



RĪGAS EKONOMIKAS AUGSTSKOLA
STOCKHOLM SCHOOL OF ECONOMICS IN RIGA

SSE Riga Student Research Papers
2009:4 (113)

ADVERTISING PRACTICE AMONG LITHUANIAN TELECOMMUNICATION COMPANIES: ON THE EDGE BETWEEN LEGISLATION AND ETHICS

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ISSN 1691-4643
ISBN 978-9984-842-16-5

November 2009
Riga

Advertising Practice among Lithuanian Telecommunication Companies: On the Edge between Legislation and Ethics

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May 2009
Riga

Acknowledgements

We would like to express our gratitude to all those who gave us the possibility to complete this thesis. We want to thank our supervisor Laura Mikelsone, the Executive Director of Transparency International Latvia, also known as Delna, whose attention, stimulating suggestions and encouragement helped us in the writing process of this thesis. Furthermore, we thank the Market Research lecturer Niclas Öhman for giving valuable suggestions related to the questionnaire.

Our former colleagues and best friends from the Stockholm School of Economics in Riga who supported us a lot in our research work. We want to thank them all for their assistance, support and interest, suggestions for improvements, and valuable hints at difficult times. A special thank goes to Aušra Kropaitė, Laurynas Barauskas, Mantas Juknevičius, Linas Liktorius, and Tomas Eidukas whose patience, belief and encouragement enabled us to complete this work.

Table of Contents

1	INTRODUCTION.....	1
1.1	RESEARCH QUESTION.....	2
2	BACKGROUND OF THE STUDY.....	3
2.1	BUSINESS ACTIVITIES.....	3
2.2	LEGAL ENFORCEMENT	4
2.3	ETHICAL NORMS	5
3	REVIEW OF LITERATURE.....	7
4	HYPOTHESES	13
5	METHODOLOGY	14
5.1	MODEL	15
5.2	CREATION OF THE QUESTIONNAIRE	16
5.3	PRETESTING OF THE QUESTIONNAIRE	17
5.4	DATA COLLECTION METHODS	18
5.5	DATA ANALYSIS.....	18
6	RESEARCH	21
6.1	THE CASE STORY OF THE ADVERTISING WARS IN LITHUANIA.....	21
6.1.1	<i>Revenge</i>	22
6.1.2	<i>New wave</i>	22
6.1.3	<i>The war continues</i>	24
6.1.4	<i>Game of associations</i>	25
6.1.5	<i>They say it is over, is it?</i>	25
6.2	SELECTION OF SCENARIOS	27
7	SURVEY RESULTS.....	29
7.1	RESPONDENTS	29
7.2	USING THE DIMENSIONS.....	31
7.3	DIMENSION ROLES IN EVALUATIVE PROCESS	32
7.4	DIMENSION ROLES IN PREDICTING BEHAVIOUR INTENTION	35
8	DISCUSSION OF RESULTS AND IMPLICATION.....	37
8.1	LIMITATIONS	39
9	CONCLUSION	40
10	REFERENCES.....	43
11	APPENDICES.....	49

1 Introduction

Electronic communication is expanding each year: it takes more significant part in daily processes, saves our time, money, and energy and at the same time enables access to the wide range of the latest news and knowledge. Thus electronic communication with other types of information technologies is the engine of today's life. Recently the Lithuanian telecommunication sector has been growing significantly and thus the whole market is full with advertisements coming from the three major mobile service operators. It is interesting that the amount of money these companies spend on advertising corresponds to the largest sums of money in the advertising sector in Lithuania. According to TNS Gallup research, in 2008 telecommunication companies Omnitel, Tele2, and Bite were among the Top 10 advertisers (TNS Gallup, n.d.). It seems that mobile telecommunication companies penetrate the market with a number of ads and in this way try to maintain the market share they already have or even increase it. On the other hand, the severe competition results that people are discussing advertising and its ethicality a lot, especially in the mobile telecommunication industry.

The whole advertising activities in Lithuania are based on the formed business practices that have been used for years. However, it is important to develop "healthy" practices in this industry so that each sector of the market would follow the most appropriate rules. There are no studies made concerning this market in Lithuania, especially in terms of ethicality. Understanding customer attitudes is important for successful growth in the market. For example, while observing the mobile telecommunication sector, it becomes obvious that advertising campaigns leave ethics behind all other factors. To know more about customers, their perceptions, would be useful for mobile telecommunication companies in order to make their brand stronger; for legislation in order to be able to develop "healthy" practice. This also should be beneficial for the academic community and consumer organizations in order to

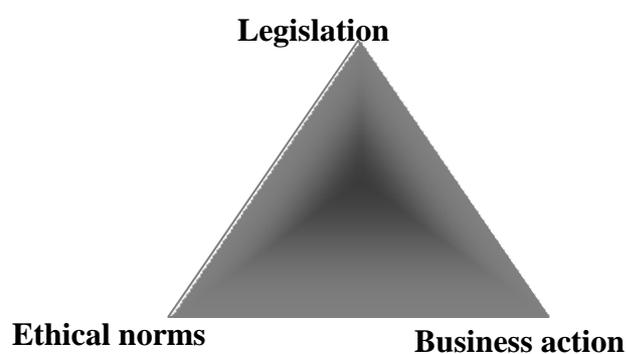
design their activities according to the perceptions. Moreover, it should be beneficial for business community and especially companies operating in other sectors where advertising is as crucial as in the mobile telecommunication sector. For example, even now three major mobile operators Omnitel, Bite and Tele2 compete with each other due to the changed economic situation. Their actions raise a lot of discussions in the media and society. Thus in our research paper we try to evaluate to *what extent the advertising campaigns of the three mobile communication service providers in Lithuania can be perceived as ethical*.

The paper is structured in the following way: firstly, a broader explanation of the research question will follow. The section “Background of the study” gives an overview of advertising activities in the Lithuanian mobile telecommunication sector. The section “Literature review” presents research carried out and papers written on the advertising ethics. The next part introduces the hypotheses of the paper, while the following one (“Methodology”) describes the research methodology of the paper. Afterwards we present the discussion and the main findings of the study, while the conclusions of the work are presented in the final section.

1.1 Research question

The significant growth in the mobile telecommunication sector and fierce competition result that advertising campaigns cause many arguments and discussions among the

FIGURE 1 - TRIANGLE OF RELATIONS



Source: created by the authors

Lithuanian people. Therefore, this paper aims to answer the following question: “To what extent the advertising campaigns of the three mobile communication service providers in Lithuania can be perceived as ethical from the

consumer point of view?” We try to understand what customers think about the advertisements, how they evaluate them and if there are any advertisements which are judged as ethical one by the society even though the companies have been penalized for them. We see our research question through the triangle (see Figure 1 above). There is a clear relationship between these three components. Business actions take the legislation and ethical norms into account, whereas legislation and ethical norms are influenced by the formed business practices. If a company does something, which creates negative reaction of the society, the government either makes a new rule for business or this negative action is judged by the society, which means that ethical norms exist. Our purpose in this research paper is to find how the today’s consumer evaluates advertising activities in the telecommunication industry, and what the differences between the ethical norms the consumer is used to and law conditions are.

2 Background of the study

2.1 Business activities

There are three main players in the mobile telecommunication sector in Lithuania: Omnitel, Tele2 and Bite. The rest of participants, accounting only 3% of the market share (in terms of revenues and number of users), do not have their own network and are only virtual operators reselling Bite services. At the end of 2008 Omnitel had 40% of total active users, while Bite and Tele2 amounted respectively 19% and 38%. In five years the number of active users increased dramatically. For example, when comparing figures of Omnitel and Bite one can see that this number almost doubled while Tele2 figures present even more exciting results (the number of active users increased 3.25 times) (see Figure 4 in Appendices) (the Communication Regulatory Authority, 2008). The impressive sector growth encourages companies to fight for a larger market share and thus revenues. All this causes a fierce market competition in order to increase market share or to maintain already acquired position. In the competitive market, mobile service providers push everything through the advertising. All

types of media are full of different advertisements. It seems companies are ready to justify any actions taken. However, currently this part of marketing attracts high levels of criticism concerning its practice and impact on the consumer behaviour.

