measures of export financial performance by employing objective data received from secondary sources.

Ninth, due to the complexity of the research model, this research focussed on six resources and capabilities each, that could have an effect on the development and implementation of ethically-based export marketing strategy. A natural extension of this research would be to identify and include additional resources (e.g., financial resources), and capabilities (e.g., cross functional coordination) to play a facilitating role in developing successful ethically-based export marketing strategy.

Lastly, the research model in this study assumes a unidirectional causal relationship among constructs, while there are hints in the literature that performance outcomes could serve as a feedback in shaping and reinforcing the antecedents (i.e., resources and capabilities), that in turn could have an effect on the exporting firm's future ethically-based strategic export marketing endeavours (Morgan et al., 2004). This would be an interesting avenue for future investigations that wish to extend the findings of this study.

8.5 Summary

Overall, this research underscores the significance of ethical issues in today's globalised environment; the addressal of which can be done by employing specific ethically-based resources and capabilities to formulate and adopt an ethically-based stance in export marketing strategy. Such a proactive stance towards incorporating ethics in the export marketing strategy decisions, enables firms to distinguish themselves from their competitors and as a result, enjoy enhanced social, market and financial performances in their export markets.

Appendices

Appendix 1: Questionnaire



QUESTIONNAIRE

ETHICAL EXPORT MARKETING STRATEGY

Please read the following before completing the questionnaire

The purpose of this study jointly conducted by researchers at the Leeds University Business School and the University of Cyprus is to investigate the antecedents and consequences of ethically based marketing strategies of exporting firms based in the United Kingdom. Ethicality in marketing refers to actions that exhibit both integrity and fairness to buyers and other stakeholders (employees, foreign governments, and the community) by providing an honest and factual representation of a product or service. Ethical marketing is at work when companies/marketers recognize further improvements for humankind unrelated to those enforced by governments or public opinion.

The project is premised on the background of the increasing demand for products that are ethically sourced and/or made, influencing consumers' purchase decisions to buy such products, even at a premium price! This puts the firms to situations where the only possible option is to incorporate ethicality in their marketing activities. We believe it is imperative to understand how this will give the firm a competitive edge over its competitors and ultimately affect its performance (social, financial and market). Your opinions are valuable and will help us gain insights into the drivers, components, and outcomes of export marketing strategies of your firm.

Having the above in mind, we would appreciate if you could take some of your valuable time (about 20 minutes) to fill out the attached questionnaire as objectively, accurately, and completely as possible. The questionnaire is organized into seven sections, each containing questions that address a series of statements related to various aspects of ethicality in the export marketing strategies and practices of your firm.

Thank you for being willing to give us your expert opinion on this topic. The information you provide will be held strictly confidential and used for research purposes only. With the completion of the study, all participants will be provided, upon request, with a summary report of the major findings.

Yours sincerely,

Aditi Rana

Doctoral Researcher, Marketing

University of Leeds.

*Dr. Dayananda Palihawadana
Chair in Marketing Education
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University of Leeds.*

*Dr. Leonidas C. Leonidou
Professor of Marketing
University of Cyprus*

PART 1: BACKGROUND INFORMATION

Q.1 First, we would like to obtain some background information about the export profile and operations of your firm. Please indicate by writing in the space provided and/or ticking the appropriate alternative.

Questions	Responses
How long has your firm been in business?	_____ years in business
How long has your firm been exporting?	_____ years exporting
How many full-time employees has your firm employed in the last 12 months?	_____ employees
How many full-time employees in your firm are involved mainly in exporting?	_____ employees
What was the approximate size of sales turnover generated in the last 12 months?	£ _____
What is the legal status of your firm?	<input type="checkbox"/> Public holding company <input type="checkbox"/> Private company
What type of products does your company export?	_____
How many foreign buyers have you had in the last 12 months?	_____ foreign suppliers
How many different countries have you exported to in the last 3 years?	_____ countries
Which specific countries have you exported to during these 3 years?	_____
In what type of exporting is your firm mainly involved?	<input type="checkbox"/> Direct (distribution via intermediaries to the consumer) <input type="checkbox"/> Indirect (Importers come to your country to buy your products)

For the purposes of this study, please choose **one** export market that you consider ***the most important in - and representative of*** your business and refer to it while answering the questions that follow.

Please indicate your chosen export market

PART 2: EXPORT-RELATED RESOURCES

Q.2 Listed below are several exporting-related resources. For each of these, please indicate the extent to which you agree or disagree by circling the appropriate alternative {1= *Strongly disagree*, 2= *Disagree*, 3= *Somewhat disagree*, 4= *Neither agree nor disagree*, 5= *Somewhat agree*, 6= *Agree*, 7= *Strongly agree*).

