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Examining the Relationship between Ethical Strategies and Consumer Perceptions in the new age of social technology

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Abstract

Technology's growing influence on the daily lives of individuals in modern society is ubiquitous. The increased demand for transparency in business has affected not only consumer perception but the ethical strategies of firms as well. Today, consumer trends illustrate the importance of ethically sourced products and services. They use the platform of technology to gather and disseminate company information and discuss their satisfaction, or lack thereof, with the ethical strategies of firms. This higher value placed on ethical practices and transparency has transformed our previous viewpoint of conventional business. Firms must be able to meet the demands of consumers to maintain long-term success and create value for the consumer.

This thesis examines the relationship between the ethical behavior of firms and consumer perceptions. The significance of technology lies in the firm's ability to engage with consumers and promote their ethical practices. From this, consumers are able to gather and disseminate information to form their perceptions of the firm. Firms that mismanage their reputation can fall victim to consumers gaining social control of the brand. However, it is argued that the level of consequence a firm experiences from questionable ethical practices is related to the type of business system in which it functions.

Literature review is analyzed to lay the foundation for key concepts in developing ethics for individuals as well as in a firm. A case study on the Monsanto Company, an American multinational agrochemical and agricultural biotechnology corporation, will also be used to investigate the issue. Monsanto has recently become the face of corporate evil due to multiple cases of documented questionable ethical acts and legal battles. Given that the end consumer only interacts with the channel partners of Monsanto, we conclude that the consequences transfer to those intermediaries. These firms whose raw materials are supplied by Monsanto have begun to rely on the firm to achieve cost efficiencies in business operations. Monsanto's partners place more importance on the business value the product provides for them, rather than their practices in other areas. Monsanto still remains profitable and untouched. We can conclude that this is due to the ease in concealing unethical behavior, as there is less available information about the actions in the supply chain of business-to-business firms.

The ethical strategy of a firm can simply be one aspect in a consumer's decision-making process when purchasing a good or service. Modern consumers not only expect, but also favor firms that appear genuinely interested in utilizing their profits to give back to the community. However, the implementation of the strategy can determine the success in the image of the firm very quickly. Firms interacting at a level that is closer to the consumer are more influenced by customer perception in comparison to those that interact through an intermediary.

Executive Summary

Marketing is defined as the “activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, patterns, and society at large.” (American Marketing Association, 2013). Marketing managers are responsible for creating an exchange, between the firm and the consumer where “parties attempt to proportionally maximize their rewards and minimize their costs hopefully resulting in satisfaction” (Ingram and Skinner et al, 2005). To understand how the ethical strategies of a firm impacts consumer purchase behavior, we must first identify the factors that influence the ethical values of firms and link them with its relationship to consumer purchasing behavior.

Consumers are constantly searching for the ethical potential in a firm. Technology, and more specifically the Internet, has become a strong influencing factor towards the ethical values of firms. Firms have emphasized the significance of increasing their presence on the Internet due to the transparency in the media and the constant exchange from past, present and future buyers. Many of these organizations understand the potential consequences of exposure in these modern technological times to any unethical behavior or decisions they are making. Now more than ever, firms are instituting strict ethical codes of conduct from top management to be carried throughout the organization or consistency. This limits the risk of the chain reaction that negative publicity can bring which will be shown with the example with Abercrombie and Fitch. The influencing factor of technology also effects consumer-purchasing behavior. Consumers are now gathering more information to investigate more about the firm and product offerings before deciding whether or not to purchase from the brand. In addition, during this investigation period, the consumer is also making a predisposed impression on the image of the firm. Consumers are

now sharing reviews on blogs and forums online and word of mouth information sharing is becoming more prevalent in today's society. This easy spread of information can easily affect the trust that stakeholders have with a firm, which is also a factor that firms take into consideration when establishing their ethical values.

Additionally, relationship marketing is one of the top priorities in the modern firm. Creating a sense of trust with their stakeholders not only within the corporation, but also outside the firm ensures future loyalty and continuous business opportunity. By participating actively in social action, consumers are more likely to purchase from the organization. Consumers purchase from a brand that they find gives an equal exchange for the amount of time they spend on a brand. Whether it is a social benefit, where brand recognition can be associated with a certain class or label, or whether it is a tangible benefit from using the product or service, consumers evaluate the benefit they receive in return with buying from a firm. Consumers may take the information they have learned from their investigation on the Internet from word of mouth marketing, to formulate their opinion and image of the firm. They may also take their past experiences with the company to do as well. To satisfy the needs of the firm and increase the chances of more buyers, a firm must highlight their ethical values to ensure consumers that they are receiving a sufficient benefit. An organization that utilizes public relations and creates beneficial publicity regarding their corporate social responsibility initiatives will be able to aid the brand reputation. The firm may then be associated with its progressive social actions, and thus causing buyers of the brand to be linked with those positive associations. When the consumer wants to be a part of those associations, the chances of the individual returning continually increases significantly. The emphasis of relationship marketing today makes the firm more dependent on the consumer. Establishing a resilient relationship with their consumers increases the level of consumer commitment and therefore maximizes profit. Additionally, when a consumer is fully committed, they tend to have a bias towards the firm and are more likely to defend the organization when negative publicity is leaked. A balanced exchange can be difficult to achieve because of the different perspectives of individuals and the personal involvement that top management may have in conducting ethical decisions.

A firm that understands the different backgrounds of their target audience is more likely to have more consumers interested in the brand. The increasing interdependence on international business makes a greater need for more cultural research. More cultural research will strengthen a firm's ethical values, as they will be less likely to offend potential consumers. Part of a marketing manager's job is to identify the audience that it wishes to appeal to. When an ethical strategy is considered, management must first figure out who they are speaking to. Once that is established, the firm may plan out how they can cater to those specific needs. Hofstede's cultural dimensions allow firms to understand the various ways individuals act within a single society or multiple societies, and how they may respond to ethical dilemmas as consumers. Researching the various demographics of the target audience allows the firms to identify which cultural dimensions apply, and allows the firm to fully refine their ethical strategy to tailor to the needs of their target audience. Stronger identification with an organization not only strengthens an individual's desire to seek contact with and support that organization, but also enhances organization-relevant citizenship behaviors. Consumers tend to respond better to ethical strategies that appear to align with their own beliefs and morals.

