Screening the Leaders Ethical and Unethical Behavior against the Corporate Citizen Theory.

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DEDICATION

This thesis is dedicated to my beloved family:
Mr. and Mrs. Arrey (parents).
Tabe Patrick Arrey (brother), Joan Orock Arrey, Bertha Enow Arrey, Hannah Ako Arrey and McMay Ndip Arrey (sisters) and Not leaving out my children Elboris Mbeng-Nchang Arrey, Bestaline Ngo Njohmson, Orock-Nfor Arrey, Linkson Arrey, Ndip Arrey, Manyi-Arrey, Agbor-Ndip Arrey, Otang Mkem Peary, and finally Favor Otang-Orock.

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I highly dedicate this thesis to my entire family and friends specially Northern lights.
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Rukhsana Dharamsee
Abstract

Corporate citizenship is a debatable topic, according to many authors corporate citizenship is equivalent to corporate governance, corporate social responsibility and business ethics. Therefore, we have explained all the four theories in order to equip our reader with the subject in concern. This topic is of growing concern taking the evolutions of the subject, the previous and ongoing scandals into consideration.

The paper will present an overview of the concept of Corporate Citizenship and its alliances and provides the readers with different definitions of the above mentioned concept. We explained the relation between Corporate Citizenship (CC) and Corporate Social Responsibility (CSR). We shall use both the terms CC and CRS interchangeably. After going through the literature we felt that there was not enough written about the leader’s role with regards to the ideology of Corporate Citizenship. Therefore, we took the opportunity and used these concepts to screen Steve Job the CEO of apple against the norms of corporate citizenship. Our choice of topic was also motivated by Fortune Magazine 2008-2009 edition.

We used Explorative study to fill our research gap by framing very general and broad research questions. A qualitative study was conducted with fifty (50) people from Umeå – Sweden. Our interviewees were mostly students from university and one interview was conducted from the IT head of a public organization from Umeå Sweden.

Defying the theoretical concepts we used, we concluded that the consumers we interviewed embrace highly about the concepts of Corporate Citizenship but in practice, they did not bother to take these concepts into consideration before buying the product.
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CHAPTER ONE

INTRODUCTION

In this chapter, we are going to present the background of the study, the research questions and purpose of the study. We will go further to give our limitations of study, definition of keywords, and finally we shall give a disposition of this thesis.

1.1 Background:

Corporate citizenship is a word that gained a lot of impetus in 21st century. According to Wood and Logsdon (2002) the ideology of corporate citizenship emerged as a buzz in late 1990 and ever since it is playing an important role in monitoring a company’s social behaviour.

In the past Businesses concerned themselves with charity as a means to get back to society. However, in present times these little gestures which were not consented by law, took a broader view and covered the global audience instead of just their local community all these gestures are what make the corporations a global citizen (Carroll 2004 cited by Crane et al., (2008). Though, the concept of corporate citizenship existed from a long time. However, the term Corporate citizenship was introduced in 1980’s (Altman Vidaver –Cohen, 2000; Windsor 2001 cited by Crane et al., (2008) and over a decade's time the term corporate citizenship was used synonymously to Corporate Social Responsibility (CSR). (Wood and Logsdon, 2002 and Matten et al, 2003 cited by Crane et al 2008)

Corporate citizenship is all about extending its responsibilities beyond the intend of economies it also takes liability in serving the society, both the companies and its members are equally responsible for extending this helping hand towards the social causes that do not fall under their domain. (Andriof & McIntosh, 2001; Habisch 2001) also reiterate that academicians, companies and leaders should recognise and acknowledge this concept, by the same token.

However, in the recent past these activities of corporate citizenship or the terminology was, for the most part adhered by the companies. There were companies that benefited from this concept in the form of Cause Related Marketing (Pringle & Thompson, 2001) and there were companies that attracted bad publicity for not keeping up with this ideology. In both the cases it got a major hype; so for any slip-up or for any good deed the company as a whole stands accountable.

We felt that the leader’s part on acknowledging the concept of corporate citizenship was largely ignored; this argument is supported by (Tulder 2006) as he mentions that we have limited data on leader’s accountability and the attention towards leader’s involvement in fulfilling CC ideology was overdue. However, it cannot be denied that behind the decisions of the companies, there are CEO’s and other leaders, conversely we argue on the moral responsibility that a CEO takes not only in regard to the company but a society
as a whole, this point becomes even more relevant as we will be focusing our thesis on shareholder owned company.

Going forward with the idea of increasing our knowledge by research on leaders who acknowledge or rebuff the concept of corporate citizenship, we shall also study how these leaders influence the customers in this process, and we shall also conduct a study to check if the leaders are denounced if they fail to stand by the statute.

Therefore we applied the concept of corporate citizenship to a company which can gravities' generations, race, geographies like a magnet, and its CEO is a synonym for its brand; he is literally the driving force behind the success of the company. It is rated as the most admired company. (Fortune magazine, 2008/2009).

As mentioned above previous studies on corporate citizenship has left a considerable gap by not focusing on the leader’s behaviour or contribution towards the application of the ideology. Therefore, we bring forth the concerns regarding the behaviour of CEO of the most admired company as stated in fortune magazine 2008-09 edition, apparently he parks his car in the handicapped parking lot, he refuses to put a number plate on his Mercedes, he brings his employees to tears, yells and shout at them, fire or transfer according to his tantrums, he can denounce and then adopts a subordinate's idea and presents it as his own without even acknowledging them. He can create fake examination to prove that he is impotent in order to deplore his child from his previous girlfriend and goes on to marry and have two children with another woman, have fooled the shareholders in various occasions and above all accused by the US court for fooling the authorities for backdating scandal. Surprisingly he is none other than the most admired Steve Jobs from Apple. (Fortune magazine April; 2008 -2009)

The above introduction about the concept of CC as well as the character of our leader Steve Jobs will be developed as we proceed on our research to find out if at all his snag behaviour affects consumer’s choice and willingness to buy a product.

In light with the above research setting while synchronizing with CC ideology we propose our research question
How leader’s ethical and un-ethical behaviour affect's consumer's options towards a company and their willingness to buy their products?

1.2 Purpose of study
The Purpose of this study is from managerial perspective to get an understanding on how leader’s ethical and unethical behavior influences consumer’s opinions and their willingness to buy products with a focus on Apple.

We intend to study the corporate citizenship ideology in order to understand what responsibilities and duties a leader should transmit in order to be influential and ethically conscientious.
1.3 Limitation:
As we are mainly studying the influence of leader’s behaviour on consumer’s procurement decree, and there are number of influential leaders across different industries, we limited our studies to technologically driven company and further on went on to focus only on Apple and their consumers. Due to time and financial constraint the scope of this study was further limited to Apple consumers in Umeå, since a lot of young consumers(private users) are attracted to Apple following the trend, unintentionally the study of consumers was further limited to young consumers of Umeå in Sweden.

Besides this we would also like to add that ideology of Corporate Citizenship and CSR performance is wide, we would limit this study only to the concept of ethical and moral values implied by CC ideology on leaders. Another factor that limits us was language barrier, since our working language was English and most people that we interviewed who also had Apple could not express their thoughts because we could not communicate freely due to language barricade.

1.4 Definition of Key Words:
Corporate social responsibility (CSR):
Is a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities, stakeholders and environment. This obligation is seen to extend beyond the statutory obligation to comply with legislation and sees organizations voluntarily taking further steps to improve the quality of life for employees and their families as well as for the local community and society at large. (Crane et al 2008)

Business ethics:
Business Ethics is all the behavior of the corporations that is good and bad, fair and unfair or just versus unjust (Carroll, 1998). It deals with developing codes, concepts and practices of acceptable business behaviour and how the business is practicing this in all her business dealings. According to Crane & Matten (2007), “business ethics is the study of situation, activities and decision where issues of rights and wrongs are addressed”.

Cause Related Marketing:
It is attracting customers through criteria, which go beyond the functional value of a product or brand; it is about gaining loyalty of the customers by connecting with them socially and morally. (Adkins Sue, 1999)

1.5 Disposition
Introduction:
This section is going to provide the reader with the milieu regarding the study, under the sub heading background, we have tried to form a case which will present the framework of the topic, and this section should facilitate the readers with the academic gap that we
intend to fulfil. Besides this, the aim of the thesis is communicated through the purpose and research question. A definition of key word is provided so the readers get equipped to the concept; we have also defined the limitations so the readers proceed in line with the authors.

**Methodology:**
We have introduced the readers with our preconception, which may or may not influence the study, we then move on to rationalize our approach taken towards the. Study through scientific research methods. Then we narrow it down by mentioning perspectives of our study and appropriate theories chosen. Besides this we also mention the process of collecting the empirical data.

**Theoretical Framework:**
This section presents the theoretical background; relevant theories will be displayed in order to equip the readers with the concepts of corporate citizenship. We will furnish the reader with existing models and trends in corporate citizenship.

**Empirical studies:**
This section will explain the readers about our research subjects. The criteria of selection will be reiterated. And their perceptions on our research question will be derived.

**Analysis:**
We shall try to compare the empirical finding with the theories and models chosen in the theoretical framework, findings will be highlighted and this will form the bases for the next chapter.

**Discussion and conclusion:**
The findings from the analysis will be discussed in detail; we would present an overall conclusion of our thesis and explain if the research question and gap are fulfilled.

**Evaluating the study:**
We shall evaluate the study by criteria’s such as reliability, transferability and inter-subjectivity, thus providing the readers with the trustworthiness of the conducted research.
CHAPTER TWO

METHODOLOGY

In this section of the work, we are going to explain what kind of research methods we choose to use and why it was chosen for our study. We shall base our attention on the choice of study, preconception, perceptive, research approach, research methods, research design and finally data collection methods for our thesis.

2.1 Choice of Subject

The Fortune Magazine edition 2008 motivated us to choose the topic of this thesis. We, predominantly wondered about the success of the company Apple while its CEO is considered as a tyrant in Silicon Valley. We have studied Corporate Citizenship briefly in our course during our masters in Umeå University, after reading the magazine, we related the subject to the corporate citizenship and the responsibilities that corporate citizenship demanded from companies and leaders towards the internal and external environment of the company. From what is mentioned in the fortune magazine it is clear that Steve Jobs as leader failed to stand by any stature prescribed by the theory of CC, and still he is considered as the best leader apple ever had and would have. Surprisingly, he is also admired by the board of directors. However, the magazine also suggested that when people around him speak the words of praise, they usually do it because they are scared of him.

We had an idea about Steve Jobs nasty behaviour, we came to know about it through some documentaries, news etc, but the only tangible source we could refer to was Fortune Magazine. We censure all the nasty acts of him mentioned in the magazine as we strongly believe that; when a leader comes to a stage when everyone is looking at him, noticing his every move, specially when he is considered as an icon among young and technologically savvy people, it becomes even more important that he conducts himself straight and set examples, there are a lot people not only employees but also consumers who are directly or indirectly looking at him as a guru. Besides this we also feel a CEO especially famous one’s are representing their company. Therefore, it becomes their responsibility to display themselves positively in society.