Currently in Lithuania companies penetrate the market with different types of advertisements and some of them afterwards have been found to be in breach with the Advertising law and the Lithuanian Advertising Code. Recently the Competition Council (hereinafter CC) analyses more and more unethical advertising cases and companies are obligated to pay large fines for not following the law. According to Tele2 PR manager Mr. A. Baranauskas, currently there is no difference in mobile telecommunication services thus companies are playing with brands and brand awareness (personal communication, March 19, 2009). Therefore, advertising is one of the most important tools to make the brand stronger in the telecommunication sector.

2.2 Legal enforcement

The fierce competition has resulted that starting from 2002 Lithuanian telecommunication companies are the “leaders” in unethical advertising activities in Lithuania. This is because they try to make a way into the market using different tools of marketing and thus are being involved in practises of unethical behaviour. According to the law, the governmental institution, the Competition Council, is in charge of the enforcement of advertising regulations (based on the advertising law and the Lithuanian advertising code). The advertising law aims to improve the quality of the information provided to the customers about products and services, protects their rights, enforces fair competition in the market and creates the conditions for the advertising business to grow. The Code also ensures that the advertising is not brought to disrepute and marketing communications are legal, decent, honest, ethical and truthful. In other words, it not only supplements the law but also fills the gap where the law usually does not reach. Often due to flexibility the Code provides an easier

and faster way of resolving issues and disputes than utilizing other types of litigation. However, the terms used in the Code to determine the ethicality in the ads cause many ambiguous arguments within the society – people differently presume honesty, decency, or trust. It seems that such legal enforcement is not sufficient. Since 2002 there have been 17 such cases announced by CC as inappropriate in the telecommunication industry (Competition Council, 2008). More precisely, CC have announced 68 cases of inappropriate advertising where 17 cases have been caused by the telecommunication operators, 12 – by resellers, 11 – by leisure service providers; 10 – by pharmacists and other (Competition Council, 2008). The situation of advertising in telecommunication sector is becoming compulsive every day and even a self-regulatory body Lithuanian advertising bureau (hereinafter LAB) which was established in 2005 does not stop such activities (2006a). The most recent case in the industry indicates that customers have to approach the State Consumer Right Property authority so that to understand if telecommunication companies are behaving properly. It is important to mention that even if CC is the only governmental organization in charge for advertising practices, it also has to ensure that Lithuanian advertising activities follows the advertising directive valid in all EU counties. However, in the Lithuanian advertising sector comparative advertisements appear to be popular as a competitive tool leaving ethicality behind the creativity. The same applies to the telecommunication sector. Therefore, recent advertisements of services provided by the companies caused the negative reaction of the society due to misleading and deceptive information or erotic motives in the advertisements.

2.3 Ethical norms

In general advertising ethics as a terminology is characterized as an oxymoron by many authors (Beltramini, 2003; Blocher 2003; Cunningham, 1999). An oxymoron is a phrase combining two contradictory terms (“Oxymoron”, n.d.). The contradiction in the

phrase “advertising ethics” is an indication of the challenge that organizations face when using advertising as a tool to reach limited resources to expand the business and gain more profit. The global concept of business is based on the principle of the competition for limited resources. In other words, this means to maximize one’s gain at the expense of others. It has the effect of dealing with a situation where one has something and another one does not. Ethics, on the other hand, is based on moral principles of right and wrong, which come from the core human values. These are values of fairness, love, compassion, integrity, respect, peace, joy, fulfilment, harmony, beauty, etc. (Arrizza , n.d.). In other words, business is about engaging in activities that essentially go against our core human values. Yet companies do not have to compromise in being ethical or profitable, but the ideal situation would be to combine both elements (Crane & Matten, 2004). It is not enough to focus just on the profit maximisation and organizational goals. Even though companies are more or less about money for shareholders, the society must put pressure on them (using their power to choose among companies/products, influence on government regulations), so that being ethical for companies would become a part of their profit maximization function. Besides, companies in parallel of earning money should also be socially responsible and led by setting at least a little bit higher ethical standard for themselves and actually take a role that stimulates the society development in the longer run. On the other hand, the advertising is a communication tool and therefore companies have to communicate with their clients while using the language, role models, games and tactics that are understandable and demanded within the society. To measure profits is rather easy, but how to define what is ethical and what is unethical and if there is any difference in the perception of “ethical” in the Lithuanian society as compared to mobile service providers and law.

3 Review of literature

There are lots of research papers which analyse ethics of advertising. Bruzas and Juozaityte in their bachelor thesis *Strategic brand management in the mobile service industry in Lithuania: the consumers' verdict* show that advertising influences consumers' perception of a brand and their purchase intention (2007). Moreover, their study gives a great insight into the mobile service market and which factors have an impact on the brand management. So, keeping in mind that the advertising (particularly in Lithuania) has a great power on the consumer purchase intentions, it is rather important to identify what consumers think about the ethicality of ads. As we have mentioned before ethics and advertising is rather incompatible. There is no clear line what is ethical in advertising and what is not.

Nevertheless, some research (e.g. Shaver, 2003; Hyman et al, 1990; Zinkhan, 1994) tries to identify an analytical framework and the methodology to evaluate decisions and actions which face advertising. Zinkhan points out that since this research field is so mature researchers use a lot of analysing methods: consumer and expert surveys, searching computer databases, and philosophical arguments. He also underlines that issues of the regulation and ethics in advertising have become so tangled that it is sometimes difficult to differentiate between legal and ethical research (1994). In his other research written together with Johnson, he points out, "that legal studies are closely linked to the studies of advertising ethics" (1994). In other words, rules are created in order to resolve disagreements and to enforce standards of morality, thus it is impossible to study advertising ethics without considering the legal implications and ramifications." (1994)

One may ask what the main ethical issues regarding advertising are. Identifying these spheres quite a lot of studies are made:

- Informative versus emotional, persuasive advertising (Arrington, 1982; Durham, 1984; Crisp, 1987; and Lippke, 1989);

- Using emotionally charged messages to influence feelings including fear (Rotfled, 1989; LaTour and Zahra, 1989) and sexual appeals (Boddewyn, 1991; LaTour and Henthorne, 1994; LaTour et al., 1990);
- Advertising to children (Kunkel, 1988);
- Ads to minorities (Hacker et al. 1987).

As one can notice a lot of research is done regarding the advertising. Carson, Wokutch and Cox in their research paper observe several issues concerning the deception in advertising (1985). As they note, some generally accepted definitions of deceptiveness are considered and found to be inadequate. To say it in other way, it is hard to evaluate what is deceptive and what is not. According to the authors, the deceptive advertising can be shown to be morally objectionable, on the weak assumption that it is first of all wrong to harm others. Thus the authors underline suggestions for the detection and regulation of the deceptive advertising (Carson et al., 1985). In another research *A Factor Analysis of Advertising Practitioners' Perceptions of Advertising Ethics* Pratt and James investigate perceptions of advertising ethics among 460 members of the American Advertising Federation (1994). Their analysis is based on four factors: agencies' standards, active public responsibility, advertising claims, and agencies' social responsibility. Basically authors focus on companies and public responsibilities. The result shows that advertising claims are the best predictor of the application of deontological (or non-consequential) ethics to ethically troublesome situations in advertising (Pratt and James, 1994). As one may see, all of the research above analyse certain ethical issues with respect to the regulations and legitimacy, what only proves Zinkhan's statement that it is impossible to make a research on advertising ethics not considering regulations (1994).