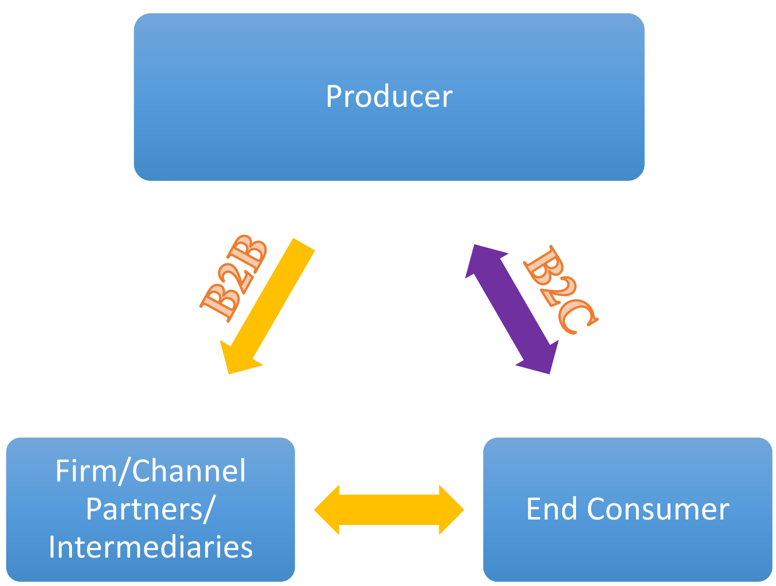
Another factor that influences the ethical values of firms are the pressures from outside forces. These pressures from activists, society and consumer boycotts affect the business decisions that every firm makes. By having ethical values, management, and strategy that are proactive, a firm can increase its ability to accommodate the new needs of consumers effectively and productively. Outside pressures also influence the way consumers may perceive the firm and can impinge on the firm's relationship with its stakeholders. A firm must proactively plan for any ethical decision-making and be able to execute the plan while keeping true to their ethical values. As we have learned, consistency is one of the top traits that consumers look for in organizations. A firm that consistently demonstrates or consistently showcases the same behaviors is trustworthy in the eyes of consumers. In order to proactively plan effectively and remain consistent, the top management of the organization must establish a foundation of ethical values from which to manage and make decisions.

A firm operating under a business-to-consumer (B2C) system sells or markets their products and services directly to the consumer, whereas those operating under a business-to-business (B2B) system sells to other firms. B2B relationships tend to be ongoing and developed whereas in B2C relationships, the end consumer is purchasing the product instantly. Evidence and research implies that firms operating under a B2C system will incur higher consequences in light of negative public opinion due to the decision-making style that consumers have. In addition, firms operating under a B2B system may find it easier to conceal unethical behavior. This is due to the lack of information about other players involved in the business-to-business supply chains. In the analysis of the Monsanto case study, we find that the large amount of silent legal settlements prove the lack of transparency available to the end consumers.

A strong list of expectations, code of conduct, rules and regulations allows CEO's and managers to create a backbone of ethical strategies that set the organizational culture of the firm. Ethical values that are clear to everyone within the corporation will also be clear to those outside the organization, if carried successfully throughout. By defining what top management deems to be acceptable in ethical behavior and by enforcing and emulating this conduct, the organizational culture should flourish.

The relationship between a firm's ethical strategies and the perceptions of consumers in this modern day and age has many dimensions. The impact of technology has shifted conventional management styles and has pushed for more transparency in firms. However, we have found that the market is only policed effectively at the B2C level whilst they are moderately observed at a B2B level. There are many cases in which raw materials are procured through unsustainable and unethical ways, causing environmental and labor issues as well. The current structure of the business systems does not allow consumers the full insight on the complete operations of firms. The trends of firms sharing their operations and the push for ethical behavior are growing, but it may take much longer to capture clarity of the full business processes of firms.

Model for discussion:



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Introduction

The influence and reliance of technology in our daily lives continues to grow day by day. The actions of firms as well as company information are becoming increasingly transparent in this modern day and age of smarter consumers. The significance of the Internet in business has increased competition, as consumers are now heavily influenced by online reviews and news articles and can easily find comparisons of product characteristics across websites. More consumers are purchasing ethically sourced products and services. To sustain profitability and flourish in the marketplace, firms need to adjust their practices to meet the needs of consumers in order to create value and thus, hold their interest. Whether the firm operates under a business-to-business (B2B) or a business-to-consumer (B2C) system can dictate the level of ethical responsibility these firms assume. This thesis examines the relationship between the ethical behavior of firms and consumer perception in the new age of social technology. Secondary data is used to understand the differences in the relationships between ethics and the modern consumer on one hand, and firms on the other. A case study of Monsanto, an American multinational agrochemical and agricultural biotechnology corporation will be examined to illustrate these concepts. Finally, business implications and recommendations to further investigate this topic will be discussed.

Defining Ethics

Ethics is defined as a body of moral principles, values, or rules of conduct followed. This aids in discerning the difference between what is considered right and what is wrong. Business ethics address the ethical principles and moral issues that may occur in a business environment. This applies to not only individuals within the firm, but also to the organization as an entity in itself (Marcoux, 2008). Firms deal with making ethical decisions every day. Most organizations build an ethical code of conduct to set guidelines for employees and to establish a company's image to their stakeholders in order to attract investment.

The Modern Consumer and Ethics

Consumer behavior is defined as the study of individuals and groups and the "processes they use to select, secure, and dispose of products and services to satisfy needs and the impacts that these processes have on the consumer and society (Kuester, 2012)." This concept blends in aspects of both marketing and psychology as it attempts to comprehend the decision-making processes of buyers.

Consumers use technology as a means of gathering and disseminating information from firms in which they are purchasing from and use platforms such as the web, social media websites, and smart phone applications to not only make their judgments and opinions, but also to broadcast them. The integration of technology and the internet in purchase behavior has allowed consumers to gain social control of the firm's brand.

Technology's Effect on the Modern Consumer's Ethical Judgments

Sixty-two percent of consumers make purchases in-store after researching online (Sterling, 2012). With the Internet being so easily accessed at the tip of our fingers, technology has changed the business world. The activities where consumer behavior and the use of the Internet overlap are listed as the following: "gathering consumption information through exposure to advertising; shopping, which includes browsing, comparing products, and deliberate information search; and online buying of goods, services and information" (Goldsmith and Bridges, 2000). Consumers can be predisposed to making a purchase decision after taking the time to research the product, service or company online. Technology "gives the consumer the power to investigate products or firms to label them and criticize them in equal measure, and more" (Ioanas and Stocia, 2014).