Besides this as consumers we are also responsible for upholding the values of the society by denouncing immoral acts, we would like to quote a line mentioned by Prof Noam Chomsky a great philosopher who mentioned in one of his famous speeches, that “there is a thin line between the consumerist and capitalist society and for a smooth running society balance should always be maintained. Both consumers and capitalist have to act as watchdogs over each other “ going forward with this thinking we think that we as consumers should be active in seeking knowledge about the environment a company and its representatives operate in, we should question the one’s that sends out wrong message to the society.
The characteristics mentioned in Fortune magazine 2008-2009 edition about Steve Jobs raised several questions in our mind, we couldn’t understand how then Apple is considered the most admired company, and therefore, we decided to conduct a research to find out if leader’s behaviour lays any influence on the customers options and opinions on their procurement decree, which should be the case according to the CS theory.

Consequently, we came up with the topic “Screening the Leader’s Ethical and Unethical behaviour against the Corporate Citizenship Theory”. The topic is more relevant because of the importance that corporate citizenship plays in society. Not only that but because more research conducted on CS theory focused on companies and very few on leaders, this prompted us to fill that gap by conducting research on this topic. We also think that studying this topic will benefit us as future leaders by enabling us to be conscious of our behaviour as it may have an impact on us as an individual and the company in general.

2.2 Preconception
In this section, we, the authors of the thesis are going to present our preconception. It’s obvious that when writing a thesis you should remain as objective as possible by possessing some basic experience, knowledge and some degree of interest in a well defined field of study before undertaking a research topic as this will be of great importance when making analysis. This goes to confirm the mean of preconception, which says that reality is not only perceived through senses but rather personal interpretation plays a great importance (Thuren, T. 1996).

Therefore, to enable the readers to be aware and interpret the text objectively we (authors) will like the readers to gather some knowledge about our preconceptions. The styles in which individuals interpret the same phenomenon differ due to their social and cultural background as such consideration that the authors come from two different nationalities. Therefore, they have different cultural background, which makes them to have different perspectives of looking or appreciating things. In terms of educational background one of the authors has accounting as her domain and the other one has management in their undergraduate level. Their working experience varies between 4 years to 12 years.

Rukhsana worked as a team leader in a multinational company, she was trained on effective leadership techniques. Besides this her job required her to set a positive influence on subordinates, thus her job had a major influence on the topic chosen. While, Otang worked for 12 years as a support staff at the university. During her years of working, she dealt with people of different cultural perspective as her duties enable her to deal with people of all calibre that are from students, lecturers, administration and the public. This gives her an experience on how to deal with people and also try to broaden her ideas on how leadership influences people or individuals in an organization and the society as a whole.
Currently, we are business students with specialization in management and have acquired sound knowledge in management at master’s level of study. Studying at the university level also we were introduced on how to gather necessary information and how to be critical towards it, which is very important when conducting a study. Therefore, our preconception generates from our previous studies and has enabled us to formulate our topic.

“From the above mentioned background of both the authors, it is evident that certain bias has stretched across the study, however to explicitly come out with bias, it is worthwhile to mention, that while fulfilling their term in university they were enlightened about ethics and CC ideology, besides their occupation as mentioned above also emanated on their bias, which could mean that authors unintentionally might have exaggerated the role of ethics, this might have also influenced the process of data collection in terms of articles or literature chosen for this particular study. Therefore, the result of this study came as a surprise to the authors”.

2.3 Perspective
There are different viewpoint why individual carry out research, which depends on their different aim and objectives. Therefore, in carrying out this research work, we shall base our attention on the interest of academic purpose and as such the perspective at which we are looking at it would have been different if we were to look at it in terms of business ideas. Thus according to Eriksson and Wiedersheim-Paul (1997) perspective can be best be explained as the point of view chosen to enable how individual's glance at problems from different angles because we all have different perspectives. In our thesis, we have decided to investigate our research problem from the management perspectives. The manner, which individual looks upon reality is being perceived depending on the individual judgment as this is been deduced and created by people and will therefore, depend on who is examining it (reality). Carrying out research work in a particular field, one needs to have a sound understanding of the subject matter, which will vary depending on the disciplines of the individual as they might have different ways of looking and analyzing problems. To enable us answer our research questions, we shall then focus on how leader’s behaviours influence their customers using the theory of corporate citizenship to have a sound knowledge on the responsibilities and duties of a leader. We shall be interviewing consumer (i.e. private and organizational user) and we think this could be achieved by using different research approaches.

2.4 Research Philosophy
The research philosophy will depend on how researchers’ interpret the development of knowledge and the nature of knowledge. It contains some important assumptions in terms of how the researcher views the world. This will underpin your research strategy and methods that you will choose. Furthermore, not only the strategies and methods will vary or differs but the researcher’s view (Saunders et al, 2007, pp 101 - 102). It will be necessary to use an appropriate method to enable you achieve the best understanding of the study. Therefore, there is no particular research philosophy that is better than the
other making the choice will depend on which approach the researcher knows will suit him/her best to answer his research questions. As a matter of fact, it will be good for the readers to understand that the research philosophy that you choose have a relationship with the research strategy and methods on how data will be collected. There are many research philosophies, but we shall introduce the readers with only two of them which we considered useful to our study. They are epistemological and ontological. The epistemological stance deals with the nature of knowledge i.e. what makes acceptable knowledge in a field of study. The most common view about the epistemological approach is positivism and interpretivist (hermeneutics). Positivism is an epistemological stance which asserts the application of the methods of natural sciences to the study of social reality and beyond, mostly characterised by means of generalised, which explained and described reality by logical systems. While, the interpretivism requires that social scientist should hold subjective meaning of social action “and it’s aim at interpreting and enable the researcher to have a deeper understanding or feelings towards a particular situation or phenomenon instead of making generalisation (Saunders et al., 2003, pp 38 - 85 and 2007, pp 102 -107 ). According to Bryman & Bell, 2007, p 19 interpretivism view is an “alternative or opposite to the positivist orthodoxy”.

Meanwhile, the ontological view deals with nature of the world and what we can know about it. According to Hammersley 1992, cited by Ritchie& Lewis (2005), ontological position is a “subtle realism”. Meaning we accept that social world does exist independently by individual subjective judgment. “It deals with the nature of reality to a greater extend than epistemological view. “There are two views here objectivism and subjectivism (constructionism), (Saunders et al, 2007, p 108).” The ontological stance is also divided into Objectivism and constructionism. Objectivism is an ontological position that asserts that “social phenomena and their meanings have an existence that is independent of social actors.” While constructionism is an ontological position which also asserts (accepts) that social phenomena meanings can be continually accomplished by social actors and that reality of social world is constructed and does exist out there (Bryman & Bell 2007, pp 22 - 23). “It involves the detail of a situation by understanding the reality in it. It follows the interpretivist position, which explored subjective meanings by motivating an action (Saunders et al., 2007, p 108)”

“Having given the meaning of these philosophical views we would like to make a choice that best suits our topic on how we think about the development of knowledge and reality. With all the ideas in mind, in relation to our study therefore we have chosen the interpretivist (hermeneutics) and constructivist perspectives because we considered them the best or right point to enable us have a deeper and better understanding from the various interviewees that we shall conduct the interview with them to enable us answer our research questions on how they feel towards leaders ethical behaviour when buying a product”.

We believe knowledge comes from individuals, therefore, interviewing different respondents, we are sure of having different results, which now will be our job to
interpret their actions from their viewpoints, and it will depend on our subjective “thinking from there theories and drawing conclusions from the interpretation that we gathered from our empirical findings. Since the various respondents are going to express their individual viewpoints based on their subjective judgment and also considering that people have different opinion or ways of looking at a phenomenon or situation, we strongly believe looking at ethical stand-point of leaders, which, in a way studies the social impact of leader’s behaviour, we are accommodating our reasoning under interpretivism and constructivism view.

Even-though we know positivist and objectivist view points mostly goes with quantitative studies but because we want to have a deeper understanding about ethical stand-point of leader’s behaviour from the consumers, by expressing their feelings based on their subjective judgement that is why we considered the above views suitable to our study”.

2.5 Research Approach
According to Bryman. & Bell, (2007), pp 11 – 15, there are three different research approaches inductive, deductive and abductive. These approaches gave the relationship between theory and the research. The **deductive** approach which deals with whether theory guides research “that is you develop theory and set hypothesis and design a strategy in testing this hypothesis in order to confirm the theory or modify its outcome (Saunders etal, 2007, p 117)”. The **inductive** approach is whether the theory will be an outcome of the research. It is about finding association with certain enquiry that is considered as reality. “The researcher starts by collecting data and then develop new theory as a result of data analysis (Saunders et al, 2007, p 117)” ; while the **abduction** is a combination of both the deductive and inductive approach. The theoretical method one chooses has a link to the research design and methods to use.

In our study, we shall use the “deductive approach because we think it is the best approach that has a link on research methods to answer our research questions as we shall use our ideology gathered from the literatures together with the information from our empirical study to draw our conclusions by confirming our theories or to reject the theory from our empirical findings. We strongly believe it’s the best approach for our studies as we have no intention of generating any new theory. Also we shall like to point out to the readers that though the inductive approach goes more with interpretivism and constructivism while deductive owes more to positivism and objectivism we have decided to base our study on deductive approach even though we focus on hermeneutic and constructive perspectives because as mentioned above we are not building new theories and also we wish to have a deeper understand about our research questions we considered this approach and philosophical stands point suitable for the study”.

2.6 Research Design
According to Bryman & Bell, 2003, there are five different research designs, which are the experimental, cross-sectional, longitudinal, case study and comparative designs.
Longitudinal is a research capacity which studies change and development in business research. A cross-sectional method is the analysis of data gathered from more than one case at a single point in time in order to collect a quantitative or quantifiable data in connection with two or more variables, which are then examined to detect patterns of association. The case study design is development of detailed and intensive knowledge about a single case or multi-cases. It deals with the complexity and particular nature of the case in question. It can be in terms of events, locations, persons, organization etc. Also as mentioned by Robson 2002 cited by Saunders et al, 2007, p.139. “Case study is a strategy for doing research that involves empirical investigation in a particular phenomenon within real life context”. Selecting a research design will be good if the researcher chooses the best methods which will enable him/her carry out the study if he or she wishes to gain a richer understanding about the context in process.

“We decided to use Apple as a case study to our research study. The case study design for our study is considered as a good strategy that generates answers to questions of why, what and how, and mostly used in explanatory and exploratory studies (Saunders et al., 2007, 139). We decided to use exploratory study because is a valuable means of asking questions and assessing the situation in a new light. It is also useful if you wish to clarify your understanding about a problem given it is flexible and adaptable nature to changes (Saunders et al., 2007, 139), by this, we simply mean that your focus can be broadened and becomes narrower gradually. **This goes to answer the reason why we decided to introduce some questions, which were not really directed to our topic but act as a means to guide the interviewee. Considering that our research topic is not much studied we believe using exploratory study will enable us to answer our research questions”.**

3.7 Research Methods

Basically we have two main research methods, which are qualitative and quantitative methods or a combination of both methods.(Sauders et al., 2007 p 145). The quantitative methods employ measurement that can be quantifiable while qualitative cannot be measured. It could also be differentiated by the connection between theory and research, which help in determining which methods to use (Bryman & Bell, 2007, pp 28 - 29). Because of the nature of our interview questions and time frame in terms of duration that the interviews where conducted with the interviewee for both the private and the organisational users and the number of participants that we interviewed, which were fifty (50) private users and one (1) organisational user we strongly believe that the best research methods to use for our study will be the quantitative methods because it’s the best methods that suit our research study in the manner in which our interview was conducted. (Saunders et al., 2007 p 145).”