Reputational Resources	<i>Strongly Disagree</i>		<i>Neither Agree Nor Disagree</i>			<i>Strongly Agree</i>
In this foreign market ...						
The public is aware of the ethical nature of our company and brand(s).	1	2	3	4	5	6 7
Our company's ethical image helps distinguish itself from other companies. *	1	2	3	4	5	6 7
Our company's "ethical personality" is appealing to customers.	1	2	3	4	5	6 7
Our company has a strong ethical identity.	1	2	3	4	5	6 7
Our company enjoys credibility with customers and is well established as an ethical company.	1	2	3	4	5	6 7
Relational Resources	<i>Strongly Disagree</i>		<i>Neither Agree Nor Disagree</i>			<i>Strongly Agree</i>
Our company ...						
Have strong relationships with buyers in this foreign market.	1	2	3	4	5	6 7
Maintains good quality of channel relationships in this foreign market.	1	2	3	4	5	6 7
Has a long duration of relationships with current distributors. *	1	2	3	4	5	6 7
Has close relationships with existing buyers.	1	2	3	4	5	6 7
Enters into business relationships only with ethical buyers. *	1	2	3	4	5	6 7
Experiential Resources	<i>Strongly Disagree</i>		<i>Neither Agree Nor Disagree</i>			<i>Strongly Agree</i>
Our company has experience in ...						
Keeping updated knowledge on the ethically -based requirements of this foreign market.	1	2	3	4	5	6 7
Exporting products that are ethically made.	1	2	3	4	5	6 7
Getting involved in ethically -based export ventures.	1	2	3	4	5	6 7
Achieving success in previous ethically -based export ventures. *	1	2	3	4	5	6 7

PART 3: EXPORT-RELATED CAPABILITIES

Q.3 Listed below are several export-related capabilities. For each of these, please indicate the extent to which it exists in your firm by circling the appropriate alternative {1= *Strongly disagree*, 2= *Disagree*, 3= *Somewhat disagree*, 4= *Neither agree nor disagree*, 5= *Somewhat agree*, 6= *Agree*, 7= *Strongly agree*).

Ethical Leadership	<i>Strongly Disagree</i>	<i>Neither Agree Nor Disagree</i>				<i>Strongly Agree</i>	
The export manager(s) in our company ...							
Conduct their personal life in an ethical manner.	1	2	3	4	5	6	7
Discipline employees who violate ethical standards.*	1	2	3	4	5	6	7
Make fair and balanced decisions.	1	2	3	4	5	6	7
Enforce business ethics and/or values among employees.	1	2	3	4	5	6	7
Set an example of how to do things the right way in terms of ethics. *	1	2	3	4	5	6	7
When making decisions, asks "what is the right thing to do?"	1	2	3	4	5	6	7
Ethical Market Orientation	<i>Strongly Disagree</i>	<i>Neither Agree Nor Disagree</i>				<i>Strongly Agree</i>	
We closely monitor our commitment to ethically serving our foreign customers.	1	2	3	4	5	6	7
Our company's export objectives and strategies are driven by the goal to create customer satisfaction in an ethical way. *	1	2	3	4	5	6	7
Our export competitive strategies are based on understanding the ethical requirements of our foreign customers.	1	2	3	4	5	6	7
Our company functions are integrated to serve this foreign market's requirements in an ethical manner.	1	2	3	4	5	6	7
Our export management encourages employees to create ethically -based value for foreign customers.	1	2	3	4	5	6	7
Organizational Ethical Learning Capability	<i>Strongly Disagree</i>	<i>Neither Agree Nor Disagree</i>				<i>Strongly Agree</i>	
Our company ...	1	2	3	4	5	6	7
Promotes experimentation and innovation as ways to make our exporting processes more ethical.	1	2	3	4	5	6	7
Follows up what other exporters are doing and tries to adopt their ethically -based practices and techniques. *	1	2	3	4	5	6	7
Learns from the experiences of and ideas provided by external sources (e.g., advisers) and incorporates them to make its export operations more ethical.	1	2	3	4	5	6	7
Has made ethical learning capability a part of its culture so that employees can freely express their opinions and make suggestions to enhance ethicality in the procedures and methods in place for carrying out exporting tasks.	1	2	3	4	5	6	7
Learns from the mistakes made in the past and endeavors to correct them in future export business processes.	1	2	3	4	5	6	7

PART 4: ETHICALLY BASED EXPORT MARKETING STRATEGY

Q.4 Listed below are various elements constituting an export marketing strategy. For each of these, please assess the extent to which you agree or disagree with their accomplishment by your firm by circling the appropriate alternative {1= Strongly disagree, 2= Disagree, 3= Somewhat disagree, 4= Neither agree nor disagree, 5= Somewhat agree, 6= Agree, 7= Strongly agree}.