Richards in his article examines all the ethical issues concerning advertising (2000). The article pays a lot of attention to deception and unfairness in advertising. Moreover, the

author analyses all types of advertising and issues that go along such as subliminal appeals, tobacco and alcohol, children, privacy, trademark and copyrighting, sweepstakes, political and telemarketing (Richards, 2000). Nevertheless, nowadays the concept of ethical decision making and its consequences have received widespread concern in the business arena (Reidenbach and Robin, 1990; Snipes, LaTour and Bliss, 1999; Trevino, 1986). For instance, Snipes et al. in their research paper analyse ethicality of fear factors in the advertising and how these factors influence the perception of consumers on the companies' brand and customer purchase intention (1999). Trevino in his research used the interactionist model in order to investigate ethical decisions in organisations. This model consists of two groups of variables (individual and situational), which help to predict and explain the behaviour of ethical decision making by individual in organizations (1986).

Reidenbach and Robin in their research paper *Toward the development of a multidimensional scale for improving evaluations of business ethics* state that all previous models and measurements are insufficient for the studies of ethical decision processes (1990). They argue that other proposed models do not include all possible principles and philosophies to evaluate people perceptions. For this reason authors create a Multidimensional scale model which includes 5 ethical theories (justice, relativism, deontology, teleology – egoism, and teleology – utilitarianism). Reidenbach and Robin (1990) based on these ethical principals described below create the multidimensional scale model with three dimensions: moral equity dimension, relativistic dimension, and contractualism dimension (more explicitly each dimension is presented in the methodology part). According to Reidenbach and Robin, an individual uses more than one rational while making an ethical judgment. Thus “each rational used represents a necessary dimension in any measure that expects to capture a true sense of that ethical judgment” (Reidenbach & Robin, 1990). The multidimensional scale model allows us to go beyond the simplistic understanding of “what” the individual believes to the

process of understanding “why” the one believes in something. This is one of the main reasons why Reidenbach and Robin base their model on five ethical philosophies: idea of fairness, justice, contract, duty, and consequences. All these aspects, which came from those five philosophies, can also be found in the Bible, the Koran, Buda writings, and in other religions (Reidenbach & Robin, 1990). These theories cover the following fundamental concepts.

Justice theory. Most of the fundamental concepts of the justice theory come from the writings of Aristotle. He developed the “principle of formal justice” which states that equals have to be treated equally, and unequals have to be treated unequally. So, basically Aristotle provides a minimum rule of justice, but does not explain how to determine equality or inequality. To examine these equalities, philosophers often refer to six principles of distributive justice. These principles are: 1) to each person an equal share; 2) to each person according to individual needs; 3) to each person according to that person’s rights; 4) to each person according to individual effort; 5) to each person according to societal contribution; and 6) to each person according to merit. Nevertheless, it is not necessarily that society chooses one principle of the justice and excludes the other. People often use different principles in different situations. Moreover, there is the concept of procedural justice, which develops rules procedures that result in fair or just outcomes. There are three forms of procedural justice: pure, perfect, and imperfect. Pure procedural justice is the case when outcomes are guaranteed in every occurrence. Perfect procedure justice provides a fair result in every case. Imperfect one comes when rules represent the best attempt to produce fair results but outcomes sometimes are opposite (Reidenbach & Robin, 1990).

Relativism. The basic concept of relativism is that all normative beliefs come from a culture or individual, and thus no universal ethical rules exist that would suite everyone. The basic idea behind that is that ethical rules are relative to a specific culture, values and

behaviour of people and it will not necessarily be the same in another culture.

Anthropologists have already proven that values and ethical norms differ among the cultures. An argument against relativism seems to be preferred over the preceding arguments by most ethics. One of the arguments is that relativism, as a philosophy does not achieve the main task of ethics. J.S. Mills and Aristotle describe that the main task is the development and maintenance of conditions that allow people to pursue a stable and happy life. The different view comes from Kant who thought that the objective of ethics is to create a “good will” toward the others. Relativism, according to its critics, is not likely to achieve these objectives. Therefore, philosophers have not fully adopted the relativistic arguments. However, these philosophers do agree that unresolved disagreements in moral beliefs may be inevitable (Reidenbach & Robin, 1990).

Deontology. This philosophy suggest that individuals have a duty to satisfy the legitimate claims or needs of others as determined by applying logic to an ethical rule. According to deontology it is our duty to pay our debts, to take care of our children and always tell the truth because it is the “right” thing to do. The most prominent ethical rule comes from Immanuel Kant. The most popular formulation says, “I ought never to act except in such a way that I can also will that my maxim should become a universal law” (Kant, as cited in Reidenbach & Robin, 1990). By this rule every action can be determined as ethical or unethical. Deontology may be the most preferred ethical philosophy today, but it also has critics. The main critique is that exceptions can be created to each rule. (Reidenbach & Robin, 1990).

Teleology – Egoism. Another word for this theory is the consequentialist theory. This theory includes all of those theories that deal with morality, which is based on the consequences of actions. The main question arising from this theory is how to evaluate the consequences. Should we focus on the individual or should we evaluate all the society? Thus,

two main streams come from the answers. Namely, those who consider consequences focusing on the individual's actions in ethical theory are called "egoism", while those who look at society's actions are called – "utilitarianism". One presentation of egoism suggests that an act is ethical when it promotes the individual's long-term interests. There are also theories which focus on the short-term hedonism. Nevertheless, the long-term interest is taken more seriously. It should be noted that the theory states that people should behave as egoists but not that they do behave this way (Reidenbach & Robin, 1990).

Teleology – Utilitarianism. This theory states that individuals should act so as to produce the greatest possible ratio of good to evil for all society. Thus it forces an individual to consider all outcomes and to evaluate which are the best for the society. Since an individual measures one action to other utilitarianism promotes efficiency. Basically, less efficient action produces less utility and is therefore less ethical compared to more efficient action (Reidenbach & Robin, 1990).

None of the works got through without any critique. Reidenbach and Robin's multidimensional scale model is not an exception and is also discussed by several researchers (Hyman, 1996; Cohen et al. 1993; Skipper and Hyman, 1993). Hyman in his research *A Critique and Revision of the Multidimensional Ethics Scale* points out uncertainty about the used scale. The main arguments are that the scales used in the model are limited and susceptible to the same social desirability bias (1996). However, other researchers like Flory et al. (1993) claim that the multidimensional ethics scale is a good scale, "if the explanation, prediction, and control of unethical behaviour are the objective". Secondly, Hyman states that this model omits ethical variables such as religion. Nevertheless, this weakness could not be stated as strongly as the choice of variables is dependent on the situation the researcher analyses. To sum up, all of the critique underlines the fact that the model could be improved and developed in order to capture more ethical issues. Reidenbach and Robin have made

revisions of their model and suggested additional improvements (Reidenbach & Robin, 1993; Reidenbach & Robin, 1995). Despite the critique this model received, according to Hyman (1996) it is still one of the best recent models to analyse ethical issues. Thus we base our research on the Reidenbach and Robin's multidimensional scale model. The model is explained in more detail in the methodology part.

4 Hypotheses

Based on literature review and our research question, "To what extent the advertising campaigns of the three mobile communication service providers in Lithuania can be perceived as ethical?" we come up with two hypotheses which contributes an additional value to our research question. They are discussed in this section.