Information spreads rapidly on the internet. Consumers have the tendency to relate more favorably with a company after reading various reviews and comments of consumers who have already purchased these products. These reviews, mostly shared on social media platforms such as Facebook, Twitter, YouTube, or any forums, have redefined the concept of "word of mouth" marketing. Now, consumers are able to share their experiences with a product, service and firm with not only their friends and families, but also strangers all over the world using the Internet. This evolution of "word of mouth" marketing can easily benefit or harm a firm, given the actions a company decides to take. For example, if a firm's generous corporate social responsibility initiative gets shared among news stories and social media platforms, consumers are more likely to associate that firm with positive reviews and thus, purchase from that firm. The opposite can also take place as well. The Internet, in the case of Abercrombie and Fitch, an international clothing brand, did not prove to be helpful at all. In 2006, CEO Mike Jeffries had an interview with Salon Magazine to celebrate the opening of their flagship store. Jeffries stated that the brand was exclusionary, stating that "…we go after the cool kids… a lot of people don't belong in our clothes, and they can't belong (Temin, 2013). According to Forbes Magazine, "...with the internet, embarrassing articles do not die—they just go into hibernation until they are resuscitated" (Temin, 2013). The news resurfaced in 2013 with an article on Business Insider, a web-only news outlet founded by Henry Blodget, and the topic grew viral, becoming a hot topic on social media platforms and other famous blogs. Change.org even created a petition to get Abercrombie and Fitch to create plus sizes. Many consumers vowed never to purchase from Abercrombie and Fitch due to the unethical statements of CEO Mike Jeffries and sales began to decline (Temin, 2013). The story of Abercrombie and Fitch reflects the power of the Internet in the 21st century. The influence of technology has impacted the way organizations operate their businesses. Firms have increased their presence on the Internet and in social networks to "complement the information held about products from the feedback of consumers" (Ioanas and Stocia, 2014). This means that company information is more easily exposed through the Internet. Any word of the unethical behavior of a firm can spread quickly and may even resurface years later, as we have seen in the Abercrombie and Fitch case. It is crucial for firms to acknowledge the increase of the use of technology in consumer behavior, and use it for their advantage as an opportunity to maintain profitability through marketing and creating customer loyalty. The risk that unethical behavior may be exposed through the Internet very quickly should motivate firms to stay away from such actions.

Consumer's Evaluation of Unethical Marketing Behaviors

The way a consumer may respond to an unethical marketing behavior of a firm relies on their moral judgments. Research shows that there is an inconsistency between consumers and marketing executives' ethical judgments of marketing actions (Vitell et al, 1991). Because consumers do not have to deal with organizational pressures and are unaware of the firm's strategy and goals to remain profitable, they are prone to perceive certain actions differently, in terms of ethics. Various factors such as personality and other demographics can heavily influence the ethical judgment of a consumer. Wilkes (1978) conducted a study that examined how consumers reacted to potential unethical situations. Based on surveying 290 consumers, Wilkes noted that most respondents preferred “preventative measures on the part of retailers rather than confrontation.” Consumers felt that in the scheme of objectionable unethical behaviors, it would be more accepted if firms were proactive in avoiding questionable acts, rather than dealing with the situation when it arose.   (Rallapalli and Vitell et al, 1994). Vitell et al. (1991) discovered that the majority of elderly consumers were more idealistic and believed that ethics are a matter of personal feelings. Hunt and Vitell (1986, 1992) proposed a theory that proposes that an individual’s personal characteristics combined with industry, organizational, and professional environment, affects how the ethical situation is perceived. Unethical marketing behavior negatively impacts “consumers’ expectations, attitudes, satisfaction, and behavioral intentions whether experienced personally or vicariously.” (Ingram and Skinner et al, 2005). However, a strong relationship can alter the perception of information and the way certain ethical behaviors are interpreted by loyal consumers.

Society emphasizes a bias where immoral actions, such as dishonesty are “more diagnostic of negative traits” whereas moral actions are seen as positive traits (Folkes and Kamins, 1999). Performing in an immoral way leaves the company’s actions to be less ambiguous than it does performing morally. This is illustrative of the prospect theory. Individuals value gains and losses differently, therefore their decisions are based on perceived gains rather than perceived losses (Kahneman and Tversky, 1979). Consumers expect more inconsistent behaviors from firms who are seen as having more negative traits. There is a higher value placed on unethical behavior which creates more of a shock factor in the eyes of a consumer.

Absence of harm is less meaningful to consumers instead of actively taking part in prosocial behaviors. Folkes and Kamins argue that when information about a firm acting unethically spreads, it provides sounder evidence that the firm is an unethical firm compared to the evidence provided "about the nature of the firm that behaves ethically by avoiding child labor." Individuals make attributions for firm's behaviors and may believe that "companies, like individuals, sometimes act ethically for extrinsic rather than intrinsic motives." Folkes and Kamins use the example of a firm avoiding employing child labor in order to gain the like of consumers instead of doing it for the sake of adhering to ethical principles. Negative information about firms may influence consumers' attitudes more than positive information and that "prosocial actions may elicit more positive attitudes than refraining from vice" (Folkes and Kamins, 1999). Consumers will evaluate firms more positively only when the firm acts ethically and its brand "possesses a superior attribute."

Individuals value prosocial behaviors more. Prosocial behaviors are more genuine and altruistic while benefiting others and not "obligatory by moral standards." A firm that genuinely seeks out to help disadvantaged groups non-obligatorily will appeal more to consumers. When a firm acts prosocial, individuals are more likely to have a confident attribution to its qualities. Consumers are more likely to view the firm as being intrinsically genuine as opposed to avoiding consequences. Most of this news is spread through information from news on the internet, as discussed previously. Information of unethical behavior can leave a more lasting effect as opposed to an inferior product attribute that the firm offers, and information about an inferior product attribute may still also be "more diagnostic than information about prosocial behavior." Consumers possess the ability to discern how genuine a firm's actions are, and this in turn affects the way they may perceive a firm.

<u>Cultural Dimensions in the Ethics of an Individual</u>

Hunt and Vitell (1986, 1993) state that culture affects various elements within the decision-making process in ethical situations. Many organizations have a wide audience, especially with business becoming more international every day. A firm must conduct extensive research to fully understand their target market. Cultural differences do not only exist between members of different societies, but there also are cultural differences within members of a single society because of the various subcultures and natural individual differences. (Vitell and Paolillo et al, 2003). Geert Hofstede (1983, 1984) introduced the concept of his cultural dimensions that can be used for classifying cultures that relate to ethical decision-making processes. Understanding the various cultural dimensions allows a firm to understand how individuals may perceive "ethical situations, norms for behavior, and ethical judgments among other factors." (Vitell, Nwachukwu, and Barnes, 1993).

Hofstede's cultural dimensions include: power distance, uncertainty avoidance, individualism, masculinity, and Confucian dynamism. Power distance is defined as "the degree to which the members of a group or society accept the fact that power in institutions and organizations is distributed unequally." (Vitell and Paolillo et al, 2003). An individual with a high level of power distance recognizes the inequality in power, and the hierarchy of authority. They are more likely to agree with superiors and believe that they deserve privileges. Individuals with low levels of power distance are not afraid to disagree with superiors and are less likely to endure class distinctions. Consumers with high power distance will tend to follow formal codes of ethics because of their respect for authority. (Vitell and Paolillo et al, 2003). Uncertainty avoidance describes the level of uneasiness or anxiety an individual may face when dealing with the unknown of the future. Individuals with high uncertainty avoidance are "more concerned with security in life, feel a greater need for consensus and written rules" (Vitell and Paolillo et al, 2003). Consumers with high uncertainty avoidance are more likely to be concerned with the ethical decisions of firms. Individualism refers to the extent to which an individual pursues self-interests in contrast to the collective interests of the group to which he/she belongs to. Individualists value independence and give more importance to their personal goals whereas collectivists tend to place group interests first. Consumers with a high level of individualism may be more focused on the benefits received from the firm, as opposed to the social responsibility of the organization. Masculinity has been defined by Hofstede as a “preference for achievement, heroism, assertiveness and material success” (Hofstede, 1985). An individual who is more masculine tends to be more assertive and competitive whereas a female individual is characterized as being more humble and responsible. More masculine consumers are more likely to be less impacted by unethical decisions or information about firms. Confucian dynamism is defined as “a work ethic that values thrift, persistence, ordering relationships, and having a sense of shame.” (Vitell and Paolillo et al, 2003). Confucian dynamism can also be synonymous for conformity. Those who are more likely to conform will restrain their actions and not violate social expectations or norms. Consumers who are more likely to conform will typically be more receptive to any negative publicity about a firm. Understanding the way these cultural dimensions may affect the consumer purchase behavior of a firm’s target audience is crucial for any strategic plan to be successful.