<i>Ethically Based Export Product Strategy</i>	<i>Strongly Disagree</i>					<i>Neither Agree Nor Disagree</i>				<i>Strongly Agree</i>
<i>In this foreign market, our firm ...</i>										
Offers products that are safe and properly fit their intended use. *	1	2	3	4	5	6	7			
Offers products that have been ethically sourced (e.g., made from safe and legal raw materials, do not involve any form of child labor, manufactured in an environmentally friendly way).	1	2	3	4	5	6	7			
Discloses information on the label regarding any substantial risks associated with product usage.	1	2	3	4	5	6	7			
Does not disclose whether any key constituent of the product has been substituted with another to avoid influencing customer purchase decisions. * (n)	1	2	3	4	5	6	7			
Offers tamper-proof packaging that minimizes any unnoticed/elicit tampering and educates customers about how to identify packages that have been violated or modified. *	1	2	3	4	5	6	7			
Cheats customers by deliberately packaging the product in a way that encourages its incomplete usage and/or fills the package with fewer products to encourage repeat purchases. * (n)	1	2	3	4	5	6	7			
Clearly states warnings and usage instructions in the languages of the primary users to ensure safe product usage.	1	2	3	4	5	6	7			
<i>Ethically Based Export Pricing Strategy</i>	<i>Strongly Disagree</i>					<i>Neither Agree Nor Disagree</i>				<i>Strongly Agree</i>
<i>In this foreign market, our firm ...</i>										
Discloses the full price associated with any purchase of its products.	1	2	3	4	5	6	7			
Does not engage in any form of price-fixing practices.	1	2	3	4	5	6	7			
Does not hesitate to engage in predatory pricing practices (i.e., reduce prices to unreasonably low levels) to drive competition from the market. * (n)	1	2	3	4	5	6	7			
Often offers a better price to its favored buyers than to others. * (n)	1	2	3	4	5	6	7			
Employs misleading pricing tactics to influence consumers' ability to interpret and compare prices. (n)	1	2	3	4	5	6	7			
<i>Ethically Based Export Distribution Strategy</i>	<i>Strongly Disagree</i>					<i>Neither Agree Nor Disagree</i>				<i>Strongly Agree</i>
<i>In this foreign market, our firm ...</i>										
Encourages its distributors to be ethically responsible for their activities.	1	2	3	4	5	6	7			
Sets clear instructions to ensure that our distributors act in an ethically responsible manner.	1	2	3	4	5	6	7			
Uses specific ethical program standards for its distribution channels.	1	2	3	4	5	6	7			
Uses coercion within its channel. * (n)	1	2	3	4	5	6	7			
Exerts undue influence over its resellers' choice to handle a product. *(n)	1	2	3	4	5	6	7			
Allows unauthorized distributors to engage in parallel import of its products to increase sales. * (n)	1	2	3	4	5	6	7			
<i>Ethically Based Export Promotional Strategy</i>	<i>Strongly Disagree</i>					<i>Neither Agree Nor Disagree</i>				<i>Strongly Agree</i>
<i>In this foreign market, our firm ...</i>										
Does not engage in false and/or misleading advertising. *	1	2	3	4	5	6	7			
Deceives customers by first advertising a cheap product and then selling an expensive one after they arrive at the store. (n)	1	2	3	4	5	6	7			
Uses phrases such as "ethically sourced/made" in advertisements to position the ethical characteristics of its products. *	1	2	3	4	5	6	7			
Over-exaggerates or over-states its ethically -based initiatives when communicating with end-users. * (n)	1	2	3	4	5	6	7			
Engages in high-pressure manipulations and/or misleading sales tactics that put "wrong ideas" in the minds of consumers. (n)	1	2	3	4	5	6	7			

PART 5: EXPORT COMPETITIVE ADVANTAGE

Q.5.1 Listed below are various elements constituting a **reputation- based competitive advantage** that a firm may possess. For each of these, please indicate the degree to which you agree or disagree, by circling the appropriate alternative. {1= Strongly disagree, 2= Disagree, 3= Somewhat disagree, 4= Neither agree nor disagree, 5= Somewhat agree, 6= Agree, 7= Strongly agree).

<i>Reputational Advantage</i>	<i>Strongly Disagree</i>				<i>Neither Agree Nor Disagree</i>			<i>Strongly Agree</i>
Compared with our competitors in this foreign market, various stakeholders (e.g., customers) perceive our firm as ...								
More credible in ethically conducting its business. *	1	2	3	4	5	6	7	
More trustworthy in taking ethically sound decisions.	1	2	3	4	5	6	7	
Having more ethically reliable business processes.	1	2	3	4	5	6	7	
More responsible in ethically handling customer issues.	1	2	3	4	5	6	7	
More caring of the health and safety of community members. *	1	2	3	4	5	6	7	
Complying more with rules and regulations. *	1	2	3	4	5	6	7	

Q.5.2 Listed below are various elements constituting an **ethical branding advantage** (i.e., the degree to which your exporting firm achieves a more ethical brand image among export customers than your rival brands). For each of these, please indicate the degree to which you agree or disagree; by circling the appropriate alternative {1= Strongly disagree, 2= Disagree, 3= Somewhat disagree, 4= Neither agree nor disagree, 5= Somewhat agree, 6= Agree, 7= Strongly agree).

<i>Ethical Branding Advantage</i>	<i>Strongly Disagree</i>				<i>Neither Agree Nor Disagree</i>			<i>Strongly Agree</i>
Compared with major competitors in this foreign market, our firm ...								
Enjoys more brand awareness related to ethicality among customers.	1	2	3	4	5	6	7	
Occupies a greater share of customers' minds due to its ethically-based initiatives. *	1	2	3	4	5	6	7	
Has a distinctive brand personality associated with engagement in ethical marketing practices.	1	2	3	4	5	6	7	
Has achieved the image of being a highly ethical company. *	1	2	3	4	5	6	7	
Has customers who are willing to pay premium prices owing to its ethical image.	1	2	3	4	5	6	7	

PART 6: EXPORT PERFORMANCE

Q.6 Listed below are various dimensions of the firm's performance in foreign markets. For each of these, please indicate the degree to which you agree or disagree; by circling the appropriate alternative (1= Strongly disagree, 2= Disagree, 3= Somewhat disagree, 4= Neither agree nor disagree, 5= Somewhat agree, 6= Agree, 7= Strongly agree).