2.8 Data Collection

Data collections are the means by which you gather relevant information to enable you provide answers to your research questions. Normally there are two main sources for collecting data. We have the primary and secondary sources. The Primary source of data collection is when the researcher collects first hand information using survey
methods such as observations, interviews, questionnaires, which are followed by an analysis of the data (Saunder et al., 2000). and the Secondary sources are already collected information for other purposes and perhaps processed and stored. These types of information are official documentary data, survey-based data and multiple-source data (Hakim, 1982, cited by Saunders et al. 2000).

In collecting data to answer our research questions, we shall rely on both sources being the primary and secondary sources: To get more knowledge about our work, we shall study literature and articles which we think are relevant to our topic and to enable us take a step forward and conduct our interview for the empirical part. At this point, therefore, we found some authors and researchers whose works were meaningful and trustworthy to our areas of study.

In our secondary data, we used articles and literature that were collected from the electronic database of Umea University webpage to search for some scientific articles were we could lay hands on about 30 scientific articles from sources like. Business Source Premier, Emerald, etc and they were all peer reviewed obtained from the Umea University Library. We also used magazines and went further to search for information from the internet. Our data for analysis for the primary data was collected through face-to-face interview which enable us to draw our conclusions by combining the theory and the findings. We prepared standard questions for all the interviewees in order to get their individual opinions towards the questions. We interviewed 50 people all from Umeå, and mostly young people though we did not asked their age but from their physical appearance you could judge they were young people not only that but also more than half of them were students and this was not done intentionally.

In addition to the fifty private users, we had the intention of interviewing two organisational users but one of them at the last minutes said she will not be able to participate because of lack of time and this now left us only with one organisational user to interview. As earlier mentioned above we decided to use an exploratory approach in formulating our research questions by starting with a broader perspective of the CC ideology then narrowing it down gradually towards our research problem. “We introduced the question about SEB and AIG to get the interviewees opinion in issue relating to both internal as well as external factors thereby letting us to know if their ignorance related to the unethical behaviour of Steve Job is due to the fact that the issue did not take place in Sweden. Thus this explanation goes to justify the answer to the question that our readers might ask why did we introduced the SEB and AIG questions”.

We created an interview manual (Appendix 1) which we sent to the organization interviewee by emails a week ahead of time to enable him prepare answers to the questions before the interview day in order to make sure, he had the opportunity of expressing his subjective views. This also acted as a guideline to enable him know and prepare his mind for the interview. The interviews for the organizational user took place
At his office which we think makes him more comfortable and relaxed to answer our research questions very well.

With the permission from our interviewees, we used a tape recorder to tape all conversations from the respondents this enabled us concentrate totally on the interviews so we should not be worried about taking notes and misinterpreting any information as we could go back and listen to the tape any time during the transcription process.

2.9 Criticism of Secondary sources and Interview

“To identify the extent which the secondary sources are reliable and importance to an extent is to evaluate the trustworthiness of the information from the sources. Therefore, it very vital to evaluate the suitability of the secondary sources for your research and this can be access by using the validity, reliability and accessibility criteria, which simply means the sources are correct in order to avoid misleading the readers (Saunders et. al., 2007, p 263).

It was pretty easy for us to lay hands on relevant sources which were usable in forming our theoretical framework of the CC theory. They were comprised of both old and new ideas. The fact that some were old does not mean that they were not useful because they were useful in the sense that they help to build foundation and apprehension of our knowledge toward the CC theory. Though some of the articles used were not directly concern with the ethical behaviour of leaders but they help in facilitating our understanding within the subject area, thereby enabling with current information.

To maintain a degree of authenticity and high quality sources we decided to use only peer reviewed and most commonly cited sources of authors in this area of study. However this does not mean we did not used sources that are not frequently cited as we find it relevant to contribute positively towards our thesis. We also brought in few sources that had different views in regards to CC theory. In regards to the accessibility of information from the internet we are aware that most sources of the internet are not reviewed, therefore it we are aware that it should be used with more care. At this level the only internet information that we used was only to give a short presentation about the background of the company in our case study which we think has no impact in relation to our study to distort reality.

In relation to the interview questions we are aware of the fact that some questions that were introduced had no relationship with our research questions but we just used them to guide us to have certain answers. We know some of the question could have limited the interviewees to express their thoughts because of lack of knowledge but in such a situation we went further to explained to interviewee with even some examples which makes them to have an idea before going on answering the rest of the questions. Before we start interviewing the interviewee we had to give a brief introduction of ourselves and let them know the main purpose of the interview with this in mind they were able to express their thoughts freely with no contemplation.”
2.10 Credibility
The criteria in judging the quality of any research study is the credibility on the work and how can one tell if this work is credible or not. It will be difficult to tell if this thesis is credible or not but what one can do is reducing the degree of likelihood of getting the feedback that the research is incredible. In the case of qualitative study to determine the value of the evidence is to determine the quality or sustainability of the investigation (Ritchie and Lewis, 2005). Meeting these criteria certain test of measurement is required, which is reliability. Furthermore, we wish to acknowledge the fact that since we have mostly interviewed but students these could lead to eventual biases.

2.10.1 Reliability
Different authors talk about reliability using different words such as conformability, trustworthiness, consistency and dependability (Glaser and Strauss, 1967; Hammersley, 1992; Robson, 2002 and Lincoln and Guba, 1985 cited by Ritchie and Lewis, 2005). The main aim of reliability is to ensure that quality exist and how can it be measured? This requires a clear and better understanding of what characteristic qualitative data might be expected to have if the same study is replicated in a different setting. This is in terms of consistency, replicability and dependability. Reliability could also be referred to as the consistency to measure a concept. Three questions can assess reliability (Bryman and Bell, 2003, pp 101):

“Will the measures generate the same outcomes on other occasions?
Will other observers reach similar observations?
Is there transparency in how sense was made from the raw data?”

Therefore, we believe all the necessary steps and research methods were taken and therefore, if similar research were to be conducted using the same purposes, statement and method as ours, we think they will be a probability of generating similar results but not exact. Even the analysis we draw from our results is quite transparent in how we collected the data and made our analyses, these, we think meet the three criteria mentioned above.
2.10.2 Validity

Validity measures the correctness or precision about research findings and that can best be explained using two different concepts. The internal and external validity. Internal validity deals with whether you are “investigating” what you are supposed to investigate, in other words, to ensure it answers your research question(s) and meets your objective. While external validity involves the extent to which the “abstract constructed or tested” can be applicable to other groups within the population (Arksey and Knight, 1999; LeCompte and Goetz, 1982 cited by Ritchie and Lewis, 2005).

According to Bryman and Bell, 2005, we have measurement validity, ecological validity, internal validity and external validity. However, the most common is internal and external validity. In qualitative research, external and internal validity is the most common form of validity, which is used to verify accuracy that is investigated, which at this level will be the strength of the research method used and the quality on how the data is interpreted and analyzed.

In relation to our research study, measuring validity and reliability, we are sure that the means of collecting data and the number of interviewed that we conducted were sufficient and satisfactory to our study. We also think we had a high theoretical satisfaction when it comes to the quantity of secondary data that we used. Using a qualitative research method we think is the best method to use in obtaining a deeper understanding for our research questions. Not only was that but our research design selected was an appropriate form associated with qualitative study. In collecting our primary data, we decided to conduct an interview by first formulating an interview manual that we think is in accordance with our purpose and problem of study. This interview manual were send to our organizational respondent a weeks before the interview day to enable them have a sound knowledge and get them selves ready for the interview. Avoiding bias and inaccuracy of information we decided to interview different sections of the customers. Firstly, the private customers to get their views on our research question, as we interviewed customers. Our second section is organization, and the reason is because the organization itself has to display moral responsibility before making the purchasing decision. Therefore, they came out as good subjects for our research.

We think analyzing two sections of customers will give us enough information to answer our research questions and make a conclusion. We, therefore, think and hope that the information that we obtained from the interview are reliable and appropriate for this study considering the number of interviews conducted and the information gathered.
CHAPTER THREE
LITERATURE REVIEW

3.1 Introduction:
In this Chapter we will take the readers through some of the theories propagated by major writers in the field of Corporate Citizenship. We will also look into the ideologies which hold alliance with the concept of CC; these are CSR, Business ethics and Corporate Governance; out of these alliances CSR takes a clear precedence as some authors considered it as an extension and a compliment to CC. We then explained about Corporate governance which mentioned about two main shareholders internally and externally, which eventually is employees and customers, Literature focusing on these two stakeholders was appropriate to screen Steve Jobs behaviour towards the employees and consequently its impact on customers. Business ethics was our next choice as it gave us more insight on the acceptable norms that a company and its representatives can operate under. All the topics that we choose to cover in this chapter appear as good variables as we will be screening scam and scandal against these concepts.

3.2 Background of corporate citizenship:
As the thesis and most of the theories are either cored around Corporate Citizenship or hold an alliance with CC ideology we thought that it is better to equip the reader with the trends of CC, its high’s and low’s and it is viewed in present times.

The concept of corporate citizenship came into picture in early 1940, where it was proposed that a company is responsible for the society besides making profit; however in the early stages the idea of corporate citizenship was very narrow and not widely extended. (Wood & Logsdon, 2002)

Nevertheless in 1970’s due to the behaviour of certain companies and their ideology of focusing on nothing but profit gave path to the theory of corporate citizenship, theories like corporate citizenship came in as a critic against the non-interventionist business ideology.(Edriss, 1999)

However 1980 saw a downward spiral towards the concept of CC, nonetheless the theory climbed the ladder in 1990 and that’s when people started recognising the CC, its definition also became broad by conceptualising more and more socio ethical ideologies(Wood & Logsdon, 2002)

After certain goof ups by the major players of the industry the concept of corporate citizenship was emphasised even more, companies were stated accountable for their ethical behaviour, the concept organically emerged to perform a regulatory theory in the corporate world.
Over a course of time we have noticed that the term corporate citizenship and corporate social responsibility was used interchangeably, while some authors maintained that they are two different entities and shouldn’t be mixed up (Cohen, 2000) others did not see any significant difference between the two (Wood & Logsdon, 2002).