The Modern Firm and Ethics

The outlook on the business world has evolved significantly throughout the years. In the past, the main objective of business revolved around profit maximization, from classical economists such as Adam Smith and Milton Friedman. With the influx of globalization, the spread of people and ideas across international borders brought the emphasis of ethics to business. Firms are quite involved in social action and deciding whether or not a firm should extend their social involvement, as it “requires a careful examination of the arguments for and against such actions” (Pasawn, 2008). The business organization has become the “central institution in modern society,” reflecting the modern day life trends and even directing news and entertainment. Society’s expectations has shifted and renewed its focus towards social responsiveness and organizational ethics (Pasawn, 2008). A firm must be able to meet society’s expectations in order to create value for their consumers. Those within the organization must understand the importance of ethics and how it may affect the firm and its reputation to its consumers and potential buyers.

Individuals tend to break ethical rules when they convey some sort of benefit. Questionable ethical standards in business behavior are, unfortunately, a common occurrence. The distinction between corporate profitability and corporate responsibility can be made when gains for companies are obtained through business practices that may have a negative impact on a society at large (Mikes, Small et al, 1999). Corruption occurs all over the world from relaxed environmental standards including willful pollution, advertising, and the exploitation of monopolistic powers (Schwab, 1996). Schwab stated that, “good ethics are not universally viewed as good for business” and that if good ethics did always lead to good business there would be “much less in terms of laws, regulations and enforcement” than what we typically observe in our societies. He argues that the reasoning for the increase in laws and regulations is to prevent organizations from taking advantages at the expense of others. If so, the chances of being exposed increase, and the image of the brand can easily be tarnished.

In modern day corporate life, ethics can become an exercise in public relations. Ethical behavior only obtains value when it is visible to others, and any ethical action a firm may take “should be milked for all it is worth through wide publicity” (Schwab, 1996). Schwab poses the question of whether or not an unethical but profitable action would still be committed if the individual knew that no one else would ever find out about it. Because the incentive of taking ethical actions may also take away choice from what might be easier, it comes at a cost. However, ethics can be a favorable business investment due to the positive externalities that they involve: “while reputation can be a valuable asset, not being tied to a particular code of ethics has an option value. The need for widespread laws and regulations that restrict behavior confirms this.” (Schwab, 1996). Although being ethical may come at a cost, it is still worth pursuing in order to increase its value to shareholders. It is crucial to gain trust with stakeholders both within and outside of the firm. Once trust is obtained, the firm is more likely to engage in loyal and innovative long-term relationships with more cooperation from their stakeholders. The short-term costs can be viewed as an investment for future loyalty and continuous business. After all, a firm that is able to provide benefits to their stakeholders through ethical activities such as corporate social responsibility will be perceived as a company that is both “able and interested in caring for their customers” (Marin, Ruiz, et al, 2008). After all, understanding the needs of their consumers is crucial in sustaining profitability.

The growing number of multinational corporations brings an increasing amount of moral dilemmas, especially when crossing national boundaries (Mikes, Small et al, 1999). There are many situations in which different cultures may have similar moral values, but interpret them in differing ways. The increased "interdependence of international business may go hand in hand with a potential for conflict within and between multinational enterprises and may impinge on business relationships" (Mikes, Small et al, 1999). For example, there are many instances in which international advertising mistakes have been made due to the lack of cultural understanding. This could easily be misinterpreted as unethical from the audience that is receiving the wrong message from the firm, and thus lead to a bad brand reputation and a decrease in customer loyalty. Examples include mistranslation in television advertisements, with the translated messaging giving off an offensive message or a misinterpretation of advertisements due to the various cultural cues. This can be seen as highly offensive and unethical to the audience and can cause consumers to react negatively to the brand's image.

The top management within a firm can address all of these characteristics of modern day corporate life. At the corporate level, the manager needs to deal with the issue of having to make his decisions on the behalf of others—the level of his ethical conduct may give up jobs and profits. These decisions not only affect the image of the firm, but all the stakeholders inside and outside of the firm. The best way to deal with this stress may be to create a strong ethical strategy within the organization. A sharp enforcement and idea of the ethical values within a firm make these daily decisions easier for the manager.

The Development of a Firm's Ethical Strategies

Every organization has a list of expectations and a forecast of the possible reactions to their performance. To lead an organization, it is important to articulate those expectations and establish the “norms that govern the behavior of people in organizations” (Mikes, Small et al, 1999). The top leaders, such as the Chief Executive Officer, should formalize in their corporate guidelines, the ethical business conduct. These guidelines in turn become a “message to stakeholders that builds trust and hence, may enhance business” (Schwab, 1996). These corporate guidelines also aid managers in discerning when and where they should sacrifice business, both “short term and long term in order to uphold higher goals” (Schwab, 1996). In establishing these rules, there must be a sharp understanding within the organizational environment. Top leadership should have a set of ethical propositions that can be translated into everyday attitudes and behavior within the organization, creating a strong organizational culture. It is very important for senior personnel to identify ethical issues and problems and establishing the idea that they are a significant part of the managerial task. They are able to control the extent to which an organization is prepared to act in an ethical manner and how effectively they are able to deal with ethical issues. Firms should create contingency plans for quick recovery in order to minimize the amount of potential harm (Ingram, Skinner et al, 2005).

A popular way that firms promote their ethical behavior to strengthen their brand reputation to consumers is through corporate social responsibility initiatives. Competitors can easily copy product attributes, but it is much harder to imitate a strong corporate social responsibility initiative. These initiatives not only illustrate what companies do with their profits, but also the company’s effect on the environment and impact on the social welfare of society. This may include donating money in a charity, creating company events to raise awareness of an issue and much more. By investing in these initiatives, firms will be able to “enhance consumers’ beliefs regarding their ability to deliver superior functional benefits through their products” (Marin, Ruiz et al, 2008). The key in choosing a CSR initiative is in identifying the right target market. By properly identifying the target consumer, firms can consider the extent to which that social identity is valued to those consumers and find out what can be leveraged to "increase perceptions of self-importance associated with identity" (Marin, Ruiz et al, 2008). This can assure customer loyalty and increase business so long as they are marketed. Adding the idea of being a positive corporate citizen in their marketing initiatives can serve as a strong competitive advantage against other firms.