According to Reidenbach and Robin, moral equity is the most significant predictor of ethical judgment and intent to act (1990). They argue that this is due to the fact that moral equity dimension includes the concept of family acceptance. Moreover, this dimension strongly invokes on experience and lessons from individual trainings which he/she receives in his/her childhood. These lessons include understanding of fairness, justice, and what is right and wrong. The individual receives these lessons through sharing, religion, morals from fairy tales, and fables, and through grandparents' morals. In addition, even in the 21st century family is still the most important value for most of the society since it is the first place where an individual is embraced, taught, and encouraged to respect values most common in the world (Larue, 1998).

H1: Moral equity dimension is the most important one for the customers of mobile telecommunication operators when evaluating ethicality of ads and predicting the intention to behave in the same manner as depicted in specific scenarios.

Looking at the practise of unethical advertising in Lithuania in general, it seems that more reactions and discussions appear when these actions have direct negative impact on the

consumer. For example, if companies provide deceptive information for the customers, the society reacts rather strongly compared to the cases where a company attacks other company (for instance, the humiliation of other company or its brand). In other words, the ads presenting deceptive information have the direct impact to customers while ads dealing with inter-business relations have indirect impact to customers. The trend that people are more critical when ads have the direct impact is noticed in a variety of forums and blogs on the Internet, also in many articles in media. During the interview Mr. A. Baranauskas also confirms such a trend. According to his practise, recently there has been a large advertising campaign providing a detailed description about company offered prices. An ad has been shown everywhere (on TV, newspaper, radio, and Internet). By mistake it has not included full information only on one of the websites. CC informed the company about the deceptive information they provided on that specific website and company had to pay EUR 8.7 thousand. The interesting fact is that website has been visited approximately by 60 people while the whole campaign has reached about 300 thousand individuals (Baranauskas personal communication, March 19, 2009). Due to these facts we have raised a hypothesis in order to check whether this trend really holds in the Lithuanian society.

H2: If an advertisement directly affects a consumer, it is regarded as less ethical by the society.

5 Methodology

The research is based on Reidenbach and Robin's multidimensional scale model, thus firstly we explain the model in more detail. Afterwards we present a questionnaire constructed according to this model for the quantitative research. Later we describe techniques of sampling and data gathering. This part is followed by the data analysis methods. Finally we identify the differences between the perception of the customers and the advertising law validity in Lithuania.

5.1 Model

The multidimensional scale model consists of three main groups: the broad-based moral equity construct, the relativist construct, and the social contract construct shown below.

FIGURE 2 - MULTIDIMENSIONAL SCALE MODEL

The Proposed Multidimensional Ethics Scale		
Construct 1 - The Broad-based Moral Equity Construct		
Just	-----	Unjust
Fair	-----	Unfair
Morally Right	-----	Not Morally Right
Acceptable to My Family	-----	Not Acceptable to My Family
Construct 2 - The Relativist Construct		
Culturally Acceptable	-----	Culturally Unacceptable
Traditionally Acceptable	-----	Traditionally Unacceptable
Construct 3 - The Social Contract Construct		
Violates an Unspoken Promise	-----	Does not Violate Unspoken Promise
Violates and Unwritten Contract	-----	Does not Violate Unwritten Contract

Source: Reidenbach, R.E. & Robin D.P. (1990). Toward the development of a multidimensional scale for improving evaluations of business ethics. Journal of Business Ethics, 9, 639-653.

Dimension one – The broad-based Moral Equity Dimension. This dimension is the most complicated one of all. According to Reidenbach and Robin (1990), this dimension encompasses the decision rule of business moral content evaluation. The dimension is evaluated in terms of fairness, justice, goodness and rightness. In addition, it includes the family acceptance idea. Based on the authors’ argumentation, individuals receive their basic ethical understanding in their childhood, from their parents, religion, morals from fairy tales, and fables (Reidenbach & Robin, 1990). So overall, the first dimension captures the understanding of ethics, which helps to see if customers perceive the advertising activities as ethical and mobile service actions as fair or unfair.

The second dimension – A Relativistic Dimension. It includes two items: culturally acceptable/not acceptable, and traditionally acceptable/not acceptable. These two items concentrate on the guidelines, requirements, and parameters inherent in the social/cultural system (Reidenbach & Robin, 1990). Based on the previous research, the first and the second dimensions should be highly correlated due to the fact that essentially our ethical

understanding of what is right and wrong in large part comes from the traditions and culture. This part of the model explains which actions of the business are acceptable and which are not judging them according to cultural and traditional understanding. As the authors maintain, this dimension may vary from country to country, since what can be perceived as ethical in one country it may be perceived as unethical in another.

The third dimension – A Contractualism Dimension (or Social Contract Dimension). The last dimension includes violations of unspoken promise and unwritten contracts. This part concentrates on the so-called “social contract”, which exists between business and the society. All business exchanges integrate implicit or explicit promises or contracts. Moreover, in general such business exchanges should include “obligations which may go beyond a purely economic nature and include notions of fair play, truth telling, duty, and rights” (Reidenbach & Robin, 1990). Infringement of these ideas may be seen as an unethical action. Thus, this dimension helps to analyse societies’ judgment on the violations of the advertising law and the Lithuanian advertising code.

5.2 Creation of the questionnaire

Quantitative analysis, in other words survey of mobile service users, lets us measure the customers’ perception and assessment of advertisements and answer the research question. The questionnaire is constructed as follows. The first block of questions asks for the basic information about a customer. Further on, three scenarios are constructed from the real life actions and evaluated according to the multidimensional scale model. Besides, each scenario has two additional questions. The first question asks what a respondent thinks in general about the mentioned situation (is it ethical or unethical). The second question is used to find out whether a respondent has an intention to behave in the same way as in the mentioned situation (see Figure 13 in Appendices).

The semantic differential scale is used for the scenario evaluation. We choose seven-point scale owing to the fact that this scale has the advantages of allowing neutrality of the answer to the question (when choosing the middle number) and has enough gradation to give meaningful data (Malhotra, 1993, p.268). The end-points of this scale are associated with bipolar labels. In other words, each scale ends up by two bipolar adjectives, such as “just” and “unjust”. Moreover, one can notice that negative adjectives sometimes appear on the left side of the scale and sometimes on the right. This helps to control the tendency of some respondents with very positive or very negative attitudes and also for the ones who mark the right or left hand sides without reading the labels. According to Malhotra, this scaling is very popular while studying the advertising market (1993, p. 272).

5.3 Pretesting of the questionnaire

In order to launch the survey and to have the valid data, we perform a pretesting of the questionnaire. The principal purpose of this pre-test is to avoid ambiguity or misunderstanding of any item and to resolve any possible problems with the selected scenarios. We approached 12 randomly selected people (6 men and 6 women) of different age (from 18 to 55) and asked to fill in the questionnaire. The preliminary testing showed that the third dimension was a bit confusing and people did not see the difference between violation of unspoken promise and unwritten contracts. At this point we decided to check the scale one more time. In order to perform the second stage of methodology testing a sample of 10 people was gathered and asked them to evaluate the two previously mentioned items of dimension 3. Respondents’ debriefs and questionnaire comments let us come up with the decision to eliminate one of the item. In other words, the respondents presumed “unwritten contracts” as a part of “unspoken promise”. Therefore, we reduced the Contractualism Dimension, leaving only one variable in it (unspoken promise).

5.4 Data collection methods

Even though the market penetration level of mobile telecommunication is high and mobile services are provided to the most people including children and pensioners, our target group for the questionnaire are people aged between 16 to 54 years. According to the bachelor thesis of Bruzas and Juozaityte (2007) 90% of the revenues of mobile telecommunication companies come from the mentioned target group. Thus, the young and the middle-aged users of mobile services are the good sample to represent the general opinion in the mobile service sector. To collect data we conduct an online survey by placing the questionnaire on the Internet. It is considered as one of the best sources to collect data about the mobile telecommunication market, since the Internet and mobile service target groups are similar in terms of the age. Besides, there is a high correlation between mobile phone and Internet users (Bruzas and Juozaityte, 2007).