<i>Social Performance</i>	<i>Strongly Disagree</i>				<i>Neither Agree Nor Disagree</i>			<i>Strongly Agree</i>
Relative to our major competitors in this foreign market ...								
Society views our firm as a good example of how other firms should conduct their business.	1	2	3	4	5	6	7	
People perceive our firm as not meeting the ethical standards set by society. * (n)	1	2	3	4	5	6	7	
Our firm genuinely listens to the community's specific and socially progressive demands.	1	2	3	4	5	6	7	
Our firm is known to set an example for how firms should behave ethically.	1	2	3	4	5	6	7	
Our firm is widely recognized as trustworthy. *	1	2	3	4	5	6	7	
Our firm has been rated as a highly ethical firm. *	1	2	3	4	5	6	7	
<i>Market Performance</i>	<i>Strongly Disagree</i>				<i>Neither Agree Nor Disagree</i>			<i>Strongly Agree</i>
In the last 12 months, compared with major competitors, our firm has ...								
A better rate of acquiring new customers. *	1	2	3	4	5	6	7	
A better rate of retaining existing customers.	1	2	3	4	5	6	7	
A better rate of growing existing customers. *	1	2	3	4	5	6	7	
Been better at providing satisfaction to customers.	1	2	3	4	5	6	7	
Earned more customer loyalty.	1	2	3	4	5	6	7	
Provided more value to customers. *	1	2	3	4	5	6	7	
<i>Financial Performance</i>	<i>Strongly Disagree</i>				<i>Neither Agree Nor Disagree</i>			<i>Strongly Agree</i>
In the last 12 months, compared with major competitors in this foreign market, our firm has ...								
Been more profitable.	1	2	3	4	5	6	7	
Generated a higher volume of sales. *	1	2	3	4	5	6	7	
Achieved greater intensity in export sales.	1	2	3	4	5	6	7	
Achieved greater returns on export sales.	1	2	3	4	5	6	7	
Achieved higher returns on investment in export operations.	1	2	3	4	5	6	7	
Achieved higher returns on capital employed in export operations. *	1	2	3	4	5	6	7	

PART 7: MODERATING VARIABLES

Q.7 Listed below are several variables with a potential moderating effect on your export marketing strategy. For each of these, please indicate the degree to which you agree or disagree by circling the appropriate alternative {1= Strongly disagree, 2= Disagree, 3= Somewhat disagree, 4= Neither agree nor disagree, 5= Somewhat agree, 6= Agree, 7= Strongly agree}.

<i>Foreign Market Regulatory Framework</i>	<i>Strongly Disagree</i>	<i>Neither Agree Nor Disagree</i>			<i>Strongly Agree</i>		
In this specific foreign market ...	1	2	3	4	5	6	7
Regulations by government agencies have greatly influenced our firm's ethical practices.	1	2	3	4	5	6	7
Stricter ethical regulations are a major reason our firm is concerned about the impact of ethically -related issues in marketing.	1	2	3	4	5	6	7
Tougher ethical legislation is required so that only ethically sound firms will survive and grow.	1	2	3	4	5	6	7
Our firm's ethical efforts can help shape future legislation within our industry. *	1	2	3	4	5	6	7
<i>Foreign Market Competitive Intensity</i>	<i>Strongly Disagree</i>	<i>Neither Agree Nor Disagree</i>			<i>Strongly Agree</i>		
In this specific foreign market ...	1	2	3	4	5	6	7
The level of competition is fierce. *	1	2	3	4	5	6	7
There are many wars (e.g., price) between companies.	1	2	3	4	5	6	7
Whatever is offered by a competitor; can be immediately offset by another.	1	2	3	4	5	6	7
Competition is an important characteristic.	1	2	3	4	5	6	7
Knowledge about a new movement among competitors can be attained almost every day.	1	2	3	4	5	6	7

KEY INFORMANT SUITABILITY

Finally, please indicate your responses to the following, on a seven-point scale (1= Very low, 2=Low, 3= Somewhat low, 4= Neither low nor high, 5= Somewhat high, 6= High and 7=very high)

(a) How <i>familiar</i> you are with the issues addressed in the questionnaire?	1	2	3	4	5	6	7
(b) How <i>knowledgeable</i> you are with the subject?	1	2	3	4	5	6	7
(c) How <i>confident</i> you are about answering the questions of this survey?	1	2	3	4	5	6	7

SOCIAL DESIRABILITY CRITERIA

Below is a list of statements. Please read each statement carefully and determine whether that statement describes you. If it describes you, check the word "true"; if not, check the word "false".

I sometimes litter.	True <input type="checkbox"/>	False <input type="checkbox"/>
I always admit my mistakes openly and face the potential negative consequences.	True <input type="checkbox"/>	False <input type="checkbox"/>
In traffic, I am always polite and considerate of others.	True <input type="checkbox"/>	False <input type="checkbox"/>
I have tried illegal drugs (e.g., marijuana, cocaine).	True <input type="checkbox"/>	False <input type="checkbox"/>
I always accept others' opinions, even when they don't agree with my own.	True <input type="checkbox"/>	False <input type="checkbox"/>
I take out my bad moods on others now and then.	True <input type="checkbox"/>	False <input type="checkbox"/>
I occasionally take advantage of others.	True <input type="checkbox"/>	False <input type="checkbox"/>
In conversations, I always listen attentively and let others finish their sentences.	True <input type="checkbox"/>	False <input type="checkbox"/>
I never hesitate to help someone in an emergency.	True <input type="checkbox"/>	False <input type="checkbox"/>
When I have made a promise, I keep it. No ifs, ands, or buts.	True <input type="checkbox"/>	False <input type="checkbox"/>
I occasionally speak badly of others behind their back.	True <input type="checkbox"/>	False <input type="checkbox"/>
I would never live off other people.	True <input type="checkbox"/>	False <input type="checkbox"/>
I am always friendly and courteous to other people, even when I am stressed.	True <input type="checkbox"/>	False <input type="checkbox"/>
During arguments I always stay objective and matter-of-fact.	True <input type="checkbox"/>	False <input type="checkbox"/>
On at least one occasion, I have failed to return an item that I borrowed.	True <input type="checkbox"/>	False <input type="checkbox"/>
I always eat a healthful diet.	True <input type="checkbox"/>	False <input type="checkbox"/>
Sometimes I only help because I expect something in return.	True <input type="checkbox"/>	False <input type="checkbox"/>