To suit the context of corporate citizenship to the global environment Logsdon and Wood with other developed a new concept called Global Business Citizenship (GBC). This concept extends the scope of CC by considering a firm a part of “share holder – network relationship”, where firms are accountable to the success of organization, to local and international stakeholders, individuals and societies across cultures. GBC requires an organization to form a “Code of Conduct” that benefits the stakeholders and reevaluate it to fix any problems or concerns of the stakeholders. (Logsdon and wood, 2002 and 2005, cited by Crane at el 2008) From the above understanding of CC concepts the authors have framed a model that could possibly display an ideal organization that would vigorously stimulates CC ideology, which explains that a firm through its code of conducts reaches out to actively to the stakeholders and the larger audience.

**Figure 1: Operation of core CC firms**

Source: Authors of the thesis.

**3.3 Influence for change:**
So let us evaluate what has actually influenced business to pursue CC. Among many other influences the following stand out:

*Globalization:* Globalization has created a kind of “monoculture” where every one is running a similar race; they have to meet the expectations and trends of consumers and
authorities across the globe. Globalization has boosted the ideology of ethics so much that it has come in par with the environmental issue. (Crane et el, 1999).

Political: 21 century has also witnessed a change in political ideology across the globe. A lot of governments have switched to democracy, thus a change in regime gave place for more ethical deportment. (Crane et el, 1999).

Technology: another important factor for the influence of change is the growing technology. (Crane et el, 1999).

Shift in power: 21 century has also witnessed a major shift in power. The environment has changed, it is no more a businesses or industrial driven market, and they don’t have the monopoly anymore. It is the consumers who supersede the market. (Andrioff & McIntosh, 2001)

Media: Although the role of media has been widely mentioned as important by several authors however we have not come across any literature which categorises media as an influence of change, although media can fit into any of the above category specially technology but we feel that it has and have a huge role to play, there fore we would like to treat media as a separate entity in itself.

3.4 Corporate Citizenship (CC) Today and its alliance with CSR
After equipping our knowledge on what has influenced the development of CC we shall see what CC stands for today and its alliance with CSR after which we shall be in a position to understand what motivates the company to act as a core CC firm. Today corporate citizenship is one of the greatest institutional developments of the century (Post and Berman, 20001), where economic success, corporation’s social and political power are drawing extensive criticism and generate a continuous debate about the role of business in society. Due to this reason, many business leaders and corporations have been engaged in philanthropic, public relations and communities’ activities. In regard to CC today, Post and Berman cited by Andriof & McIntosh, 2001 most corporations will remain far from potential aligning civic roles and business models. Yet this promise will be sure. The drivers of change which are intense competition, new technologies, and globalization are all concern for ethics and value, ecological issues and changing role of government which are going to continue to push companies and mangers to reinvest their businesses and their vision to citizenship. By so doing their relationships with stakeholders will become more important just as reputation, image and corporate identity are of growing importance as price and the quality of product becomes more or less differentiated in the business world of today, where customers are having varieties of choices to make. Therefore will any company be able to know whether or not customers will select the firm with the better reputation? Due to this fact most corporations are trying to lay more emphasis on the importance of corporate citizenship.
According to Logsdon & Wood, 2002, there have been a great and many challenges arising from scholars, managers and stakeholders as they struggle to redefine the changing relationship that existed between business organization and their global socio-political environments. The challenge that is been considered here is in the sense of global business citizenship. That is, it possibility, definition and parameters. They added that the word corporate citizenship (CC) appears to be replacing the term corporate social responsibility (CSR) that is shifting from a profound change in the normative understanding on how organizations should act in respect to stakeholders. Due to this shift of terminology from CSR to CC, Logsdon and Wood are thereby expressing their fear for the risk of loosing the core concept of CSR, because for them they belief that CC is just representing a more narrow and voluntaristic concepts that does not really integrate as much ethics-based norm as CSR. Even though other authors still treat these terms as synonymous and do not care about the shift of the terms (Logsdon & Wood, 2002).

Furthermore, Crane & Matten, 2007 mentioned that CC has also been increasingly been introduced into the academic literature though shift in terminology. This idea was initiated in US but today many companies in Europe and around the globe are then committed theme-selves to CC. According to the authors the major reason for this process is due to the joint statement on Global Corporate Citizenship that is the leadership challenge for CEOs and Boards, which was signed by CEOs from around 40 of the world’s largest Multinational Corporations (MNCs) at the annual World Economic Forum that involves major European companies like Renault, Philips, UBS, Deutchen Bank, Diageo etc. (World Economic Forum cited by Crane & Matten, 2007). The word CC has different meanings by those employing this term as we could read from the different definitions of CC.

Despite the fact that some authors sees CC as a shift of term from CSR, other authors like Altman and Vidaver-Cohen, 2000, are so concern about the meaning and content of the two terms. For them to view these two concepts (CSR and CC) as alternatives will be as a failure to recognize the value to be gained in using them in combination. To their opinion, corporate citizenship should be viewed not as a replacement for corporate social responsibility, but as a complement to it.

Therefore, reading through some literatures to the best of our knowledge there is no particular definition of corporate citizenship and there are different definitions regarding the terms CC. The different authors and researchers gave various definition of corporate citizenship as follows. Maignan & Ferrell, 2001, defined CC as “the extend to which business assume the economic, legal, ethical and discretionary responsibilities imposed on them by their various stakeholders” and went further to explain that CC varies along the continuum ranging from reactivity to pro-activity. In the CC term a business is reactive when it rejects responsibilities assigned to it by its stakeholders while it is proactive if it could systematically meets the demand from it stakeholders. To them this definition incorporates the idea or notion of CSR which adopt the definition of Carroll in
1979 that defines CSR as the classification of economic, legal, ethical and discretionary responsibilities cited by Marsden 2000. Marsden (2000) defines CC as “a company’s management of its influences and relationships with the rest of the society”. Chalker, A. (1998) “although corporate citizenship is always confused with philanthropy, CC is more than just charitable giving. For the author a good CC has strong social values, commitment to people and accept social and commercial responsibility for the community which they serve. Finally, according to Post and Berman in the textbook of Perspective of Corporate Citizenship (2001), CC remains a concept in search of a definition, But from recent study of global CC, taking the activities by firms in many industries global CC could be defined

“As the process of identifying, analyzing and responding to the company’s social, political and economic responsibilities as defined through law and public policy, stakeholder’s expectations and voluntary acts flowing from corporate values and business strategies. Corporate citizenship involves actual results (what corporations do) and the processes through which they are achieved (How they do it)”.

According to Carroll, 1998 the criteria that was used to assess companies that won the good corporate citizenship by Clinton was on the grounds of company – employee’s relationship and nothing was mentioned for the shareholders, consumers and the community that the business is located or operating and not forgetting of other stakeholders. But in her own opinion corporate citizenship extends beyond the relationships between the company and the employees but includes other vital stakeholders who the business depend upon. In this content therefore, CC is not just about making profit but addresses the relationship between companies and other stakeholders and not just the employees. She went as far to describe that CC has four faces which are the economic, legal, ethical and philanthropic faces. To be a good corporate citizens therefore the company is looked upon as a separate legal entity and should be able to fulfill their economic responsibilities, which is obey the law by fulfilling their legal responsibility; engage in an ethical manner that is been responsive to the their ethical behaviours and finally, support or give back to the society through philanthropy, which eventually means engaging in corporate contributions (Carroll, 1998). At this point one could see that CC is really a concept that is in search of unique definition so that all the authors can really share the same view about CC. After getting a brief understanding about the concept of CC in present times we take the readers through a detailed view on what motivates a company to act according to CC.

3.5 Motivational factors for adopting corporate citizenship:
As corporate citizenship gain popularity throughout the globe, more and more businesses are adopting the concept as they have understood that following corporate citizenship will give them better underpinning and an edge in the new century. (Vidaver-Cohen & Altman 2000, P.166 cited by Vidaver-Cohen & Bronn, 2008) besides this the portfolio of
corporate citizenship will also help the organizations to legitimise their business. It can also be considered as an “Intangible asset” (Vidaver-Cohen & Bronn, 2008, p 7-10).

In recent times it has been noticed that CC ideology has become an inevitable essential rather than an option for both “Moral and strategic reasons”. (Vidaver-Cohen & Altman, 2000, p. 150). From the above decree it can be clichéd that businesses in 21 century often adopt the ideology just to stay in proposition with the universal appeal that impels to the philosophy of legitimizing business. (Vidaver-Cohen & Bronn, 2008). Taking this legitimating process of organization a step further Gardberg & Fombrun (2006) mentions that the imperative for business in adopting CC is not just limited to its immediate stake holder rather the scope and range is extended to the consequential stake holder (Gardberg and Fombrun, 2006 cited by Vidaver-Cohen and Bronn, 2008) also refer figure 1.

The motivation from the stakeholders can come in both constructive and destructive manner. The constructive hold up from stakeholders assures good reputation where as the later posses a threat to the reputation. Therefore reputation is the major outcome of motivation from stakeholders, (Fombrun, et. Al., 2000) thus we shall take more insight on this attribute called “reputation”.

3.6 Corporate reputation:
Corporation reputation is a huge asset that determines success of a company. A good reputation can contribute as competitive advantage in the present spirited market. Acting as a corporate citizen generates a company good “reputation capital” managers gain from “competitive advantage”. Fombrun et al. (2000, p. 105) cited in Corporate Citezenship and Managerial Motivation: Implication for business legitimacy by Vidaver-Cohen and Bronn (2008)

Advancement in technology has led to an era where information is processed quit fast, which would mean that any goof ups and good deeds will directly be proportionate to reputation. Reputation can also be considered as overpass to satisfy stakeholders, besides this it can also help in gaining edge over new markets (Business Europe 2000). Wal-Mart is an appropriate example here, it used its positive reputation of employing senior citizens from local community to target new stake holders in new areas. (Fombrun, et. al 2000).

According to Fombrun, et. al. (2000) reputation is a “cognitive” depiction of a company’s ethical and moral performance. Its image swings according to its acts. The intermittent worth of reputation is known as “reputation capital” and it is “calculated as the market value of the company in excess of its liquidation value and its intellectual capital”. This reputation capital is the most important intangible asset and managing it properly will bring in great returns and place the company in a safe platform as depicted in figure 2. (Fombrun, et. al. 2000)

The above assertions is reiterated by the following study that we reviewed which was conducted on corporate citizenship in Norway which involved 1600 mangers by Vidaver-
Cohen and Bronn in their paper Corporate Citizenship and Managerial Motivation: Implication for business legitimacy which revealed that a striking 83 percent of the respondents accepted that corporate citizenship was undertaken for good reputation and 69 percent wanted to be recognized as moral leaders. Vidaver-Vidaver-Cohen & Bronn 2008. p. 13-16)

Fig. 2: The Reputation Risk Management Cycle

![Diagram](image)

Source: Taken from Fombrun, Gardberg and Barnett (2000) page 89

Fombrun, et al (2000) prescribed a model Figure 3 that can help the company manage their reputational capital by explaining the importance and role each stakeholder plays in building the intangible asset called reputation. The eight stakeholder groups that can foster support and threat to the company are as following:

3.6.1 Employees

*The promise of commitment:* Positive attributes in employees are the first insight that a company can provide, their behaviour with the customers, their opinion about the company, the working environment counts a lot. Thus the “word of mouth” or what they have to say about the company is very crucial.