5.5 Data analysis

To analyse the data, we use SPSS statistical software, which is among the most widely used programs for the statistical analysis in the social science. To begin with, we analyse our sample according to four factors – gender, age, mobile service operator and subscription type. The frequency analysis allows seeing how representative our sample is. Moreover, we explore the causality among the variables through a binominal (or binary) logistic regression. This is because our dependent variable has only two possible outcomes (0 and 1) and the independent variables are of any type (Garson, 2009a). The logistic regression differs from a linear one as it has less stringent requirements (see Figure 12 in Appendices) (Garson, 2009a).

There are several statistics which can be used for evaluating the performance of a model such as model Chi-square, Omnibus test, pseudo R-square and individual significance of the betas (Whitehead, 1999; Garson, 2009a). The model Chi-Square is used to determine if the overall model is statistically significant while in order to check the goodness-of-fit of the

model we should look at the omnibus test of the model coefficients (one of the significance tests for the binary logistic regression) (Garson, 2009a). More precisely the omnibus test may be interpreted as a test to see if all predictors in the model jointly are able to predict the dependent variable. In other words, this omnibus test tests if the model with the predictors is statistically different from the model with the intercept only (UCLA Academic Technology Services, n.d.). Furthermore, the individual significance of independent variables is also important. Looking at the individual significance of the coefficients, one is able to see which independent variables are able to explain the dependent one. Last but not least, is pseudo R-squared. This measure for the logistic regression is different from the OLS regression R-squared and does not measure, “the percentage of variance explained” (Garson, 2009a). Pseudo R-squared is reported as an approximation to OLS R-squared, not as the actual percent of the variance explained. When analyzing our sample, we are focusing on Nagelkerke R-squared, which measures not the goodness-of-fit, but rather attempts to the measure strength of association (Garson, 2009a).

The logistic regression calculates changes in the log odds of the dependent variable, while the OLS regression calculates the changes in the dependent itself (Menard, 2002). The logistic regression predicts the probability that an indicator variable is equal to 1. The equation of the logistic regression does not directly predict the probability that an indicator is equal to 1. It predicts the log odds that an observation will have an indicator equal to 1.

In SPSS the “parameter estimate” is the b coefficient that is used to predict the log odds (logit) of the dependent variable. For example, let z be the logit of a dependent variable then the logistic prediction equation is:

$$z = \ln(\text{odds}(\text{event})) = \ln(\text{prob}(\text{event}) / \text{prob}(\text{nonevent})) = \quad (\text{FORMULA 1}) \\ = \ln(\ln(\text{prob}(\text{event}) / [1 - \text{prob}(\text{event})]) = b_0 + b_1 X_1 + \dots + b_k X_k$$

where b₀ is the constant and there are k independent (X) variables (Garson, 2009a).

When we have the log odds (in this case z) it is useful to convert the log odds (which is z)

back into an odds ratio. To convert log odds into odds ratio the natural logarithmic base is raised to the zth power. $\text{Exp}(z)$ is the log odds of the dependent calculated as follows:

$$\text{odds}(\text{event}) = \exp(z) \quad (\text{FORMULA 2})$$

and presents the odds of the event that the binary dependent is 1 rather than 0 (Garson, 2009a). In contrast to $\exp(z)$, $\exp(b)$ is the odds ratio which for a given independent variable represents a factor by which $\text{odds}(\text{event})$ change for a one-unit change in the independent variable controlling for other variables in the model. As Dallal states odds of an event is a ratio of the probability that an event will happen to the probability that it will not happen.¹ (2008).

We look at the multidimensional scaling (MDS) measure of sampling adequacy tests which shows the degree of common variance between variables (Malhotra, 1993, p. 636). Generally it indicates whether or not the variables could be grouped into a smaller set of underlying factors. To be completely sure we also use the reliability test with a measurement of Cronbach alpha, which should be at least 0.7 or higher, for a good scale researchers require this alpha of 0.8 or higher (Garson, 2009b). There are several reasons why we choose these specific tests but not the factor analysis. First of all, the factor analysis assumes control relationships among variables, while MDS treats the correlation as a simple distance measure and plots correlated variables close to each other on the spatial map (Garson, 2009c). The spatial map presents the distances between each of the item. Secondly, the factor analysis makes many strong assumptions (linearity, metricity, or multivariate normality), while MDS has more relaxed data distribution assumptions (StatSoft, 1984-2008). Thirdly, the factor analysis yields more factors while MDS yields dimensions which are easy to interpret. For

¹ Example: Some 20 people take a performance test, where 0=fail and 1=success. For males, 3 fail and 7 succeed. For females, 7 fail and 3 succeed. Then $p(\text{success})$ for males = $7/10 = 0.70$; and $q(\text{failure})$ for males = $3/10 = .30$. Therefore the odds of success for males is the ratio of the probabilities = $0.7/0.3 = 2.3333$. The odds of success for females = $0.3/0.7 = 0.4286$, rounded off. Then the odds ratio for success (for performance = 1) for males/females is $2.3333/0.4286 = 5.4444$. Or we would say that the odds of success (the odds that the dependent variable performance = 1) are 5.4444 times as large for males as for females (Garson, 2009a).

more meaningful results Kruskal and Wish suggest using multiple regression techniques, which can be applied after the MDS dimension creations (1978). In addition, MDS analysis is used more often in studies as psychology where people's perception is an important factor. To sum up MDS analysis and reliability test better suit the model when creating indexes and interpreting results since our regression is not a simple linear regression.

To go further, the created dimensions (in other words indexes) are the measure of ethicality. In order to answer the research question we look for the most significant dimensions and evaluate their effect towards the ethical perception. This means statistically significant higher odd ratio of any dimension leads that the ad is perceived as more unethical. Besides that, each dimension shows which specific values and believes have the largest impact on evaluation of ethicality. Moreover, the behaviour intention provides additional insight to the measure of ethicality. For example, it is not necessarily that believing in unethical behaviour stops an individual from acting in the same manner. When evaluating the ethicality of advertising campaigns one should not concentrate only on the perception but also look at the behaviour intention.

6 Research

6.1 The case story of the advertising wars in Lithuania

The story begins in 1999 when Tele2 started to provide mobile communication service and became the 3rd mobile operator in the Lithuanian market. This new player "wakened - up" other two operators and new, more severe competition between the companies has started. In 2002 Tele2 started its advertising campaign. The advertisement showed three oranges with a question "What are you paying for, if you get the same?" All three oranges were similar and every of them presented a different prepaid mobile phone service provider (Bite - Labas; Omnitel - Extra; Tele2 - Pildyk). This ad took the notice of the competitors. Bite and Omnitel applied to the CC asking to investigate if the ad did not violate the law. The companies stated that it was impossible to compare all 3 services objectively

because of different payments' model and different pricing strategies during the daytime. The investigation showed that Tele2 ad was based on the research carried out by Baltic Economy Management Institute; however, Tele2 took only those parts of the research, which were useful and have not included conclusions. Moreover, the research was also based on many assumptions which were created for the purpose of accuracy of the study. Taking this fact into consideration it was impossible to rely entirely on this research. CC considered this ad as not allowed comparative advertising. Thus Tele2 was obliged to stop running this ad and to deny the information published during the campaign (Competition Council, 2002).