COMPANY DETAILS (please attach a business card)

Company name:	Respondent's name:
Industry group:	Position held:
Street address:	Telephone:
City:	Facsimile:
Region:	E-mail:

COMMENTS

THANK YOU VERY MUCH FOR YOUR PARTICIPATION IN THE STUDY

Appendix 2: Excerpts from Exploratory Interviews

<p>Q1 First thoughts when you got to know about this research</p>	<p>Respondent 1: Scientific, interesting, I was curious to find out more about ethical marketing. Respondent 2: Honestly, the first thing that came into my mind was this will be another long questionnaire. However I found the title to be interesting and that's what made me interested. I'll be honest. I wanted more followers for my company's linkedin page. So a bit of selfish interest here. I fill in the questionnaire and ask you to follow my company on social media. Respondent 3: Interesting! That's what our company strives for. We are the Authentic food company. Respondent 4: Ethical Marketing: Does this apply to my work? Not Sure! Let me find out. Respondent 5: Great! At last some research on Ethical marketing. Respondent 6: Fantastic! Being an ethical brand we feel its currently underrated. Respondent 7: Nice, as a marketing manager it would be good to see if being ethical brings more value to the brand. Respondent 8: Curious, doesn't directly connect to my role but would be good to review the findings</p>
<p>Q2. What did you understand from the term Ethical Marketing Strategy or Ethical Marketing before you had filled in the questionnaire?</p>	<p>Respondent 1: Ethicality in business practices. Engaging in business practices that cause no/less harm to the society. Respondent 2: Doing the right thing! Ding things as dictated by the law. Respondent 3: Being ethical in business dealings right from making the product till delivering it to the end consumer. Respondent 4: Doing business ethically as far as possible by not engaging in immoral activities. Respondent 5: Being Honest Respondent 6: Transparent Respondent 7: Not to overhype the goodness of the product. Respondent 8: Not to indulge in marketing practices which is morally wrong.</p>
<p>Q3. Having read the introductory page of the questionnaire as well as answering the questions do you agree with our interpretation Ethical Marketing Strategy or you have a different opinion about this?</p>	<p>Respondent 1: Yes, I completely agree with the interpretation that you have made. Respondent 2: I agree with the introduction and the questions asked. They fit in well within the bracket of Ethical business. Respondent 3: Yes, I completely agree. You basically study ethicality and how it can be applied to the 4ps of marketing. Respondent 4: Yeah, more or less the same. Your interpretation is quite comprehensive actually. You have tried to touch on almost all aspects of ethical business. But not all ethical values that you are talking about are possible to inculcate within business. We have to see our sales as well. You may well know that ethical products command a high price which the customers are not ready to pay. Respondent 5: Yes, I agree with your interpretation of ethical marketing. Respondent 6: Yes, overall I do agree but each company will not identify with all your ethical aspects. Respondent 7: I do believe you have done a comprehensive study on ethics but I think ethics can be at several level and each firm will only apply to a certain level as they need to also consider commercial aspect of the business. Respondent 8: I think your interpretation is great but how different firms will interpret is questionable. i.e Petroleum industry or coal mining, from environmental perspective is highly unethical but if you speak to the firms I doubt they would say that and they will justify some aspects of ethicality buy doing some alternate activities, ie planting more trees, supporting communities in 3rd world countries.</p>

<p>Q4. If you have a quick read at the questionnaire now and tell me if there were any phrases/terminology that you faced difficulty identifying with?</p>	<p>Respondent 1: None. Quite simple and familiar terms. Respondent 2: None Respondent 3: None. Respondent 4: None. It was all very clear! Respondent 5: 1: No, self-explanatory. Respondent 6: No, all questions were simple, straight forward and easy to understand. Respondent 7: None, easy to follow through. Respondent 8: Should be able to answer without much difficulty.</p>
<p>Q5. Was there anything in the questionnaire that in your opinion is not relevant within the Exporting context?</p>	<p>Respondent 1: None. Respondent 2: They are all relevant concepts. Respondent 3: Nothing. They were all very relevant and valid concepts. Respondent 4: I don't think the Organizational Ethical Learning Capability is relevant within the context of our company. That's why I did not answer those questions. In our company we do not have ethical learning kind of a thing. We try to work under the law and that's it. Respondent 5: No, most are relevant concepts. Respondent 6: Some of them are not relevant within my current firm but should be valid for other exporting firms. Respondent 7: No, all of them are valid and relevant. Respondent 8: Some are less relevant than other but they are still valid.</p>
<p>Q6. When we asked you to choose one Export Market and answer the questions that follow keeping in mind that one Market, what did you understand from this statement?</p>	<p>Respondent 1: I chose Turkey and answered all questions based on Turkey in mind. Respondent 2: That I choose UAE and answer questions keeping UAE in mind. Respondent 3: I have to answer the questions keeping Germany in mind. Respondent 4: That I have to choose Poland and keep that in mind while answering all the questions. Respondent 5: Select one export country or Region and answer all questions with that country as focus. Respondent 6: I have selected Europe as its our main export region and I will answer all questions with Europe as my only export market. Respondent 7: I have selected USA, I will answer with USA as my main exporting market. Respondent 8: China is our main export market , I will complete survey keeping China is my thoughts.</p>