Business-to-Business vs Business-to-Consumer Systems

The type of business system in which a firm operates directs the strategic process of managers. A firm operating under a business-to-consumer (B2C) system sells or markets their products and services to the end consumer, whereas those operating under a business-to-business (B2B) system sells to other firms. B2B relationships tend to be ongoing and developed whereas in B2C relationships, the end consumer is purchasing the product instantly. Firms operating under a B2C style of business will communicate directly with their consumer. This encourages emotional decision-making based on prestige, desire, or price. Organizations operating in the B2B style of business are more concerned on making rational buying decisions based on business value (Murphy, 2007).

One of the key differences between B2C and B2B marketing is in the perspective that marketers communicate the value of their product to their buyers. A successful marketer must be able to create value for their consumers. It is crucial to understand what motivates them to make a purchase. The factors that vary between the two business systems are the target audience, the nature of the relationship and purchasing decisions.

In the B2C business system, a larger audience of individuals is targeted. The firm is interacting with the end consumer who is ultimately going to use the product or service. This creates a relationship that is focused on the product or service and multiple transactions. The purchasing decisions of individual consumers are determined by the amount of prestige in the brand, the level of desire for the product, and whether the individual feels that the price is worth the purchase. To market to this audience, firms use an emotional perspective. To gain the loyalty of customers and establish significant brand awareness, they use “imagery and repetition.” B2C purchases tend to drive single-step purchasing decisions. Only one transaction at one form of a retail outlet is required to obtain the product or service (Social CMO, 2010). This transaction involves more intrinsic motivation. Intrinsic motivation is defined as behavior that is “driven by internal rewards” (Cherry, 2015). The motivation to engage in the behavior is based on receiving an internal reward.

In the B2B business system, a smaller audience of specified groups are targeted. The firm is typically interacting with a particular department of a company who is in need of the product or service in order to generate value for their own business. The B2B setting encourages working relationships with their customers. The goal of B2B business is to establish a long lasting relationship of ongoing transactions and services between the two firms doing business with each other. Purchasing decisions are more rational and based off of the policies such as budget and goals of the company. Extrinsic motivation is involved in B2B business decisions as most decisions are carefully considered in order to ensure that a goal is being achieved, or to avoid any negative consequences that come from making the decision (Cherry, 2015).

To put this concept into perspective, the example of a consumer’s decision to purchase eggs can be discussed. In the grocery store, B2C eggs are marketed as organic, cage free, or as containing Omega-3. This places the idea in the head of the consumer that perhaps they should consider the level of nutrition that resides in the eggs that they are purchasing. In turn, the image of the firms selling the eggs is boosted as being a healthier option. Prices and demand are raised for these distinctive eggs as individuals justify the quality of the egg with the higher price. However, most consumers do not question the type of eggs that are used in fast-food chain restaurants that they may also purchase from such as McDonald's, or in the pastries from Starbucks or any other restaurant. The same relationship can be applied with chocolate and fair trade. While fair trade is discussed thoroughly at the B2C level, many consumers do not consider whether the cocoa in their baked goods, cereals, coca drinks, and other products are fair trade. Many firms will use the lack of consumer knowledge in B2B business processes to their advantage. Thus, an individual may find labels on eggs and chocolate as being ethically sourced in the grocery store to lie in the hands of an end consumer. In contrast, a restaurant such as Starbucks or McDonald's may purchase the same two products without the need of nutrition claims or the need to explain to their customers where the eggs are purchased from.

The Interface of the Modern Consumer and the Modern Firm

The ethical strategy of a firm may be just one aspect in a consumer's decision-making process when purchasing a good or service. The implementation of the strategy can easily make or break a firm's image. Thus it is crucial to understand where the principles of the modern consumer and firm align.

A social change to ethical consumerism has taken over the modern mainstream society. Ethical consumers are "driven by personal values, moral norms, internal ethics, and other similar factors" (Carrington and Neville et al, 2010). These consumers feel a sense of responsibility towards society, the community or the environment. They choose to purchase ethically or boycott products from firms that do not align with their morals. Business behavior relies heavily on consumer behavior and consumer acceptance. Consumer sovereignty is “only limited by information and choice.” (Brinkmann, 2004). Firms must acknowledge the potential risk with negative information being given to consumers and how that may affect consumer demand. Understanding the consumer and their way of thinking allows a firm to be more equipped for any negative publicity, or any issues regarding ethical decisions that may affect the firm’s performance.

To optimize consumer satisfaction, firms are required to create an exchange that creates value for the consumers. If the consumer has a pleasant experience with the firm initially, the chances of the individual returning increase. This can create a long-term relationship between the firm and the consumer, which should be the goal of most organizations. A strong relationship leads to a higher level of customer loyalty and commitment, and a greater chance for the spread of positive word of mouth to more consumers. According to Ingram and Skinner (2005), the consumer’s association to a firm impacts their reaction to the firm’s behavior. Because relationship marketing’s influence is becoming more and more significant, consumer commitment to a firm has become a top priority. Consumer commitment is defined as “an emotional or psychological attachment to a company or brand and identified as a key factor to the success of buyer-seller relationships (Ingram and Skinner et al, 2005). It has been shown to influence the consumer’s evaluation process as relationships between firms and their consumers are becoming increasingly important. The more committed a consumer is, the higher the expectation will be that “the relationship will continue and that the organization’s behavior will be consistent over time” (Ingram and Skinner et al, 2005). The consumer will be more willing to invest more in benefits, defend the firm when negative information surfaces, and is less likely to make harsh judgments in response to a service failure. When studying the relationship between negative public relations information on consumers' judgments, research has indicated that consumers with higher commitment levels engaged in bias processing of information "such that they counter argued negative information. The result of increased counter arguing is an attitude more resistant to change than those of customers with lower levels of commitment." (Ingram and Skinner et al, 2005). Dawar and Pillutla discovered that those who engaged in this bias processing, also resolved ambiguity by discounting the negative public relations information in their reasoning (Ingram and Skinner et al, 2005). According to Morgan and Hunt, commitment develops when a firm creates strong relationships by "maintaining high standards of corporate values and allying oneself with exchange partners having similar values." (Ingram and Skinner et al, 2005). Consumers are more likely to stay loyal to a firm that shares the same values. When an individual believes in an organization and accepts their values and goals, they are more likely to develop a genuine interest in the progress of the firm and remain a member.

The assimilation-contrast theory suggests that information processing will be guided by the consumer's existing expectations. As discussed earlier, word of mouth research has grown considerably in the marketing world. Especially in terms of satisfaction and complaining behavior, which also links up with the integration of technology, and more specifically the Internet, in the consumer's daily lives. Word of mouth intention with Ingram and Skinner's study is defined as "the consumers' belief that they will or will not tell members of their social set about the unethical behavior." (Ingram and Skinner et al, 2005). They discovered that the level of satisfaction from the consumer has impacted both the intention of the individual to participate in the word of mouth. When a consumer is faced with an organization's unethical behavior, their ethical expectations of the firm will influence their satisfaction level with the company. Their satisfaction level with the company can also be influenced from word of mouth or their direct experience with the firm. If satisfied, consumers will be willing to continue the relationship.