6.1.1 Revenge

Nevertheless, Omnitel took the next step. This company started a similar advertisement showing three oranges: two oranges were fresh while the last one - addled. This ad had a slogan, "Do you really get the same?" Although other mobile operators or their services were not mentioned and the meaning of the oranges was revealed, people identified those fresh oranges as Bite and Omnitel, while Tele2 was identified as an addled one. As a consequence, Tele2 made a complaint to CC. The complaint was based on the company's belief that Omnitel ad was a reaction to the previous advertising campaign of Tele2 in order to show Tele2 as unqualified service provider. After CC asked Tele2 to give facts proving these concerns, a survey was made by Baltijos Tyrimai. 503 respondents from Vilnius participated in this survey. Results showed that majority of respondents considered the addled orange as Tele2 and its prepaid service Pildyk (Competition Council, 2002). Omnitel ad was announced as not allowed and the company had to stop the campaign. No fines were given for the companies, only warnings.

6.1.2 New wave

It did not take a long time for a new advertisement war to begin. In April 2004 the leading mobile operator Omnitel launched the advertising campaign claiming, "A fact in black on white. Omnitel price is the best!" (see Figure 4 in Appendices). The graph

comparing the prices of the three biggest mobile phone operators in Lithuania demonstrated that Omnitel prices were the lowest one. This ad declaring sensational news concussed the whole mobile telecommunication market. The news made a stir and provoked huge discussions. The first reaction came from Tele2. It made a complaint to CC asking to start an investigation if Omnitel did not brake the advertising law and to stop running the misleading ad. Omnitel denied the violation by stating that the ad was based on the data provided by the Communication Regulatory Authority (hereinafter CRA). Tele2 found this excuse ridiculous because in its opinion prices provided in the ad were set by manipulating the numbers - dividing average income received not only from the calls but also from SMS, as well as other services, by the duration of calls. Therefore, Tele2 took the next step: it started publishing the similar ad claiming that Omnitel misled the customer by providing false calculations (see Figure 7 in Appendices). In addition, Tele2 provided new facts based on the research carried out by Baltijos Tyrimai in January 2004. That ad stated that, "Almost 80% customers know that Tele2 provides the cheapest services." Omnitel brought Tele2 to trial because it found that a mentioned ad misled the customer and harmed Omnitel reputation (Competition Council, 2004a).

No one knows how this war would had ended if the smaller mobile operator Eurocom had not intervened in this dirty games. Eurocom announced that the biggest company of the mobile communications Omnitel misled the society because its ad was not objective; not all mobile operators in Lithuania were shown (see Figure 4 in Appendices). Eurocom also asked CC to investigate Omnitel actions. Moreover, it adjusted the Omnitel ad by adding additional data about its own prices that were the lowest ones. New ad declared, "Omnitel misleads you! According to the data of the Communication Regulatory Authority, Eurocom price is the best!" (see Figure 6 in Appendices). CRA declared that both Omnitel and Eurocom wrongly used the data provided by making their own interpretations. Clearly this was the time for the

Omnitel complaint, which used its right to appeal against Eurocom. CC played the biggest role in this case announcing that both companies violated advertising law and were fined by EUR 4.6 thousand for Eurocom and EUR 8.7 thousand for Omnitel. Meanwhile Tele2, which was brought to trial by Omnitel, evaded penalty (Competition Council, 2004a).

This case was not the only one in 2004. A bit later Tele2 launched a new service called Mazyllis. The advertising campaign offered the Mazyllis SIM card package for a cheaper price if one brought their competitors Ezys (Omnitel) SIM card to any Tele2 office. Omnitel of course placed a claim against Tele2 saying that this offer broke the law of advertising. This type of advertising in general is not allowed in Lithuania. Therefore, CC decided that Tele2 had to pay EUR 17.7 thousand fine (Competition Council, 2004a).

6.1.3 The war continues

Although the Competition Council was not involved in advertising war in 2007, it was obvious that Tele2 and Omnitel were not going to finish playing "games". Omnitel launched the new ad to promote their prepaid service Ezys where an ad hero was examined with lie detector by asking a question, "Which prepaid service in Lithuania is the cheapest?" When the hero said that prepaid service Pildyk (Tele2) was the cheapest and since it was not a correct answer the hero transformed into Pinocchio. Tele2 was not happy about this ad and responded with the comparative ad where Pildyk was compared to Ezys (see Figure 7 in Appendices). There were many more insulting ads between Ezys and Mazyllis. During the interview, we asked Omnitel commercial director why exactly ads of prepaid service Ezys are so shocking and often cross the line of ethics. The answer was simple, "Ezys is a product which is not associated with the whole brand. Thus we are able to make experiments with ads of this prepaid service and to put revenge to competitors in the way we want. In case we have serious problems, it is easy to stop Ezys and the brand of Omnitel will not suffer." (Maikstenas personal communication, February 4, 2009). On the other hand, Tele2 said that they are not responding to any insulting ads; however the reality sometimes is different.

6.1.4 Game of associations

In 2008 Omnitel still played dirty. At the beginning of the year Omnitel showed the advertisement with three men who were offered to eat peas as it would help to read other people's minds. Nevertheless, after that for those men different reaction appeared: hair started to pull out, and faces became chubby. It might have seemed a funny ad; however, you could find lots of associations with Tele2. Peas and the package were shown in yellow colour, which was the main colour of Tele2 logo. Moreover, on the package there was the T letter. It is interesting that during the interview with Tele2 this ad was the first one mentioned talking about unethical competitors ads. Another Omnitel ad showed how blue-coloured men featured as zeros getting rid of yellow number seven: it was thrown into the river, bound to the railway, or as a cheese fed to the mice. This ad was published after Tele2 announced a new price offer "seven cents for the minute" (see Figure 8 in Appendices). Omnitel vice president R. Staras said that the ad was not pointed directly to competitors, they were just using attention grabbing ads and the number seven was picked up because this number was used by several market players before (Degutis, 2008). As a result Tele2 followed competitors' actions and reacted very quickly: instead of giving a complaint to CC, Tele2 also offered talking between friends for free. According to M. Savickas, Tele2 marketing director, competitors (more precisely Omnitel) were worried about Tele2 increasing market share and thus played dirty. One may wonder why CC does not take any actions. A. Jankauskas, a specialist from CC, said that they could not start an investigation while none of the companies complained about it. An investigation could be done only if the council saw that the company tries to mislead the customer (Degutis, 2008).

6.1.5 They say it is over, is it?

In the interview Mr. Darius Maikstenas, the communication director of Omnitel, stated that all advertising wars had been finished as of today and it is not worth analysing such cases, but the reality is different (personal communication, February 4, 2009). While

writing this study, the new war has begun among the companies. Due to changed economic situation Omnitel has come up with an idea to charge monthly subscription fee which is going to be calculated based on the average costs of each customer in 2008. This piece of news has spread very quickly and has raised a lot of negative reaction among Omnitel customers and media (such as alfa.lt and newspaper Vakaro Ekspresas). The other two major Lithuanian operators have not stayed aside. Bite has been the first by launching the advertising campaign saying, "Does your operator force you to pay for the things you do not want to? Become Bite subscriber and you will pay less" (see Figure 9 in Appendices). On the other hand, we have been told that Tele2 is not planning to launch any advertising to cover this situation. According to Mr. A. Baranauskas, the reason for this is that customers themselves perfectly know which operator is the cheapest one and which one is better to choose (personal communication, March 19, 2009). However, personal experience shows that Tele2 also is involved in the fight for unsatisfied Omnitel customers. For example, this company has started to promote their services directly to Omnitel customers while calling them and asking whether they have already received Omnitel offers and if they want to become Tele2 subscriber. In addition, Tele2 has even provided a short number if the customer wants to change the operator. Omnitel being not satisfied with such actions of Tele2 blocked outgoing calls to that specific number (Verslo Zinios, 2009). Such behaviour already has raised many discussions in the society. However, CC has not yet started analysing whether companies' actions are legal or not; they just "sit and wait". Yet it is obvious that Omnitel statement about the advertising war is not 100 per cent correct. Opposite to Omnitel, Tele2 said that such "war" is not going to finish since telecommunication market itself is a strong brand business. "The only thing that you can do is to built a strong awareness of your company and then attract more customers" (Baranauskas personal communication, March 19,

2009). Thus the advertising war is not going to finish till it will be too costly for the companies to act in such a way.