<p>Q7. When you read the following terms and see the items under them. What do you think they mean? Do you think these items are representative of the terms? Would you like to add something else to these? REPUTATIONAL ADVANTAGE</p>	<p>Respondent 1: When customers choose our product over our competitors because of our good reputation and reputation can be for any reasons: ethical, good product, our CSR efforts, sourcing products locally etc. Respondent 2: It is the competitive advantage that a firm gets because of its reputation. I haven't heard of this term before but that's what I understand from this. Respondent 3: Yes, this covers all. Respondent 4: I can explain this with an example of my company. We are the Authentic food company. As the name suggests our company has a reputation of making authentic food products whether it is Indian or Chinese and that too of a premium quality. That's precisely why our customers choose us over the competitors. We sell what we say. Respondent 5: Yes, very well thought of. This should cover all. Respondent 6: Reputational advantage as per me refers to that extra customer that we will get due to our company's reputation. Respondent 7: Yes, I think they are very well put. No, Nothing. Respondent 8: When customer chooses our product over competitors due to its reputation.</p>
<p>Q7. When you read the following terms and see the items under them. What do you think they mean? Do you think these items are representative of the terms? Would you like to add something else to these? SOCIAL PERFORMANCE</p>	<p>Respondent 1: It is about being recognized among the customers as a firm that is considerate about the social environment. Respondent 3: They are quite representative of the term. I think they cover almost everything that could come under Social performance. Respondent 4: That is a new term for me, but I guess it means performing in the interest of the society. Respondent 5: Yes, by the sound of it social performance would mean performing in the interest of the society. However the statements in the questionnaire meant performing well due to the goodwill earned by doing business in the interest of the society. Respondent 6: Have we performed in the best interest of the society? Are we known to perform well due to our authentic goods? Respondent 7: Social Performance is being known in the society as an ethical company. It is kind of similar to reputational advantage Respondent 8: What do you think about the items that are written below? Are they representative of the term Social Performance? Would you like to add something else?</p>
<p>Q10. Foreign Market Competitive intensity or Foreign Market Dynamism: Which one do you think is more relevant in the context of your company as well in the context of Export.</p>	<p>Respondent 1: Foreign market competitive intensity would be more relevant. I believe any changes or dynamics in the foreign market are due to competition in the foreign market and that's we consider before starting to export products. So if you ask me to choose one I would choose competitive intensity. That is the broader term. Respondent 2: Foreign market Competitive intensity. I say this based on the statements that you have used in the study. They seem to be more relevant than the statements used in dynamism. Respondent 3: I think both the terms can be used interchangeably. However, as per your items, it is the Competitive intensity that is more relevant. Respondent 4: Foreign Market Competitive intensity for sure. Respondent 5: They are actually both the same but as per the items you have used I think it is the competition that affects our company the most Respondent 6: Foreign Market Competitive intensity</p>

	<p>Respondent 7: Foreign Market Competitive intensity Respondent 8: Foreign Market Competitive intensity</p>
<p>Q11. This is our research model. Would you like to have a look and give me your thoughts on this? Any misfits or irrelevant stuff here? Or anything that should have been studied here and is missing? Any recommendations on what could drive your firm's export marketing strategy to be ethical?</p>	<p>Respondent 1: That is quite interesting. They are all relevant concepts. However, how do you know that social performance will lead to financial and market performance. I am interested to know that. Respondent 2: Are these based on previous research? Respondent 3: I would like to know about the results. Respondent 4: Could not discuss the model. He was in a rush to leave. Respondent 5: I think your concepts are well thought of and fit well within the context of exporting. You could do with including something on ethical sourcing/ ethical treatment of employees within the company. I don't know whether that's relevant to your specific study. Respondent 6: That's quite comprehensive. Like I said earlier Organizational Ethical learning capability does not apply to our context. Besides that the culture of the foreign country also has a significant effect in deciding our strategy. Respondent 7: Great work!. Don't forget to send in the results. Respondent 8: Quite comprehensive indeed.</p>
<p>Any other comments?</p>	<p>Respondent 1: Looks like a very ambitious project. Don't forget to send in the results. Respondent 2: Very comprehensive study but too long. Respondent 3: Good focus on 4ps. I especially liked the ethical Pricing Strategy. Respondent 4: The questionnaire is too long.</p>

Appendix 3: Correlation between Control effects and the dependent variables in the model