Beyond consumer commitment lies the consumers' judgment of a firm's ethical behavior. Research has shown that consumers do hold ethical expectations of firms and that these expectations influence their judgments. Ethical judgments can be affected by the perceived fairness of the business exchange as well as the perceived magnitude of harm. Consumers often evaluate their transactions by considering how equitably each party has contributed to the exchange. Perceived fairness is a factor that is commonly used to measure consumer satisfaction. Perceived fairness to a consumer can be defined as the "perception that the seller and buyer receive roughly proportional maximum outcomes relative to their minimal inputs." (Ingram and Skinner et. al, 2005). If the consumer feels as though they are not receiving the benefits from the amount of investment they are putting into the firm, their level of satisfaction will decrease and ultimately affect their level of consumer commitment and perception of the brand. Perceived magnitude is defined as the "degree to which consumers perceive the company's actions as harmful" (Ingram and Skinner et al, 2005). This reflects the concept of opportunity costs. For example, Ingram and Skinner pose the example of money from a stolen wallet. The reaction would be more critical of $500 dollars compared to $1 had been stolen. The way an ethical issue is posed will affect the consumer's judgment on the situation.

Many firms resort to using corporate social responsibility as a strategy to generate positive publicity. The growing interest in CSR in firms is because of the influence on consumer behavior as modern consumers are demanding more out of organizations beyond a quality product at a good price (Marin and Ruiz et al, 2008). As discussed earlier, consumers do tend to evaluate a company based on the firm's consistency with supporting the welfare of the community. They expect organizations to demonstrate their social values by contributing to the society. In 2005, Fleishman-Hillard research conducted a survey among United States adult consumers. Given five choices, consumers most frequently selected “being socially responsible” as the factor that would make them most loyal to a particular brand or company. According to the research, consumers tend to buy for personal reasons rather than societal ones. Receiving social benefits from the relationship with the organization is also a large part of purchasing decisions. For example, the most traditional criteria for purchasing products are “price, quality and brand familiarity” (Marin and Ruiz, et al, 2008). If consumers are aware of the CSR that a firm conducts due to positive publicity, and if the company has high social benefits due to recognition, the information regarding the CSR is more likely to strengthen—whether it be from the news or from word of mouth.

Most firms implement their strategies around ethically centered management, to avoid any potential issues regarding ethical decisions. Ethically centered management is when there is a “priority for high quality standards in production, in employee-employee relations, and in product quality.” (Mikes, Small et al, 1999). Pastin argued that the characteristics of highly ethical organizations include individuals who assume personal responsibility for the actions of organizations and tying all activities in with an overall purpose. (Mikes, Small et al, 1999) Many firms who constantly emphasize their ethical behavior promote this commitment through their advertisements, creating more awareness to the consumer. Unethical behavior generates disapproval through negative publicity not only for the firm but also for other stakeholders as well. Consumers who may be wearing a product with a brand’s logo that was recently associated with their exploitation of unethical behavior may receive negative attention, and thus refrain from purchasing from the firm in the future. Partnerships may also be affected, as other firms may not want to be associated with the negative publicity. Future research that measures the specific inputs and outcomes of an ethical situation may "add more insight into the evaluation process" (Ingram, Skinner et al, 2005).

Mikes, Small, et al (1999) have proposed that a chief executive officer may maintain a journal of ethical problems with the executive's reactions and proposed solutions, discuss ethical issues with other managers to formulate opinions and constantly keep up with the daily decisions and actions that are being taken. Research shows that ethical expectations do indeed impact consumer perceptions and behaviors (Ingram, Skinner et al, 2005). By monitoring the ethical expectations of consumers, firms are able to increase their competitive advantage by remaining relevant to the consumer's needs and wants.

Another present issue in modern day corporate ethics is the role of pressure groups in the marketing system causing the "social control of business" (Brinkmann, 2004). Pressure from activists, consumer boycotts, and society can affect the business decisions a firm makes. The most recommended management responses to pressures include creating a proactive strategy in anticipation of increasing pressure group activity (Brinkmann, 2004). For example, when the organic and healthy green movement became prevalent in recent years, many firms began to highlight the benefits their product or service could bring to their health, whether it was '15% less sugar' in their products or reducing the amount of plastic used in their production through their marketing. They were able to implement a proactive strategy to accommodate the new needs of consumers in order to avoid any boycotts or negative reputation. The ethical strategy of a firm must include flexibility to make any quick changes in order to deal with the consumer's changing needs and society's changing social norms. Constant upkeep is required from these firms in order to be prepared for any future pressures that may occur.

However, it can be argued that the social management of these ethical breeches may become less significant in a B2B business system where there are more intermediaries involved before reaching the end consumer. A case study of Monsanto will be analyzed to further illustrate this point.

Monsanto: A Case Study

Monsanto Company is an American multinational agrochemical and agricultural biotechnology corporate. It currently has operations in Latin America, Europe, Africa, North America, and the Asia-Pacific. Monsanto operates in two segments: seeds and genomics and agricultural productivity. The seeds and genomics segment work under various brands such as Deltapine, Seminis and De Ruiter. The agricultural productivity segment manufactures herbicides for the residential market. The firm currently has 22,400 employees and has reported sales of $15.8 billion as of 2014 (Monsanto, 2014).

The firm uses plant breeding and biotechnology to create seeds that “grow into stronger, more resilient crops that require fewer resources” (Monsanto, 2015). Monsanto is the largest producer of genetically engineered (GE) seeds in on the planet, “accounting for over 90% of the GE seeds planted globally in 2003” (Who is Monsanto, 2015). It is one of the major players in the world market for genetically modified (GM) foods. It is known to be one of the most controversial corporations in the world with a long history of corruption, ethical dilemmas and legal battles.

Monsanto Company was created in 1901 by John Francis Queeny. The firm’s first product was an artificial sweetener, saccharine, which was sold to Coca-Cola (GM Watch, 2009). Monsanto has been named one of the most controversial corporations in the world, due to its production of genetically engineered seeds and the plethora of legal action (Who is Monsanto, 2015).

By the 1920's, Monsanto had turned into producing industrial chemicals and became the world's largest maker of aspirin. The firm also introduced polychlorinated biphenyls (PCBs) which were considered a "wonder chemical" or an oil that wouldn't burn, "impervious to degradation and had almost limitless applications" (Waking Times, 2014). The chemical was banned fifty years later after being discovered as a persistent organic pollutant that caused cancer in both animal and humans as well (EPA, 2013). They were used in the electrical industry for cooling and insulating fluid for industrial transformers and capacitors. Documents in court showed that Monsanto had been aware of the deadly effects, yet hid them criminally from the public in order to reap profits from the sale of PCBs. The firm has also had history in researching uranium to be used for the Manhattan Project's first atomic bomb (Waking Times, 2014). In the 1980's the firm produced another artificial sweetener aspartame under the brand name NutraSweet. There were many lawsuits regarding aspartame and the firm ignored evidence of the harmful effects caused by the Copper-7 intrauterine contraceptive device. Within the 1980's Monsanto decided to focus on agricultural biotechnology. They sold off many of their industrial chemical businesses.