*The threat of rouge behaviour:* Some of the actions that are taken by the employees in their self interest bring in negative image to the company, their fore such actions have to be safeguarded by instilling the corporate policy in all the employees and by making sure they genuinely embrace it.
3.6.2 Customers:

*The promise of loyalty:* A lot of customers are inclined towards companies which involve themselves in corporate citizenship acts, most of them are even ready to contribute through high price tag. Companies which did not attract bad reputation are guaranteed customer loyalty.

*The threat of misunderstanding:* Citizenship programs ensure that customers perceive the companies in a right manner. For example health awareness could be a possible citizenship program that can be taken by a pharmaceutical company to ensure it is not misunderstood.

3.6.3 Investors

*The promise of Value:* Investors hold a major impact on the company’s reputational capital, their word counts and if they speak favourably for the company it is said to have a boosting impact for the organization. Companies also have the ability to attract huge investments on the basis of contribution towards CC.

*The threat to Value:* When investors hold a negative perception about the company the value of the company drastically falls down. This can be avoided by maintaining transparency besides this involvement in the Corporate citizenship also provides visibility to improve and increase its value.

A staggering 1.4 billion of investment dollars have moved into mutual fund portfolios that include only companies screened for their social responsibility.
3.6.4 Partners
*Promise of collaboration:* Good corporate citizenship which in turn results in good reputation is very useful in developing as well as maintaining the existing partners.

*The threat of defection:* However at times the association with partners who are not taking ethical stance can bring in bad news to the company, therefore, it is important to take notice of what the alliances are doing, if they are going wrong than to enlighten them with the norms of CC and help them grow.

3.6.5 Regulators

*The promise of favourable regulation:* Firms with good corporate responsibilities can become favourites in the eyes of regulators. As regulators are appointed from the local community, community work can benefit companies, and this favourable position can help the company through relaxation on rigorous laws and gives them a smooth sailing atmosphere.

*The threat of legal action:* Any threats of regulation can come as a hindrance towards building a reputational capital. Therefore a company should follow regulatory policies and make sure every part of the organization including employees, alliances and sub contractors follow it.

3.6.6 Activist

*The promise of advocacy:* A good reputation will not invoke any agitation against the company; on the other hand if a company gets a green signal from the activist group journey will get easy specially in new markets or for new products. Their fore the “activist” attribute will motivate companies to keep their act straight after all they don’t want any activist to stand on their way and complain about pollution, ethical issues Etc.

*The threat of Boycott:* If any action of the firm is viewed against the social responsibility norms, it usually gives rise to agitations and boycott by the social activist. Some examples include not acting environmentally or intentionally/unintentionally damaging culture views. This can be avoided by taking up citizenship programs and thus maintaining good relationship with the activist.

3.6.7 Community

*The promise of Legitimacy:* The community has the capacity to draw new investments and support the local companies. Their fore community service comes as a great motivation for companies to get involved in community services to strengthen their position.

*The threat of illegitimacy:* According to Fombrun, et. al (2000) four factors make a payment to illegitimacy of a company. Therefore companies should try to combat the following four factors.

“Social distance”: ideological difference between the company and the local community.
“Unattractiveness”: when companies fail to appeal the masses on “emotional” and “economical” ground.
Deviance: going against the community standards.
Uniqueness: generally new companies who do not display dependability.

3.6.8 Media

The promise of favourable coverage: Media stands out as an important attribute because it is has the ability to influence the rest of the seven stakeholders, it can take any situation or search news and not just flatly present it but it can also dramatise the condition. Therefore a company has the motivation to be excellent, so their good deeds get highlighted by the media thus giving them an edge in the market.

The threat of exposure:
The companies have to increasingly indulge in CC activities and maintain good relationship with the media in order to portray their good deeds.

The above exert from Fombrun et. al (2000) describes what motivates the company and what should companies do to combat the reputational risk and maintain their reputational capital also depicted in figure 2. (Fombrun et al, 2000).
Fig. 3: Reputational Capital

- **Investors:** Promise of value or threat of value
- **Employees:** Promise of commitment or threat of rouge behavior
- **Partners:** Promise of collaboration or threat of defection.
- **Community:** Promise of legitimacy or threat of misunderstanding
- **Customers:** Promise of loyalty or threat of misunderstanding
- **Regulators:** Promise of favourable regulation or threat of legal actions
- **Activists:** Promise of advocacy or threat of boycott
- **Media:** Promise of favorable coverage or threat of exposure.

**Opportunity platform/safety net**

Source: Derived from Fombrun et al., (2000), p 91-95
3.7 Corporate citizenship and leaders
Now that we looked at the ideologies of Corporate Citizenship we would proceed with one of the attributes of CC that counts on leaders as upholders of the ideology. Johnson, P. (2007) talks about his experience as a leadership consultant in his paper “Business ethics is an inside job”. He mentioned how it is difficult for a corporate leader to follow an ethical part especially in the present scenario where there is a steep decline in values. He also mentions that a good leader should have the following traits “Values, Vision, Courage and Integrity.

3.7.1 Values
Values furnish corporate identity, and this identity is a by product of personal values of superior leaders which than transforms into the routine chores of subordinates and eventually shape the corporate value. Therefore leaders have the extraordinary capability and the opportunity to frame the corporate value by rigorously following their beliefs. Superb leaders set example and standard by walking the talk and incorporating value in their daily life and thus their values are considered as foundation of corporate discipline (Johnson, P. 2007)

3.7.2 Vision
Vision is an outcome of leader’s values. The values of the leader form the foundation both the strategic success and corporate vision. Leaders can play an important part in shaping the community; they respect and treasure their people thus creating a loyal atmosphere which develops an ethical behaviour which is not reluctantly offered (Johnson, P. 2007)

3.7.3 Courage
Good leaders show courage in the way they deal with their own and organizations inadequacy, they courageously except failure and speak the truth, and they manage to stay focused on their vision and notch up on corporate ethics stress test. (Johnson, P. 2007)

3.7.4 Integrity
Among values, vision, courage and integrity, integrity is the most important aspect in business ethics. Leader’s commitment to honesty is sometimes painful but the outcome is fantastic and facilitates the followers to take the path of integrity (Johnson, P. 2007)

3.8 Role of leaders
Leaders are different from managers, a good leader can be a good manager, but all good managers cannot be good leaders, good leaders have the ability to make people love their job, whereas good managers may just know how to get the job done.
Leadership style has gradually changed over the century from “autocratic” to “consultative” and now the trend is of “moral and visionary” this is a result of the attention that corporate citizenship impels towards the leader. (Tulder, R.V., 2006).
In terms of leadership trait it is very important that leaders uphold an “open and democratic” atmosphere. Proficient leaders construct an environment where they can leverage inspiration and act as motivators to execute their vision (Bennis, 1989 cited by Tulder, R.V., 2006). Three traits of great leader are “ambition, competence and integrity” and the most important among these three is integrity without which the other two may stand out as threats. (Financial times, 14 August, 2003 in Tulder, R.V., 2006), these traits of the leaders is also supported by “Dispositional Legitimacy” which is one of the ideologies of legitimizing the business with CC, this ideology propagates that a good example of a company that upholds the CSR values will always have its leaders maintaining and transmitting values and beliefs. (Vidaver-Cohen and Bronn, 2008)

**Leader’s connection with CSR**

In recent times leader’s connection to CSR has evolved following some of the scandals. This link between Leaders and Corporate social responsibility is elaborated through a model where it is explained that four types of CSR can be concurrent to four types of leaders in “International Business – Society Management” a book by (Tulder and Zwart, 2006)

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<th>Table 1: Four CSR approaches connected with Leadership performance</th>
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<td><strong>IN-ACTIVE</strong></td>
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<td>“Corporate Self Responsibility”</td>
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<td>Transactional and team leaders</td>
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<td>Utilitarian motive: Profit maximisation</td>
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<td>‘trust me’</td>
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<th>Economic Responsibility</th>
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<tr>
<td>Narrow (internal)</td>
<td>CSR Broad (external)</td>
</tr>
</tbody>
</table>

Source: Tulder V. & Zwart V.D., 2006

From the above table the following four leadership style in relation to CSR is elaborated:

3. “Transaction and team leaders”: These leaders focus more on the growth of the company, their main agenda may not incorporate the CSR goals, however they will act upon it only as “re- active” goals. But mostly their centre lies on motivating their team towards organizational goals, these sought of leaders are more similar to mangers that we talked about in the first paragraph of this section.(Tulder, R.V., 2006)
4. “Charismatic Leaders”: These types of leaders demonstrate some sort of receptiveness towards employees and their requirements and thus contribute towards CSR. However their main focal is not CSR and they still lay more emphasis on organizational goals. (Tulder, R.V., 2006)

5. “Visionary and Moral leaders”: These types of leaders understands the value of CSR, they incorporate these values in their vision and goals, and comprehend to the moral and ethical ideologies towards employees and society. However these sought of leaders lack the execution skills to emulate these ideologies, therefore these ideologies will displayed only in written and not much in practice. (Tulder, R.V., 2006)

6. “Transformational leaders”: Their actions speak for all the CSR values they uphold. They are the best examples for broadening their vision beyond the self interest of the organization. Society plays an important role in their holistic view. (Tulder, R.V., 2006)

3.9 Leadership and CSR performance
Although leadership was not viewed as an important aspect while evaluating CSR performance, however in recent times the importance is increasing, this is visible through new research and state regulations. However the research on leader’s involvement on CSR performance is in its initial stages. Of late several ideas have sprung on the importance of leadership. Hilton and Gibson mentions that “corporate social leaders” are essential for “CSR” (Hilton, Gibsons, 2002 cited in Tulder, R.V., 2006).