Variables	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
1 Financial performance	1																					
2 Marketing performance	.57**	1																				
3 Social performance	.39**	.52**	1																			
4 Reputational advantage	.27**	.34**	.49**	1																		
5 Ethical branding advantage	.35**	.48**	.63**	.44**	1																	
6 Ethically-based export marketing strategy (MS)	.15*	.32**	.37**	.31**	.30**	1																
7 Reputational resource	.22**	.28**	.44**	.35**	.46**	.31**	1															
8 Relational resource	.17*	.11	.13	.08	.07	.17*	-.06	1														
9 Experiential resource	.28**	.24**	.36**	.38**	.44**	.33**	.36**	.08	1													
10 Ethical leadership capability	.05	.26**	.36**	.33**	.26**	.28**	.24**	.12	.18**	1												
11 Ethical market orientation	.21**	.29**	.50**	.45**	.44**	.36**	.34**	.12	.39**	.32**	1											
12 Organizational ethical learning capability	.19**	.22**	.48**	.37**	.47**	.31**	.45**	.11	.37**	.31**	.56**	1										
13 Regulatory framework (REG)	.35**	.26**	.30**	.20**	.24**	.15*	.14*	.00	.28**	.06	.26**	.21**	1									
14 Competitive intensity (COMP)	.04	.11	.07	.05	.15*	-.03	-.02	-.02	.05	-.07	.06	.07	.04	1								
15 MS x REG	-.18**	-.19**	-.23**	-.25**	-.18**	.00	-.09	-.07	-.06	-.11	-.18**	-.13*	.00	.22**	1							
16 MS x COMP	.26**	.27**	.31**	.37**	.32**	.000	.17**	.09	.23**	.18**	.25**	.23**	.20**	.00	-.32**	1						
17 Firm size (small firms =1)	.22**	.01	.10	.06	.02	-.02	.07	.07	.07	-.15*	.02	.07	.05	-.07	-.07	.08	1					
18 Type of product (consumer products only =1)	-.00	.04	.09	-.06	.09	.03	-.00	-.00	.03	.03	-.00	.03	.12	.06	.01	.01	-.18**	1				
19 Ownership type (Public holding company =1)	.13*	.00	.16*	.10	.07	-.04	.14*	.04	-.01	.02	.09	.06	-.01	-.11	-.20**	.09	.12	-.09	1			
20 Export experience (years)	.12	-.00	.07	-.05	.02	.01	.11	.06	.04	-.06	.01	-.00	.01	-.03	-.01	.08	.21**	-.30**	.19**	1		
21 Export type (direct export=1)	-.01	-.13	-.11	-.15*	-.09	-.06	-.04	.08	-.05	-.06	-.08	-.01	-.15*	-.05	-.03	-.01	.00	.05	-.08	-.05	1	

Red-coloured coefficients represent correlations between the controls the dependent variables in the model.

Appendix 4: Model 2- Full Structural Model (with Controls)⁷

$\text{ems} = 0.19*\text{repu} + 0.11*\text{rel} + 0.15*\text{exp} + 0.090*\text{ldshp} + 0.038*\text{olc} + 0.15*\text{mo} + 0.013*\text{small} + 0.035*\text{consum} - 0.18*\text{public} - 0.00060*\text{expd} - 0.12*\text{direct}, R^2 = 0.53$	
<p>(0.064) (0.052) (0.046) (0.058) (0.066) (0.056) (0.088) (0.087) (0.12) (0.061) (0.11)</p> <p>3.04 2.19 3.21 1.56 0.57 2.68 0.15 0.40 -1.48 -0.0095 -1.01</p>	
$\text{repADV} = 0.66*\text{ems} + 0.037*\text{reg} + 0.069*\text{comp} - 0.16*\text{msreg} + 0.21*\text{mscomp}, R^2 = 0.45$	
<p>(0.11) (0.043) (0.045) (0.059) (0.049)</p> <p>5.92 0.86 1.53 -2.75 4.28</p>	
$\text{brandADV} = 0.85*\text{ems} + 0.073*\text{reg} + 0.16*\text{comp} - 0.13*\text{msreg} + 0.21*\text{mscomp}, R^2 = 0.51$	
<p>(0.13) (0.048) (0.052) (0.066) (0.055)</p> <p>6.33 1.51 3.16 -1.97 3.81</p>	
$\text{socPERF} = 0.21*\text{repADV} + 0.44*\text{brandADV} + 0.12*\text{small} + 0.15*\text{consum} + 0.17*\text{public} + 0.063*\text{expd} - 0.11*\text{direct}, R^2 = 0.69$	
<p>(0.051) (0.055) (0.081) (0.083) (0.11) (0.058) (0.11)</p> <p>4.05 8.03 1.47 1.86 1.46 1.09 -1.04</p>	
$\text{mktPERF} = 0.74*\text{socPERF}, R^2 = 0.40$	
<p>(0.10)</p> <p>7.35</p>	
$\text{Fperf} = 0.20*\text{socPERF} + 0.74*\text{mktPERF}, R^2 = 0.42$	
<p>(0.14) (0.12)</p> <p>1.48 6.04</p>	
MODEL FIT INDICES	
Chi-square (χ^2)	1845.05 ($p = 0.0$)
Degrees of freedom (d.f.)	1302
Normed Chi-square ($\chi^2/ \text{d.f.}$)	1.42
Non-normed fit index (NNFI)	0.89
Comparative fit index (CFI)	0.90
Standardised root mean square residual (SRMR)	0.067
Root mean square error of approximation (RMSEA)	0.045
<p>Note: ems= Ethically-based Export Marketing Strategy, repu= Reputational Resources, rel= Relational Resources, exp= Experiential Resources, ldshp= Ethical Leadership Capability, olc= Organizational Ethical Learning Capability, mo= Ethical Market Orientation, repADV= Reputational Advantage, brandADV= Ethical Branding Advantage, socPERF= Social Performance, mktPERF= Market Performance, Fperf = Financial Performance, msreg= Foreign Market Regulatory Framework X ems, mscomp= Foreign Market Competitive Intensity X ems, small= Firm Size, consum= Export Product type, public= Export Ownership type, expd= Export experience, direct= Export type</p>	