The firm's first genetically engineered product was a growth hormone, bovine somatropin which helped produce higher amounts of milk from cows at a faster rate. From the 1980's to the 1990's consisted of the firm growing and creating more genetically engineered products. Millions of dollars were spent in defending state and federal legislation of dumping dioxins, pesticides and other cancer-causing poisons into the drinking water systems.

Additionally, there were legal battles surrounding diseases in their plant workers, the community and individuals in surrounding areas as well as birth defects in babies. The settlements ranged around $100 million dollars but were considered low in cost due to their strength of their relationship with the Food and Drug Administration, Congress, and the White House (Waking Times, 2014). The Bush administration sought to assist Monsanto in lifting the ban against their products. In 2003, the United States Department of Agriculture announced that Monsanto had paid $64,000 in fines for undisclosed violations related to testing genetically modified crops. In 2005, the United States Justice Department announced that Monsanto paid penalties of $1.5 million in criminal and civil charges that violated the Foreign Practices Act by paying the Indonesian government illegally. In 2010, the Environmental Protection Agency announced that Monsanto would pay a $2.5 million penalty for selling "mislabeled bags of genetically engineered cotton seed" (Mattera, 2013).

Monsanto has also had complicated relationships with its farmers. In the early 1990's farmers were forced to sign contracts that prohibited them from saving the seeds from a harvest for planting the next season, which was a traditional practice. To ensure that farmers would purchase their GMO seeds every season, they ensured that they had the right to inspect and monitor the fields of these farmers in their contracts. The firm would bring legal battles against farmers who they claimed would violate the company's policies.

The current products Monsanto offers are glyphosate herbicides, crop seeds, and Bt cotton. Monsanto is the largest producer of glysophate herbicides that is sold through their "Roundup" product line. This line is used to kill weeds that compete with commercial crops. Monsanto's agricultural seed products are genetically modified in order to resist herbicides. This allows farmers to control their land—planting the rows closer and closer together. Bt cotton is genetically modified cotton that produces insecticide. They naturally are used to repel insects such as moths, butterflies, beetles, and flies.

Due to the increasing consumer interest towards socially ethical decisions and the reliance of technology, there has been a lot of public outcry, petitions, and protests against Monsanto Company. Legal battles, current events on the latest action of the firm, and news on what is happening overseas is now more than ever, broadcasted online for the world to see. However, many consumers are unaware of the various different companies that Monsanto Company supplies to. Some of these companies include: Kellogg's, Heinz, Frito-Lay/Pepsi, Green Giant, Coca Cola, Unilever, and Hershey's. *Please see the appendix for a complete list.* Despite working with Monsanto, which is known to have ethical concerns, these firms are often perceived quite highly by the same customers.

Monsanto's view towards their patented GM seeds can appear similar to that of proprietary technology in other industries. The firm specifically prohibits farmers to save and replant the seeds. As discussed earlier, Monsanto has taken legal action against farmers who have violated those restrictions, a process to that which would occur in technological industries. The firm has even implemented a hotline to alert them about any infringements on their patents (Anderson, 2014). This poses an issue in the way consumers may react to the actions of the firm. From a business perspective, this system may appear beneficial in terms of maximizing profit and cutting down on costs. However, it is the public relations perspective that deems Monsanto's practices as questionable. The perception of selling seeds as proprietary technology is not well accepted to consumers and advocacy groups around the world. The thought of treating a product of the natural world that is supposed to belong to everyone as a way to make profit does not sit well with many consumers.

Within the past decade, Monsanto has been the subject of many public awareness campaigns to bring their unethical operations to attention. Documentaries highlighting the unethical behavior of the firm and the potential dangers of genetically modified food such as "Forks over Knives," "David vs Monsanto: the story of Percy Schmeiser," and "The World According to Monsanto," (GMO Awareness, 2013) have gained popularity and the attention of much of the world. Global protests in multiple Monsanto locations have occurred, environmental groups have gathered, and even stories on popular mainstream television shows such as the "The Colbert Report," have discussed the dangers of Monsanto. However, because Monsanto's clients are other firms, the negative public opinion does not affect the firm as much as its downstream channel partners to whom they supply raw materials. Consumers have signed petitions and declared that they would boycott from purchasing all products that Monsanto supplies to, as it is the only way they can demonstrate their concern over the issue. However, the public outcries and opinion will only become a concern for Monsanto when the firms they are supplying to no longer want to use their seeds or products. This is unlikely, as many of these partners are dependent on Monsanto seeds as a cost-effective measure to improve operation efficiencies. A combination of the power of Monsanto and their partners' reliance on their seeds keep the firm unaffected.

Much of the blame can then be attributed to those downstream channel partners for their 'misleading' marketing. Many of Monsanto's partners do offer products that claim to be fully organic or healthy. For example, articles urging consumers to do their research on misleading products such as "Vitamin Water." Consumers have claimed that the product is marketed as being nourishing, yet Monsanto supplies Coca Cola's raw materials. The uproar is then transferred from Monsanto, to their partners.

Despite all of the controversy, Monsanto sales have increased consecutively since 2012 (Monsanto, 2015). Monsanto has retaliated by declaring the accusations as unproven. Their services are marketed as helpful to local farmers by providing them with jobs to earn money. The power and size of the firm has delayed the firm from bearing dire consequences. As the reputation of downstream channel partners becomes more questionable due to their association with the firm, Monsanto still remains profitable and untouched. The personal effort for consumers to boycott Monsanto's customers exceeds the disdain many feel for some of their questionable ethical acts. In a B2B system, the main concerns revolve around maximizing profitability and cost savings. More value is placed on these principles in comparison to creating ethical justice in their business processes. There is less pressure on producers such as Monsanto to uphold their ethical considerations.

Implications

In the 21st century, two things have grown to be more prominent than ever: technology, and a push for ethical behavior. Firms have utilized technology to provide information that enhances their ethical image in order to maintain their reputation and connect with consumers. Consumers use this technology to gather and disseminate information, judgments, and opinions. They use this platform to discuss their satisfaction, or lack thereof, with corporate ethics. It becomes more difficult for consumers to gain social control of the brand when the customer base is revolved around the business-to-business system, as opposed to the business-to-consumer system. The amount of players involved before the product ultimately ends up in the hands of the consumer is crucial to note. In examining the Monsanto case study, it is inferred that more channel partners lower the social consequences for the producer, as the blame can transfer down the line.