Although the literature is not adequate to draw any conclusion on what characteristics of a CEO leads to better CSR performance, however from the limited information that has been gathered the following assumption can be made. Top managers with values in their main characteristic showed a strong relation with CSR (Sturdivant et al, 1985 cited by Tulder, R.V, 2006). Relationship between “levels of CEO compensation” and CSR performance did not parallel (Mc Guire et al, 2003 cited by Tulder, R.V., 2006) other studies showed a strong correlation with high CEO salary to low CSR performance (Stanwick and Stanwick, 1998 cited by Tulder, R.V., 2006). Studies also showed professional background of CEO has strong connection with CSR performance. CEO’s equipped with environmental knowledge stands out as better CSR performers. (Thomas and Simerly, 1995, Simerly, 2003 cited by Tulder, R.V., 2006). However the author of this article makes it clear that general conclusion can not be drawn with such limited research. (Tulder, R.V., 2006)

3.10 Corporate Governance (CG)
To further facilitate the reader with the ethical norms a company and its representative operates in we would take a look on the extended ideologies which are CG and Business
ethics. Corporate governance has been a topic of growing concern to all the major western economies in the recent years. This is due to the various scandals that had occurred in different countries during the past years (Fombrun, 2006; Crain & Matten, 2007; Letza & Kirbride, 2008). History would justify that the case of Enron, Author Andersen, Adelphia, WorldCom, Global Crossing, Tyco International etc. all from U.S will not be the only example of scandals in the world but also there exist corporate governance malpractices in other part of the globe ranging from the smallest building societies to the global giants such as examination malpractice in England and Wales, BCCI, Maxwell, Baring and Marconi, Nomura security, Dai-ichi Kangyo Bank (Japan) and not leaving out even religious organization like the case of Evangelist Jim Baker who cheated 1500 members of his flock (Vinten & Greening, 2001; Vinten, 1991, 1992, 1993, 1997; Tidwell, 1993 cited by (Vinten, G., 2002.), 2002; Fombrun, 2004, 2006; Letwa & Kirkbride, 2008; Mizuo, 1998). Indeed all these forms of corporate disasters and failures had called the attention of academicians and practitioners to question about the corporate governance into many corporations today due to the numerous debates about the fundamental issue of corporate governance which had lead to lack of trust to businesses today. As mentioned by Peter Drucker (1992), trust is a very essential commodity as far as the different levels of business operations and relationship are concern. By this he simply mean that shareholders (principal) must have trust to managers (agent), employer must have trust to employees and the buyer must as well trust the seller and vice-versa. Trust does not just stand on it own, there are other key components of human interaction that when put together builds trust such as confidence or commitment by either party. Other party in this sense is referring to the stakeholders in the business context (Garrison et al. 1981). Since it is vital to know how trust should exist between different stakeholders group and how can we increase this level of trust in the case when trust falls below the accepted level like what is happening today in our society following the numerous business scandals. Therefore being aware of the fact that trust is something that takes a very long time to build but rather a short time to destroy it and to rebuild it becomes so difficult. This then justify the statement that trust is currently of short supply in the business community (Bandsuch et al, 2008), which also had thrown the question about the effectiveness of corporate governance practices in many corporations due to the high degree of distrust (Vinten, G., 2002). Roundtable of business leading associations on corporate CEOs in the USA have been active regarding to questions about corporate governance, and most often these groups find themselves towards opposite sides for the proposals to reform corporate governance systems. Like some other topics corporate governance does not has a fixed definition. At this junction therefore, we shall look at some of the different definitions about corporate governance.

3.10.1 Different Definitions of CG
Although there have been many debates regarding this concept, it will be good for us to point out that there is no universally acceptable definition to CG as we now shall mentioned some of the definition given by different authors. CG as defined by Fombrun, 2006, is a system of structural, procedural and cultural safeguards which is formed to enable the company to be managed and run by the interest of its shareholders. This
requires a commitment to sustain a good relationship between the company and the principal stakeholders. According to Parkinson (1993) CG can be defined as a process where shareholders seek to ensure that their corporation is been managed in accordance with their intention such as goal definition, control, supervision and sanction. This could be looked upon into two different view points. At the narrower scope this includes the shareholders and the management of the corporation while at the wider scope it involves stakeholders who contribute to the success of the corporation both internally and externally. According to Bandsuch et al. (2008), CG is a “variety of principles and practices that direct the core processes and relations of a business” or in another words it is a “formalized values and procedures that are been implemented by recognized business authorities such as owners, directors and managers in its different operations and interactions with other stakeholders”. In Letza and Kirkbride (2008) the idea behind CG is for what purpose the corporation exists and whose interest it serves. Also Mizuo (1998) shares similar idea regarding CG as “what should a company do and for whom”. Mizuo mentioned that due to the international corporation environment and the growing nature of corporate activities no one concentrate only on the mutual interest of the stockholder (shareholder) and management team, but towards the creation of good relationship between the different stakeholders that is within and outside of the organization. Following the third issue of Organization Science in 2004 cited by Letza and Kirkbride (2008) there are two main views regarding CG as why the corporations exist and whose interest they should serve.

3.10.2 The two main Views of CG

There are two opposite views as to whom the organization exist and whose interest the corporation to serve. For example Sundaram & Ikpen (2004), are of the opinion that the corporate governance should focused on the ideology of shareholders value maximization, while Freeman et al (2004) deny that idea and instead argues that the goal of corporate should focused on value creation for stakeholders. There are different meanings behind these. The orthodox view is that the corporate governor’s objective is to ensure that the stockholders who are the supplier of capital should get a return or reward on their investment by increasing its profits thereby meeting the business social responsibilities. The focus here is on the shareholders who are the owners of stocks and suppliers of financial resources to the firm. The corporate governance share a different view that the main focus of governance should be value added to organizational stakeholders, which therefore, will require the firm to take more responsible and ethical role in their society, thereby focusing on the corporate citizenship context (Letza and Kirkbride, 2008).

The CG framework that the organization should serve and the purpose and priorities of the organization; the two major approaches to governance is based on different forms: The Anglo-America and the Continental European Models. Within the Europe the Anglo America model is predominant in UK and Ireland and strongly represented in US, while the continental Europe model could be found in most parts of Europe; Example in
countries such as France, Spain, Italy, Germany etc. The Anglo-America model focuses on shareholders and their goal is profitability and shareholders value and central concern is on short-term performance. It’s about the principal-agent model which share the opinion that managers should concentrate on the interest of owners that is shareholders. While the continental European models of governance is focus in the long-term value creation and therefore focus on the interest of organizational stakeholders who have no direct ownership right in the corporation. (Crane & Matten, 2007; Lerza & Kirkbride, 2008).

Bandsuch et al, 2008 share the opinion that though emphasis should be layed on the stakeholders but should not be seen or taken as if the interest of the shareholders are ignored, as they are still the primary stakeholders in the business while the other stakeholders help as protectors to the shareholders rights and voice.

3.11 Business Ethics
Business ethics is a game where deception and lying was perfectly permissible (Crane & Matten, 2007). Due to the various scandals in business such as despoiling of rivers with industrial pollutants, exploitation of workers, pay of bribe to government official, deception on anyway. Though all those malpractices, it does not mean that there are not some kinds of values or principles driving such decisions. Therefore, business decisions and approaches could be developed and that is why many everyday business activities require the maintenance of basic business ethical standards such as honesty, trustworthiness, cooperation etc. (Collins, 1994). As business activity would be very impossible if their leaders or employees always tell lies, this may lead the buyer and sellers never to trust each other.

Therefore, it will be wrong to think that scandals involving corporate wrong doing means that the subject of business ethics is in some how naïve and idealistic, but rather it exit in order to enable us to answer some questions why certain decisions should be looked upon or evaluated as ethical or unethical that is to say right or wrong. This makes us to ask the questions what is business ethics? To answer the question what is business ethics is by defining it. Business Ethics is all about the behavior of the corporations that is good and bad, fair and unfair or just versus unjust (Carroll, 1998). It deals with developing codes, concepts and practices of acceptable business behavior and how the business is practicing this in all her business dealings. According to Crane & Matten (2007), “business ethics is the study of situation, activities and decision where issues of rights and wrongs are addressed”. By right and wrong we simply mean morally right and wrong in all aspect of life to every individual in the business environment be it private, public, government, profit or non-profit organization etc. who are dealing with people in the society and the environment at large in their daily transactions.

Having defined business ethics we feel some readers might be asking the questions that what then are the difference between business ethics and the law. Because both of them look alike, it will be good to make it clear that the difference between business ethics and
law is that the law is the “minimum acceptable standard that is governed or binding laws”, while business ethics are not covered by any law but it starts where the law ends because its concern with those issues that are not covered by law (Crane & Matten, 2007).

Since 1940, Disney’s Jiminy Criket cited by Paul, 2006 has been informing the world to give little whistles when they find themselves in moral dilemma and always try to let their consciences be their guide. In order to help this situation there have been some type of security put in place such as Big Brother from Orwells and RoboCop, which are machines that enforced strict codes of conduct where there were no mercy to prevent and control ethical behaviours at the level of the corporate and to prevent also individuals. Because every business like every person must have conscience.

Taking into consideration that the markets and business relationships are complex and even the laws which is governing these relationships and regulate markets are also more complex this might actually encourage misconduct and corruption in the society as a whole. Not only that, but at the same time the general public has developed a very high expectations of corporate behaviour. Therefore, for the corporate to obey just the law is not just enough. Today most businesses are expected to operate according to some principles and values like economic fairness, human rights and stewardship towards the communities and the environment, which makes the corporations to be social responsible (Paul 2006). Yet there are plethora of recent scandals and the resulting convictions from one CEO to another, which have forced ethics to be the top pile among business issues.

### 3.12 Summary of chapter three

We have talked about concepts that portray norms on how companies should act according to CC ideologies. An historical overview on the concept of CC was presented. We also looked at CSR which is considered as an extension of CC by many authors. Scandals have increased in recent past therefore we looked at the concepts of CG and business ethics. From the above concepts we figured out that a core CC firms benefit from good reputation and customer loyalty, depicted in the figure bellow and figure 3, we also studies the norms that leaders should operate under as he is the representative of the CC ideology from his company, and how his contribution will deny or give him access to be a good CSR, refer to figure 4.
Background of Apple Inc.
In this section we give a brief background about Apple, as this study is conducted with a focus on Apple.

The Apple Inc. founded in 1976 was formerly known as Apply Computer Inc and latter changed it name to Apply Inc. in January 2007. The company headquarter is located in Cupertino at California all in America.

The company design manufactures and sells products such as personal computers portable digital music players and mobile communication devices, as well as related peripherals, software, services and network solutions around the globe. It also produce desktop and notebook computers, server and storage products and other related devices and peripheral such as Mac OS X operating system and iLife a suitable software which is used for the creation and management of DVDs, music, movers and digital photography and even website. In addition to the above, the company provides musical products and services which are comprise of portable digital music players, iPod, and other related accessories such as online musical services, audio books, music videos, short films third-party music, television shows, movies pod-casts and iPod games which can have access through its iTunes stores. Furthermore their products are portable and desktop speaker systems, voice recorders, headphones, car radio solutions, cables and docks, power supplies and chargers and not forgotten of carrying cases as well as armbands.

Besides the product that have just been listed above, the company sells peripheral products e.g. printers, computer memory, storage devices, digital video, and still cameras, as well as various other computing products and supplies. It even goes further to offer various software products and computer technologies comprising Mac OS X operating system software; server software and related solutions; professional application software; and consumer, education, and business oriented application software. The company also provides Internet software and services comprising Safari, a web browser; QuickTime, a multimedia software; Mac, a suite of Internet services. In addition, it offers wireless connectivity and networking services. As of June 18, 2008, the company has online stores and 215 retail stores, direct sales force, third-party wholesalers, resellers and value added resellers. The company sells to consumers, education, and enterprise, small and medium business and creative customers. The company had approximately 32,000 employees and an additional for 3’100 are temporal employees and contractors (google.com, 25th Nov 2008).
CHAPTER FOUR

EMPERICAL FRAMEWORK

4.1 Introduction

In this chapter, we shall summarise our findings from the interview which we administered in the form of face to face interview. We will describe the findings from our interviews that were recorded in order to corroborate every word of the interviewee. Our interview questions were the same for private consumers and one interviewee from a public organization in Sweden. The questions for the interview was structured in a way that could help us have answers to our research questions from the interviewees, though some of them still had no ideas about certain questions. We decided to transcribe the empirical findings from two different sections. Section A, which is based on the private consumers and section B the organisational user.