6.2 Selection of scenarios

Utilizing the stories above, we have chosen three scenarios in order to explore people's opinion about "the advertising war". Scenarios are chosen so that they present the variety of ethical and legal problems and variability of society reactions to them. Company names are not listed in the scenarios, so respondents cannot invoke their own opinion about a company while evaluating ethicality of the actions during the advertising campaigns. The analysis presents the society's opinion about the different principles stressed as important in the advertising law and the Code. (See Appendices Figure 13)

The first scenario presents the problem of using comparative advertising². The comparative advertising is allowed in both documents but there are important conditions. For instance, the advertising law in detail explains when this action is allowed: a comparative ad should provide fair and true data, it compares identical products or services, the comparison is objective, an ad does not create distress or diminish the competitor in any way, and etc. The Code provides the same information, just re-phrases it and refers to laws of advertising and fair competition. Thus fair competition and reliable advertising should be encouraged in order to avoid misunderstanding in any sector and to ensure that fair business men and customers are respected.

The second scenario presents the case of the deceptive information presented to customers. The companies interpreted the information upon their own interest and thus tried to get as much benefit from it as possible. Basically companies violate several ethical principles. For example, not fully presented results are assumed deceptive since they encourage mistaken actions by customers (in this case leading customers to believe the

² Note: According to the Lithuanian advertising law (article #2, part 5), comparative advertisement is an advertisement in which a competitor (and the competitor's product or service) is indicated directly or indirectly (Lithuanian Advertising Bureau, 2006b).

operator services are cheapest while they are not). On the other hand, using emotional persuasive advertising corresponds to the obtrusive and disguised comparative advertising in order to confront the competitor in front of customers' eyes. According to the law, any type of deceptive information or presentation of false data is perceived as unethical as it violates the core understanding of ethicality (Justice theory).

The final scenario deals with the decency problem (taking into account the erotic motives in ads). Currently it becomes popular to advertise mobile services together with computers using the erotic motives. The advertisements are sexy and attractive but at the same time cause a lot of discussion in the society. There are many people who are against such advertisements since they appear to go against the ethical norms. To be more precise, Omnitel and Bite together with company ICG computers have started advertising campaigns with erotic motives. Tele2, for example, does not have such ad and the company states that these erotic motives do not go in line with company's values (Baranauskas personal communication, March 19, 2009). The ads are shown not only in the evenings but at daytime as well. Thus, children can also easily see these commercials. It is interesting that the Competition Council does not do anything to stop such a trend even though the advertising law states that ads should be decent. Besides, LAB also does not do anything about erotic ads which implies that this non-governmental organization believes that such ads are accepted by the society. The scenarios are presented below in the Figure 3.

The analysis of these scenarios could be used to answer the research question "To what extent the advertising campaigns of three mobile communication service providers in Lithuania can be perceived as ethical?" It is important to notice that the scenarios and the problems hidden in them are chosen not accidentally. The two first cases caused many arguments in the society, among the companies and CC. Besides, courts were involved to resolve the disagreements among the companies. Nevertheless, the scenario with erotic

motives in ads is a relevant topic recently. These advertising campaigns are still running and people are discussing these ads a lot. In general the scenarios are selected so that the valuation of them helps to indicate current problems. Even though these companies have been paying large fines for breaking the law, it seems that fines do not stop them from running the offensive campaigns.

7 Survey results

We have gathered 176 responses. However, when we have checked the age of the sample we have excluded 17 respondents, as they have not corresponded to our target sample. As stated in the methodology part, since the 90% of the revenues of the mobile telecommunication companies comes from the group of people aged between 16 and 54 we have adjusted the sample.

The total population of Lithuania was 3.3 million as of 1 January 2009; however, again we adjusted the total population to our target group. The population of people aged between 16 to 54 years in Lithuanian amounted to 1.91 million (49% of men and 51% of women) (Lithuanian Statistical Department, 2005a & 2005b). In order to be confident with our sample size we checked the confidence interval, which our sample generates. The number of respondents (159) shows that the maximum (assuming conservative 50% response distribution) statistical error, at the 95% confidence level, would reach the level of 7.77 (Creative Research Systems, 2007).

7.1 Respondents

To examine how representative the sample is we provide a general description of quantitative data gathered. To do so we focus on four factors - gender, age, mobile service operator, and subscription type (see Table 3 in Appendices).

Gender. There are 159 respondents who filled the online survey, 75 of them are men and 84 are women. Our sample presents the comparable trend of the number of men and women in the market. Distribution of men and women in our sample is 47% and 53%

respectively. Total population in Lithuania amounted to 3.3 million as of 1 January 2009 where men population corresponded to 47% while there were 49% men of total group of people with the age between 16 and 54 (Lithuanian Statistical Department, 2005a).

Age. The age of respondents fluctuates between 16 and 54. The cluster analysis indicated three different groups. The first group includes the people aged under 27 who make up to 29% (46 people). The second group is the largest one corresponding to 38% (61 person) including respondents of the age from 27 to 42. The last but not the least group is people aged 43 and more, and it amounts to 33% of total respondents (52 people). The breakdown by age in our sample is similar to the general statistic of Lithuania. For example, there are 30% of people aged between 16 and 26; 39% of population is from 27 to 42 years old; while the remaining 31% of the population is aged between 43 and 54 years old (Lithuanian Statistical Department, 2005a).

Mobile service operator. According to the latest calculation of the Communications Regulatory Authority, there were 5.01 million of active subscribers as of September 2008 (2008). Majority of them were using Omnitel (39% of total users) closely followed by Tele2 subscribers (38%). Subscribers using Bite services amounted to 1/5 of the total number. The remaining 3% belonged to other mobile service providers as of September 2008. In our sample Omnitel subscribers amount of 33% of total respondents. This is the largest group followed by the users of Tele2 mobile services (30%). In addition, our sample presents the opinion of 25% and 3% subscribers using respectively service of Bite and other mobile telecommunication providers. The total number of the mentioned subscribers corresponds only to 91% total respondents. This is because we have several people who were multiple subscribers (using Tele2 and Omnitel, Tele2 and Bite, Bite and Omnitel or all three operators).

Subscription type. Lithuania is one of the countries in the EU with the majority of prepaid subscribers in mobile telecommunication services (European commission, 2008). We have observed the similar trend in our sample. For instance, 52% are the prepaid subscribers, while the post-paid subscribers amounted to 48%. It is noticeable that the 35% of all post-paid subscribers use mobile telecommunication services according to the job agreement.

7.2 Using the dimensions

Before the regression analysis we have created indexes from the items. Specifically, we have checked whether based on our data we can create the same dimensions as Reidenbach and Robin identified in the model. As mentioned in the pretesting part, we have used only seven out of eight items present in Reidenbach and Robin model. All tests have showed very similar results: four items including just/unjust, morally right/not morally right, fair/unfair, and acceptable to my family/not acceptable are grouped together, other two items (culturally right/not right and traditionally right/not right) also are showed together, while violates unspoken promise/not violates item is separate from other two groups. All our cases meets the minimum requirements of MDS and reliability test (see Table 4 in Appendices). Thus we have created three indexes by computing the average means of variables: Index1 (consisting of just/unjust, morally right/not morally right, fair/unfair, acceptable to my family/not) - which corresponds a broad-based Moral Equity Dimension; Index2 (consisting of culturally right/not right, traditionally right/not right) - Relativist Dimension and Index3 (violates unspoken promise/ not violates) - Contractualism Dimension/Social Contract.