Public reputation is less significant to a B2B firm than their client's need for the product or service they are offering. Businesses place a higher emphasis on what the B2B firm is adding to their own business value and less about the actions the firm is conducting in other areas. Businesses are less likely to protest or boycott their suppliers unless there are extreme pressures from stakeholders. Additionally, it is much easier to conceal unethical behavior when operating under the B2B systems. There is less information available about the other players involved in B2B supply chains. Monsanto's silent legal settlements are a great example of the lack of transparency available to end consumers. As discussed previously, laws and regulations are necessary in order to avoid the exploitation of opportunities. From the perspective of the firm, taking ethical actions prohibits a firm from taking an easier course of action.

End consumers are more interested in the ethical actions of the firms they purchase from. A B2C firm incurs a higher consequence of negative public opinion due to the emotional decision-making style that consumers have.

A self-policing market in the B2B industry will not be effective because these consumers are only focused on their direct suppliers. Furthermore, B2B firms have the potential to leave a larger impact on global ethics over a single B2C product. Their large capacities and connections with a multitude of firms and international governments, especially in the case of Monsanto, would allow them to create a huge movement towards global ethical behavior.

Proposition

Ethical consumerism has taken over modern society, as individuals are more driven by their personal values and moral norms. These ethical expectations from firms impact not only the perceptions of consumers, but also their behaviors. In modern society, expectations towards social action or community involvement have enlarged due to the reliance of international business. Consumers not only expect, but also favor firms which appear to be genuinely interested in utilizing their profits to give back to the community. It has been shown through our research that negative publicity in terms of the ethical decisions a firm has made has drastically changed their image and affected the profitability of a company. An efficient ethical strategy leads to positive consumer purchase behavior. Firms that do not execute ethical behavior tend to suffer in the long run, whereas firms that exhibit ethical behavior create trust with stakeholders by increasing the benefits that they receive from doing business with an organization. Establishing a long lasting relationship with their consumers has become a priority in business today as continual buyers and word of mouth marketing is brings high value in today’s society.

The formation of an effective ethical strategy relies on the strong foundation built by top management executives. A clear definition of the ethical values within a firm must be proposed for any ethical strategy to be at all effective. An instrumental platform that guides the decisions within an organization should regulate the amount of unethical decisions an organization has. With the combination of building ethical values from the inside of the firm, while emphasizing their contribution to the community through public relations and effective marketing, the firm should be able to see their brand reputation flourish. Consumers are currently looking for firms that meet their needs and will purchase more from firms that meet their morals. A firm that is pro-social and genuine with their day-to-day business decisions is deemed as being more likeable to consumers. Ethical strategies that are genuine from the beginning may endure costs in the short term because ethical decisions are not the easiest path to take. However, most short-term benefits do burn out in the end and ultimately a firm's relationship to their consumer is the most important. A firm may have cut down its costs by making decisions that were easy for them, but it is not necessarily better for their brand. By conducting intensive research about their target audience—cultural research, understanding their preferences and needs—a firm can rise to the top from their competitors and flourish. The more understanding a firm is to a consumer's needs, the higher the level of satisfaction. When a consumer is satisfied with a firm, their level of commitment increases. Consumers with a high level of commitment are more likely to stand up for a firm when it comes to negative publicity, as they tend to hold bias processing.

As we have discovered earlier, consumers see being socially responsible and holding ethical decisions as a factor that would make them most loyal to a firm. Modern times call for more social action and responsibility. These expectations from their consumers surely influence the way management may carry out their business decisions in an organization. A well thought out ethical strategy can bring many benefits to consumers in their business exchange. This can also create a long lasting relationship to bring continual business and high levels of consumer commitment. In addition, with the prevalence of the Internet and word of mouth marketing, a firm that does its research and starts implementing its ethical values from the foundation of their firm and works its way out, will be able to succeed through positive publicity.

This thesis explored the ethical values of firms and consumers in the 21st century, the importance of Internet in business today, how firms develop their ethical strategies and the influx of ethical consumerism and the study of consumer behavior and ethics. We were able to conclude that consumers do hold ethical expectations from firms, and negative publicity on the ethical behavior of firms does impact their consumer purchasing behavior. We have learned that strong ethical strategies with a lot of work and research behind it tend to attract more consumer commitment and create trust with stakeholders, which is essential for business. Ethical decisions and issues arise in a modern day corporation every single day. With a strong set of expectations from consumers and top management of a firm, making the ethical choice should be considered, with the promise of the beneficial long-term outcome. Though the issue is complex, we have discussed what makes up an effective ethical strategy and we have discovered that it only causes positive consumer purchasing behavior.

Additionally, we have discovered that the increasing prominence of technology comes with a growing demand for ethical behavior in firms. We conclude that distinguishing the business systems as business-to-business or business-to-consumer is crucial in understanding the potential consequences of ethical breeches of behavior. More channel partners relates to more opportunity for producers to conceal their questionable practices. Although the increased visibility of the business practices of a firm brings attention to the actions of B2B producers such as Monsanto, there will continue to have significantly less public pressure for ethical behavior in comparison to a B2C firm. For future studying opportunities, perhaps a look at how channel partners deal with the negative public opinion of their producers in their strategies and how they defer the attention from those issues would be beneficial in creating a model of the strength of the voice of a consumer.

Technology has transformed the business world, affecting both the consumer and the firm. This increased interconnectivity has allowed for more opportunities to build relationships between the consumer and firm, but has also posed new challenges. Now more than ever, consumers have the power to not only influence, but also take control in the marketplace. This newfound power has brought more visibility to the actions of firms. As the world of business is changing rapidly in this modern day and age of the smarter consumer, the question of whether or not businesses decide to use the transparency to their advantage is in the hands of the firm.

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Appendix

I. *List of firms that are supplied by Monsanto*

Aunt Jemima
Aurora Foods
Banquet
Best Foods
Betty Crocker
Bisquick
Cadbury
Campbells
Capri Sun
Carnation
Chef Boyardee
Coca Cola
ConAgra
Delicious Brand Cookies
Duncan Hines
Famous Amos
Frito Lay
General Mills
Green Giant
Healthy Choice
Heinz
Hellmans
Hershey's Nestle
Holsum
Hormel
Hungry Jack
Hunts
Interstate Bakeries
Jiffy
KC Masterpiece
Keebler/Flowers Industries
Kelloggs
Kid Cuisine
Knorr
Kool-Aid
Kraft/Phillip Morris
Lean Cuisine
Lipton
Loma Linda
Marie Callenders
Minute Made
Morningstar
Ms. Butterworths
Nabisco
Nature Valley
Ocean Spray
Ore-Ida
Orville Redenbacher
Pasta-Roni
Pepperidge Farms
Pepsi
Pillsbury
Pop Secret
Post Cereals
Power Bar Brand
Prego Pasta Sauce
Pringles
Procter and Gamble
Quaker
Ragu Sauce
Rice-A-Roni
Smart Ones
Stouffers
Sweppes
Tombstone Pizza
Totinos
Uncle Ben's
Unilever
V8

Source: "Printable List of Monsanto Owned "Food" Producers." *REALfarmacycom*. N.p., 29 May 2013. Web.