4.2 SECTION A: PRIVATE CONSUMERS

Q.1. What do you think about the ethical and moral values that a company should hold towards employees and society in general?

Out of the fifty respondents we interviewed all of them thought that companies should have ethical and moral values as it is very important for the society. Regarding the employees thirty-seven (37) of the respondents told us that that employees should be treated fairly, some of the attributes that we received during the interview in regard to companies respond towards the employees was good treatment, good salary and no gender discrimination. The rest (13) did not have any opinion. In terms of society unanimously everybody mentioned about company’s contribution to the environment. Although we were expecting more options beyond environment, such as law abidingness etc, but to our surprise all the respondents couldn’t think of more options beyond environment.

Q.2. Can you think of some big corporate leaders and their CEO’s? Can you name few?

Twenty three (23) of our respondents mentioned about Steve Jobs and Bill gates which comes out as an obvious choice from the amount of influence technology plays in the society. Ingvar Kamprad from IKEA, Zukerberg from Facebook etc were the other popular choices among the respondents. The rest twenty-seven (27) were completely blank.

Q.3. According to your opinion how much influence does a CEO has on the brand? Are they the key factor behind the success of a company and how much does that contributes to the success of the company?

Fouty(40) of the respondents thought that the leaders play an important role towards the successes of the company. However ten (10) of the respondents also mentioned that it differs from company to company. Unanimously respondents agreed that leaders
influence can contribute both in positive and negative manner. Too much of influence can lead to monopoly.

Q.4. What do you think about corporate leaders in regards to best code of conduct and what is your response towards their moral responsibilities and their leadership possessions?  
Forty-two (42) of them thought that leaders should have very high amount of moral responsibility as they are the representatives of the society. However the rest eight (7) of them thought that leaders never follow code of conduct, it is something which is only written on the paper. Our attention was drawn towards one (1) of the respondents who thought that no leader in a capitalist society follows code of conduct and moral values, he asked us if we can check on the top three companies in US for confirmation.

Q.5. What criteria do you take into consideration before buying a product?  
Without any exception each and every respondent directly or indirectly indicated towards quality as their main buying criteria, most of them mentioned, its high quality that they considered number one in their list, followed by price functions and word of mouth or in other words brand image. To our surprise none of the respondents mentioned anything about considering the ethical stance about the company before buying the product. On further probing regarding the ethical issues only 5 respondents said that they would also take ethics into consideration, penetrating further into their response we realised that ethics for them is synonymous to environment related issues.

Q.6. Are you aware of the recent SEB scandal (gossip), what is your take on it, would you consider changing bank following the scandal?  
Only four (4) respondents really knew the story behind the SEB bonus issue and all of them did not consider that as an issue. They thought it was just a hype created by the media. 3 other respondents vaguely knew about the issue, after we used the word bonus their memory was enlightened and they said they will not change the bank. Forty-three (43) respondents did not hear about the scam.

Q.7. If you are not a customer of SEB, then what would you do if something similar would happen in your bank?  
Out of the fifty, two (2) respondents said they would change their bank, and the rest 48 were neutral.

Q.8. Did you hear about the recent AIG scandal (gossip)?  
Only four respondents knew about AIG Bonus fraud and they said they would not change their company as it does not affect them directly. One of them mentioned that if he would have been a shareholder then it would have affected him, in any other case he will go for better service. The rest 46 did not know about the scandal.
Q.9. Do you have any opinion about Apple as an organization?
Two words dominated the list “Innovative” and “Creative”. However half of the respondents did not have any opinion about Apple as an organization.

Q.10. What do you think about Steve jobs contribution to the success of Apple?
Around 20 respondents thought that his contribution was tremendous towards the success of Apple, they thought he is the master mind behind every product of Apple, the rest 30 respondents had no idea about Steve Jobs.

Q.11. Did you read fortune magazine 2008 and 2009 edition?
Only two respondents accepted that they read the magazine and the rest of the forty-eight (48) respondents had no idea about the fortune magazine.

Q.12. Are you aware of any unethical behaviour of Steve jobs?
Precisely twelve (12) respondents knew about some of his unethical behaviour however, all the twelve mentioned that they heard that he is very nasty to work with and throws tantrums at work place, three among the twelve heard about the backdating scandal. And one among the twelve heard about the issues he had with the first women in his life apparently he read in Mac world magazine’s Swedish version though he could not recall the edition of the magazine. Rest of the thirty-eight (38) were blank.

4.3 SECTION B: ORGANIZATIONAL USERS

Q.1. What do you think about the ethical and moral values that a company should hold towards employees and society in general?
Companies should have the same moral and ethical values like human-beings, by judging which values are right or wrong and operate in a manner whereby they should not harm the society, environment or people

Q. 2. Can you think of some big corporate leaders? Can you name few?
CEO of Nokia Company. Stefan Persson and Hennes and Mauritz (H&M) all of them have contributed positively to the society and have taken their companies to great heights.

Q.3. According to your opinion how much influence does a corporate leader has on the brand? Are they the key factor behind the success of a company and how much does that contributes to the success of the company?
Corporate leader is definitely a key factor; a good CEO will make a huge difference to the company.
Q.4. What do you think about corporate leaders in regards to best code of conduct and what is your response towards their moral responsibilities and their leadership possessions? They should also operate in the manner where they can also stand for what they are doing and why they are doing; without hurting the society in a large scale. As a leader if you follows certain moral values this will inspires your employees to follow it.

Q. 5. What criteria do you take into consideration before buying a product?
Price and then quality

Q.6. Are you aware of the recent SEB scandal, what is your take on it, would you consider changing bank following the scandal?
Yes I am aware of SEB scandal, No I would not consider changing the bank as I do not consider it as real scandal.

Q. 7. If you are not a customer of SEB, then what would you do if something similar would happen in your bank?
It depends on the intensity of the situation, I may or may not change bank

Q.8. Did you hear about the recent AIG scandal?
Yes

Q.9. Do you have any opinion about Apple as an organization?
Great organization from consumer perspective but when it comes to doing business with them they are very hard to deal with; too much power is bestowed on the CEO.

Q. 10. What do you think about Steve jobs contribution to the success of Apple?
Tremendous

Q. 11. Did you read fortune magazine 2008 and 2009 edition?
No

Q.12. Are you aware of any unethical behaviour of Steve jobs?
Yes, but I guess it was need of time.
CHAPTER FIVE

ANALYSIS AND INTERPRETATION

In this chapter we are going to base our analysis by combining the empirical finding and the existing theories. Therefore, to give a quick recap of the research questions and the purpose of study, we will again repeat the research questions “How leader’s ethical and un-ethical behaviour affects consumers options towards a company and their willingness to buy their products?”

Before interpreting our empirical findings, we would like to inform our readers that our analysis is only based on Apple consumers. In the process of research, we came across a lot of consumers who have substitute products for iPod or Mac, since our focus was only to capture information from Apple consumers, as they would be in position to inform us about the buying criteria, and enlighten us on whether or not they consider CEO’s behaviour or ethical stance before buying a product from Apple. Following our limitations of interviewing only Apple consumers and shortage of time our sample size boiled down to 50 Swedish consumers plus one organizational user, which uses more than thousand MAC PC’s. We approached more than one organizational user but only one organization accepted to participate in the interview.

We also contacted Apple reseller’s in Umeå and Stockholm, we wanted to get information on whether the market fluctuates in terms of sales when Steve Job was in the news for wrong reasons, but we were told that it is against their organization policy to talk anything about Apple following the contract signed with Apple.

Therefore, our attention now will be based on consumer’s procurement manners from both perspectives of private and one public (organizational) user. From our general understanding complimented by the theories, the accountability from private customers and organization differs, as the organizations are further accountable and answerable for acting as good corporate citizens themselves. Therefore, our analysis will be divided into two sections. We will first analyse the private users in section A and in Section B we will analyse organizational users.

Before starting to analyse our empirical findings, we would like to inform our readers that our main intent behind our questions was to ask the interviewees on how they feel about the ideology of CC, since most of them may not be aware of the terminology, we decided to put it in layman terms, so they can better relate to the questions.

Opinion about the ethical and moral values that a company should hold towards employees and society in general.

“Since we wanted to know if the respondents will have different opinions about the general ideology of CC we posed this question, but to our surprise we found out that 100% of the respondents mentioned that all the companies should have ethical and moral
values towards employees and society in general, which means that unanimously everybody comprehends the ideology of CC.

Out of the 100%, 74% of the respondents were more inclined towards the employee perspective of CC the rest 26% did not hold any opinion on this specific ideology of CC. 100% of the employees partially agreed about the social responsive aspect of CC, we can conclude this because the factors that they took into consideration did no run beyond environmental issues.”

Section B: The respondent was of the opinion that companies should possess same moral and ethical responsibilities as human beings. Further on companies should extend the responsibility in international atmosphere and give back to society in a philanthropic manner. Now this supports the concepts that we mentioned, for example, Carroll 2004 – mentioned that companies should contribute towards charity and the other theory which complies by the above thoughts is from Logsdon and Wood 2002 -2005 which mentioned about the GBS.

Regarding corporate leaders and their CEO’s
Our intent behind this question was to get an understanding of weather or not the respondents comprehend the contributions of CEO in their understanding of corporate world. If the respondents relate a brand more with its corporate leader it would lead us to assume that CEO’s does influence the brand.

“We live in a technological world so it came as no surprise to us that 46 percent of our respondents mentioned two icons from the technological world: Bill Gates and Steve Jobs. While 54 % of the respondents were completely blank. This goes to say that not even half of the total sample size that we interviewed had idea about the corporate leaders and their CEO’s. “

Generally speaking, Swedish market is considered to have high ethical and moral values and Swedish consumers are more aware of their choices. So this came as a surprise to us that more than half of the sample size could not think of any corporate leaders and their CEO’S.

Section B: It was a pleasure to know that this interviewee was very well informed about the corporate scenario, and he named leaders in accordance to his perception of performance delivered by the CEO’s towards organization and society. He contributed positively to the research question as he could name the leaders and their contributions towards the society and employees.
Influence of CEO has on the brand

“Although half of the respondents from question above could not identify the corporate leaders however, 80% of the sample population thought that leaders played a vital part towards the success of the company. However, 100% feels that excessive intruding by the leaders in the company affairs is not good for the company. While 20% says it differs from company to company.

From the statistics therefore, we can analyse that the theoretical concepts behind the successes of a company from the leader’s perspective matches with our empirical data. “

Section B: This interviewee holds a stronger view about the influence that a CEO has towards the success of the company he goes on to say that they are the one who creates a strong brand image to the company, though they are not the only one who are contributing towards the success of the company but CEO’s have the final say towards the decision making which in turns contributes positively or negatively for the company.