⁷ Unstandardized parameters are in the equations; Values in brackets are standard errors; Values beneath the standard errors are t-values

Appendix 5: Model 3- Structural Model excluding Market and Financial performance (with Controls)⁸

$\text{ems} = 0.19*\text{repu} + 0.11*\text{rel} + 0.15*\text{exp} + 0.090*\text{ldshp} + 0.038*\text{olc} + 0.15*\text{mo} + 0.013*\text{small} + 0.035*\text{consum} - 0.18*\text{public} - 0.00057*\text{expd} - 0.12*\text{direct}, R^2 = 0.53$	
<p>(0.064) (0.052) (0.046) (0.058) (0.066) (0.056) (0.088) (0.087) (0.12) (0.061) (0.11)</p> <p>3.03 2.18 3.21 1.55 0.58 2.68 0.15 0.40 -1.48 -0.0092 -1.01</p>	
$\text{repADV} = 0.66*\text{ems} + 0.037*\text{reg} + 0.069*\text{comp} - 0.16*\text{msreg} + 0.21*\text{mscomp}, R^2 = 0.45$	
<p>(0.11) (0.043) (0.045) (0.059) (0.049)</p> <p>5.92 0.86 1.53 -2.75 4.27</p>	
$\text{brandADV} = 0.84*\text{ems} + 0.072*\text{reg} + 0.16*\text{comp} - 0.13*\text{msreg} + 0.21*\text{mscomp}, R^2 = 0.50$	
<p>(0.13) (0.049) (0.052) (0.066) (0.055)</p> <p>6.29 1.49 3.15 -1.94 3.79</p>	
$\text{socPERF} = 0.20*\text{repADV} + 0.42*\text{brandADV} + 0.11*\text{small} + 0.16*\text{consum} + 0.19*\text{public} + 0.062*\text{expd} - 0.10*\text{direct}, R^2 = 0.67$	
<p>(0.051) (0.055) (0.082) (0.084) (0.12) (0.059) (0.11)</p> <p>3.99 7.67 1.38 1.94 1.61 1.06 -0.94</p>	
MODEL FIT INDICES	
Chi-square (χ^2)	1404.78 ($p = 0.0$)
Degrees of freedom (d.f.)	1001
Normed Chi-square ($\chi^2/ \text{d.f.}$)	1.40
Non-normed fit index (NNFI)	0.90
Comparative fit index (CFI)	0.92
Standardised root mean square residual (SRMR)	0.063
Root mean square error of approximation (RMSEA)	0.044
<p>Note: ems= Ethically-based Export Marketing Strategy, repu= Reputational Resources, rel= Relational Resources, exp= Experiential Resources, ldshp= Ethical Leadership Capability, olc= Organizational Ethical Learning Capability, mo= Ethical Market Orientation, repADV= Reputational Advantage, brandADV= Ethical Branding Advantage, socPERF= Social Performance, msreg= Foreign Market Regulatory Framework X ems, mscomp= Foreign Market Competitive Intensity X ems, small= Firm Size, consum= Export Product type, public= Export Ownership type, expd= Export experience, direct= Export type</p>	

⁸ Unstandardized parameters are in the equations; Values in brackets are standard errors; Values beneath the standard errors are t-values

Appendix 6: Model 4- Structural Model excluding Market and Financial performance (without Controls)⁹

ems = 0.18*repu + 0.10*rel + 0.16*exp + 0.095*ldshp + 0.038*olc + 0.15*mo, R ² = 0.51	
(0.062) (0.051) (0.046) (0.056) (0.065) (0.056)	
2.85 1.98 3.42 1.69 0.58 2.65	
repADV = 0.66*ems + 0.041*reg + 0.071*comp - 0.16*msreg + 0.21*mscomp, R ² = 0.45	
(0.11) (0.043) (0.045) (0.059) (0.049)	
5.91 0.95 1.57 -2.71 4.26	
brandADV = 0.84*ems + 0.081*reg + 0.16*comp - 0.13*msreg + 0.21*mscomp, R ² = 0.50	
(0.13) (0.049) (0.052) (0.067) (0.055)	
6.28 1.66 3.16 -1.92 3.77	
socPERF = 0.20*repADV + 0.44*brandADV, R ² = 0.65	
(0.052) (0.057)	
3.91 7.74	
MODEL FIT INDICES	
Chi-square (χ^2)	1223.70 ($p = 0.0$)
Degrees of freedom (d.f.)	841
Normed Chi-square ($\chi^2/d.f.$)	1.46
Non-normed fit index (NNFI)	0.92
Comparative fit index (CFI)	0.92
Standardised root mean square residual (SRMR)	0.067
Root mean square error of approximation (RMSEA)	0.047
Note: ems= Ethically-based Export Marketing Strategy, repu= Reputational Resources, rel= Relational Resources, exp= Experiential Resources, ldshp= Ethical Leadership Capability, olc= Organizational Ethical Learning Capability, mo= Ethical Market Orientation, repADV= Reputational Advantage, brandADV= Ethical Branding Advantage, socPERF= Social Performance, msreg= Foreign Market Regulatory Framework X ems, mscomp= Foreign Market Competitive Intensity X ems	

⁹ Unstandardized parameters are in the equations; Values in brackets are standard errors; Values beneath the standard errors are t-values

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