Opinion about corporate leaders in regards to best code of conduct, moral responsibilities and their leadership possessions

“From the total number that we interviewed 2% gave the idea that leaders in capitalist society do not follow code of conduct and moral values, 14% was of the opinion that moral values and code of conduct is just limited to papers and is not executed properly. 84% which is the greater part of the sample population indicates that leaders should possess high moral and ethical values

Now this is supported by the theory from (Cohen and Bronn, 2008) where they mentioned that every behind the success of a company there is always a leader that displays great moral and ethical values.”

Section B: Analysing the feed back from this interviewee we can say that he regards code of conduct as important document companies should operate on and this document should be in accordance with the values held by stakeholder. He comprehends that leaders should set an example for the subordinates. His first point goes with the theory by Logsdon and Wood 2002 and 2005, which say companies should have written document about the code of conducts, which should be in accordance to the CC ideology. This could also be supported under various other ideologies in business ethics. The second point is supported by one of the four attributes, which is Transformational leader perspective that a leader should have according to CC ideology (Tulder, 2006)

Criteria’s that are taken consideration before buying a product

“Quality stands out as the top priority among other things that the respondents considered when buying a product, this could be justified from the statistics that 100% choose quality. After further interrogation 10% considered CC background of the company. However, they took a partial view as they only considered at environmental factors.”
Now this finding from our empirical data defied the theory which mentioned that there is a reciprocal impact for the company when they act according to CC. Fombrun et al.(2000)mentioned that customers are more loyal to companies that contribute actively to the CC ideology and they will even be ready to pay a higher price for the product of such companies. but the analyses shows that buying behaviour of the consumers is not influenced by the ethical and moral stance of the company, but rather driven by quality and price.

Section B: This interviewee did not differ from the above mentioned interviewees in Section A, as he too has the same criteria for buying products; therefore, the theory from Fombrun et al. (2000) is also defied by his response.

Awareness of SEB and AIG scam and reaction
“The intent behind this question was to find out if there is any difference in the awareness among the consumers about the companies that operate within their own land from that which is external. That is why we introduced the SEB (external) and AIG scam (external). We used the word scandal due to lack of better terminology.

From the empirical data it could be analysed that only 8% of the respondents had idea about both SEB and AIG scandal, which goes to say that if the consumer choose to be aware they would irrespective of internal or external factor. Around 86 - 92% did not hear about SEB and AIG scandal, which shows that customers do not bother themselves about ethics and morals of the company provided it does not have any impact on them. As a reaction to the scam 4% said they would change their providers. And the majority that is to say 96% will continue to be consumers no matter the situation. The above analysis again reiterates that the theories do not stand true in this particular aspect.”

Section B: He was aware of both SEB and AIG issues, though he did not consider SEB as a scandal, but he considered AIG as a scandal and mentioned he would change 3.10.1 the company following the scandal. Now this supports our theory “Threat to Boycott” that mentions that customers reciprocate to the unethical behaviours of the company (Fombrun et al 2000)

Opinion about Apple as an organization
“Because the opinion of Apple as an organization generated functional response from half of the respondents (50%) it implies that when looking at the organization consumers do not look into wider aspects that could be important to the society, instead they thought process is dominated by the functions and benefits they are going to receive from the company. The above statement was supported by the two words “innovative” and “creativity” from our empirical findings. The rest 50% did not have any opinion about Apple as an organization; this goes to say that even though they are active consumers of apple they would not consider keeping any information about their provider.”
Section B: As a consumer he believes that Apple is a great organization which has all the potential to bring innovative and technical skills to towards the product. However, he finds it difficult to deal in terms of business to business relationship due to bureaucracy procedures.

Steve Jobs contribution to the success of Apple
“Again consumers are not fully aware about what the company is and how they are operating, in other words they do not care about structure and organization of the company this is defying the corporate governance theory mentioned in chapter three. We could analyse this from the data collected by the empirical study which shows that 60% have no idea about Steve Jobs. 40% are of the opinion that Steve Jobs contributes tremendously towards the success of Apple.”
Section B: According to him Steve Jobs contribution to Apple is tremendous.

Response on fortune magazine 2008 and 2009 edition
“The intent behind asking this question was to analyse if any consumers read about unethical behaviour of Steve Jobs from this magazine. Almost every body did not read the magazine as only 4% of the sample size read it.”

Section B: He was no different from the others as he did not read the magazine.

Regarding unethical behaviour of Steve Jobs
“24% of the respondents are aware of the unethical behaviour of Steve Jobs and his nasty behaviour towards his employees, as it is quiet evident that these respondents as consumers of Apple do not care about ethical and moral stand of a leader. 6% out of this 24 % also heard about the backdating scandal still the consumers remain unaffected in their buying decisions, which means that the rest (76%) heard nothing about the unethical behaviour of Steve Jobs.”

Section B: He was aware of the unethical behaviour of Steve Jobs but for him. He does not see it as unethical as he tries to support the situations. However, according to us no matter the gravity of the situation the fact remains that unethical act was committed.
5.1 Reflection and Summary:
Some of the interesting threads that we can ponder upon are

Customers think that leaders can contribute a lot towards the success of the company but most of them cannot mention any names of CEO’S.

We could also analyse that the understanding of CC from the consumers we interviewed did not exceed more than environmental issues.

Unanimously everybody thinks that companies should have a clean conscious but none of them are ready to contribute towards that consciousness. Here we would like to borrow a thought from chapter three by Fombrun, et al 2000 under the heading threat of defection where they mention that companies should be careful about their alliance in other words they should consider with whom they are doing business. And this goes to say that our organizational user is extra accountable for his choice than other private consumers.

From our empirical part we can analyse that interviewees were just being politically correct when they mentioned about their thoughts regarding CC, but in practice they do not care so much and this just not implies to our focus company, as from the questions it was clear that there response ranged wide across different companies and industries.
CHAPTER SIX

CONCLUSIONS AND RECOMMENDATIONS

In this chapter we are going to give our conclusions and recommendations to our findings from our research.

6.1 Conclusions:
From the empirical findings and the ideologies of CC that we gathered from the primary and secondary data these will enable us to answer our research question which is “How leader’s ethical and un-ethical behaviour affects consumers options towards a company and their willingness to buy their products”

“Our conclusion is based on our subjective interpretation of this research. Besides this we did an explorative study which gives more flexibility for our study. We started by asking much broader questions with an intent to derive very specific results. For example, by using the question on information about the scams of SEB and AIG, we were basically looking at the awareness and acceptance factor from consumers thus it helped us to come to a conclusion that consumers are less aware and do not care for the unethical behaviour of companies.”

Therefore, from all the information that we gathered to answer our research question we came to understand that the consumers just hold a view that companies should act according to CC ideologies but does not really care more about the unethical behaviours of not only the CEO’s in specific but also the companies in general and this is irrespective of our focus company. As this could be backed up when the consumers say that when buying a product, they take into consideration the quality and the price, indiscriminately whether it is a private consumer or organizational user. Though they would like the companies to act according to CC ideology, but they are not ready to reward or boycott companies because of this reason provided it has no impact to their personal lives i.e. to say not affecting them directly.

In addition to the above we also noticed that consumers do not take interest in understanding about what conditions and ideologies that companies operate around them or internationally this is supported from the ideas of SEB and AIG scandals which we introduced. Also almost all the consumers think that leaders (CEO’s) have an important role towards the success of the companies. As mentioned by the organizational user that “the success of Apple Company today is absolutely due to the influence of the CEO (Steve Jobs)”

To conclude from our theory and empirical findings, theoretically CC ideology claims that companies with high ethical stance, which is backed by CEO’s high values will benefit through positive response from the consumers but looking at the practical issues from the empirical findings we could conclude that these does not have any direct effect
so far as consumers purchasing behaviour is concerned. This also answers the doubt, we had regarding the status of Apple in general and its CEO in particular because we believed if all the unethical things that were mentioned in Fortune magazine 2008-2009 were to be taken into consideration when buying their product than Apple and its CEO would not have taken the number one spot. This also gives us a strong backing that consumers really take quality and price as their main criteria neglect's unethical stance when buying products.

From the above conclusion, the authors of thesis have derived a new model which defies the theories and supports the empirical findings.

**Figure 4: Companies and their behaviour are not proportionate to consumer’s response.**

This figure also defies the figure we created initially in Fig 1. However, there is no denial that leader’s play an important role in keeping the companies' image. Both from the concepts from chapter three and from empirical data collected, we can conclude that leaders do add to the brand image and generally everybody is of the thought that they should behave in utmost constructive manner but the consumers are not willing to put any efforts to see if the leader’s act accordingly. In other words, they are not doing moral policing.

According to us the whole ideology of CC is based on consumers acting in an informed manner. The ideology of CC is beyond law it requires the consumers to do moral policing in order for companies to keep their acts straight. As mentioned before unintentionally our interviewees were boiled down to young consumers, mostly from university and because of that we were expecting that they will be more informed and careful about their choices but unfortunately this was not the case.

Thus implying the importance of leaders to our focus leader, which is Steve Jobs we can say that most of the interviewees who knew about Steve Jobs mentioned that his contribution towards the success of Apple is tremendous. However, they will not
denounce his unethical behaviour; surprisingly this explains his position in the fortune magazine.

Moreover, we noticed that the concept of CC for most of the consumers we interviewed did not range beyond an environmental factor. It may be this is because the environmental factor has gained a lot of impetus in recent times, and its importance portrayed by the media. Therefore, we can conclude that media play's an important role and media should be more active in moral policing.
Consumers think that companies and its CEO’s should have high moral values, but practically they do not prioritise this attribute.

Leaders’ uphold brand image.

Quality and price are the two main attributes consumers look for before buying any product.

According to the consumers CC ideology does not really extend beyond environment.

6.2. Recommendations
The main point behind suggestions of further research is to investigate areas that we think needs more findings or are lacking.

Therefore, we recommend that further research should be conducted in different setting or location to see if customers in one of the cities in US respond any differently.

Further research could also be conducted to the consumer behaviours to see why they, mostly choose only quality and price when buying a product and neglect unethical factors.

Research should be conducted according to specific age groups to see if people in different age groups respond any differently.

Companies should invest in training of the top leaders toward the ideology of CC, because from our studies we found that consumers do find CEO’s as the representatives of company.

6.3 Limitations:
“We strongly believe that the results of this study would have been more elaborate or different if we would have had a chance to interview more organizational users.”
Reference

Books


**Magazine**

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Appendix

What do you think about the ethical and moral values, that a company should hold towards employees and society in general?

Can you think of some big corporate leaders? Can you name few?

According to your opinion how much influence does a corporate leader has on the brand? Are they the key factor behind the success of a company and how much does that contributes to the success of the company?

What do you think about corporate leaders in regards to best code of conduct and what is your response towards their moral responsibilities and their leadership possessions?

What criteria do you take into consideration before buying a product?

Are you aware of the recent SEB scandal, what is your take on it, would you consider changing bank following the scandal?

If you are not a customer of SEB, then what would you do if something similar would happen in your bank?

Did you hear about the recent AIG scandal?

Do you have any opinion about Apple as an organization?

What do you think about Steve jobs contribution to the success of Apple?

Did you read fortune magazine 2008 and 2009 edition?

Are you aware of any unethical behaviour of Steve jobs?