Index scores have been regressed against the univariate evaluation of the perceived ethicality of actions depicted in each scenario by different companies. Afterwards, we have regressed the intention of respondents to act in the same manner as stated in each scenario against the indexes of each dimension. More accurate results of both regressions are provided in Table 5 in Appendices. It is important to mention that we have excluded company 3 from

the analysis of scenario 1. This is due to the fact, that company 3 is not taking any actions against the competitors. To put it differently, that specific company was neutral and there are no actions to evaluate. Even though people were asked to evaluate company 3 in scenario 1, analysing these answers may be problematic. According to Hyman (1996), the problem could have been solved if the scale had included the reply such as "No ethical issue involved". In addition, the dependent variable is coded so that the positive answer to the questions "Do you think it is ethical?" and "Would you behave in the same manner?" gets the value of 0, while the negative answer corresponds to the value of 1.

7.3 Dimension roles in evaluative process

To begin with, see scenario 1, where respondents are asked to evaluate the advertisements where Tele2 (company 1) and Omnitel (company 2) are "fighting" one against other by launching the advertising campaigns (ads with oranges). We can see from the Table 1 below that variables moral equity and contractualism dimensions for both companies are significant at 95% significance level. This means that the society perceives such behaviour as unethical not only from the fairness and justice side but also from the regulation side. Moral equity dimension for Tele 2 and Omnitel receives rather equal odd ratios 1.64 and 1.59 respectively.

TABLE 1 - THREE SELECTED SCENARIOS***

		Scenario 1		Scenario 2			Scenario 3	
Dimensions		C1	C2	C1	C2	C3	C1	C2
Moral Equity	Exp(β)	1.64*	1.59**	1.81**	2.03*	3.52*	3.7*	11.59*
Relativistic	Exp(β)	1.12	1.01	2.26**	1.35	0.8	1.88**	1.75
Contractualism	Exp(β)	1.26**	1.61**	1.13	1.41**	1.31	0.94	0.79

Note: * - statistically significant at the 99% confidence level

** - statistically significant at the 95% confidence level

*** - more detail in Table 5 in Appendices

Source: Table prepared by authors from SPSS output. Summary statistics of regression

This means that one-unite change in Dimension 1 (meaning that people find the ad less fair, just, moral or family accepted) leads to the situation where negative answer to the questions " Do you think it is ethical?" is 1.64 (or 1.59) times more likely than a positive one

keeping other independent variables constant. This dimension depicts the understanding of fairness and justices of behaving in one or other way and these principals are important for the consumers. Contractualism dimension in figure terms states that a unit change in this dimension results in ads being perceived 1.26 (or 1.61) times more unethical rather than ethical for Tele2 (or Omnitel). It is not surprising that "social contract" is important while evaluating specifically this first scenario. During these advertising campaigns companies themselves are more involved in the unfair game rather than have a direct impact to customers. Fair competition in the market is determined by regulations and trust which were broken by the actions taken in advertising campaigns with oranges. Thus customers evaluated actions of both companies, Tele2 and Omnitel, as unethical. If we compare odd ratios one can see that this ratio for Omnitel is higher which means that denigration of Tele2 (showing a company as an addle orange) is perceived as more unethical behaviour.

The second scenario deals with different issues. In this case advertising campaigns have a stronger impact on customers as companies give misleading information. As one may remember from the Case story Omnitel (company 1) started campaign "A fact in black on white!" by providing incorrect information for customers. From Table 1 above we again can notice that moral equity dimension is significant for all three companies (odd ratios 1.81, 2.03 and 3.52 for Omnitel, Tele2, and Eurocom respectively). These results tell us that customers evaluate all of the actions as unethical based on the justice, fairness, and family acceptance. In the Bible one of the ten Gods orders is "Do not lie" and here we can see that lying is perceived by customers as unethical action. Odd ratio for Eurocom ($\text{Exp}(B) = 3.52$) is higher compared to Omnitel and Tele2. This is due to the fact that this company already knowing that the information in the Omnitel's ad is incorrect still launches a campaign with the same information. It suggests that the society judges such actions as inappropriate - obtrusive and disguised comparative advertising is definitely unacceptable according to moral principles as

well as understanding of fairness and justice. Contractualism is significant only for Tele2, where one-unit increase in the dimension raises the perception of unethical behaviour 1.41 times. Tele2 asked people to bring competitors SIM cards for a discount and this violated not only fair competition regulations but trustiness between the companies' actions which is the core principle in the business world. We can notice from this scenario and from the first scenario mentioned above that fair competition between companies is very crucial and the infringement of its ideas is seen as unethical by the society.

In the last scenario respondents are asked to evaluate currently the most popular erotic motives in the advertisements. Similarly to the previous scenarios moral equity dimension tends to be the most important one while evaluating ads ethicality. Putting it differently, this dimension is statistically significant in all of the cases and has rather high odd ratios. What is more, according to the odds ratios both companies (Omnitel as company 1 and Bite as company 2) acting in a very similar way are evaluated quite differently. Morality is not the only factor important when assessing the actions of Omnitel (ad with an old man pedalling bicycle) as relativistic dimension is also taken into account. This means that cultural and traditional aspects do not go in line with such advertisements. One-unit increase in the relativism dimension leads to 1.88 times more unethical ad evaluation. As Reidenbach and Robin states this dimension is correlated with the moral equity dimension, as culture and traditions partly influence our basic understanding of what is wrong and what is right (1990). Thus this scenario indicates that this concept holds; nevertheless, results in Table 1 above depict that moral equity dimension still has bigger impact than relativistic one, as odds ratio is almost twice higher (moral equity - 3.7; relativism - 1.88). On the other hand, Bite appears to be perceived as more unethical. Odd ratio for the moral equity dimension is 11.59, which implies that this dimension's impact is very strong when evaluating company's actions. A unit increase makes the ad to be perceived as unethical by 11.59 times more holding all other

conditions constant. For the society advertisements with erotic appeals constitute as unethical one. Therefore, Bite's advertisement is perceived as more unethical since it has launched the advertising campaign with the same erotic motives already knowing the reaction of the society. Taking all into account, it seems that the advertisements with erotic appeal are unacceptable to the Lithuanian society and thus they are presumed as the most unethical ones if compared to the previous two cases (the odd ratios for Omnitel and Bite in the last scenario are the highest ones). Besides, the cases of Eurocom (scenario 2) and Bite (scenario 3) indicate that for the society replicating previous unethical actions of competitors contributes to severer judgment of these companies behaviour. In other words, replication is perceived as more unethical action.

7.4 Dimension roles in predicting behaviour intention

Attitude plays a different role when understanding the behaviour intention in scenarios with different problems. In the first scenario, where relationships between the companies are perceived as the most important aspect, moral equity dimension puts the greatest impact in explaining the behaviour intention. This means that people tend not to behave in the manner as Tele2 and Omnitel acted due to fairness, justice and family accepted values. Table 2 below shows that social contract is statistically insignificant while cultural acceptance tends to play a minor role (odd ratio of 1.34) in the first scenario for Tele2. These results show that only each individual's perceptions and cultural or traditional values stop him/her from acting in unethical way.

TABLE 2 - DIMENSION RELATIONSHIP WITH UNIVARIATE INTENTION MEASURE

		Scenario 1		Scenario 2			Scenario 3	
Dimensions		C1	C2	C1	C2	C3	C1	C2
Moral Equity	Exp(β)	1.76*	1.65**	1.95**	1.02	1.55**	1.63**	1.61**
Relativistic	Exp(β)	1.34**	1.41	1.17	1.42**	1.27	1.9**	1.46
Contractualism	Exp(β)	1.01	1.21	1.13	1.34**	1.1	0.98	1.45**

Note: * - statistically significant at the 99% confidence level

** - statistically significant at the 95% confidence level

*** - more detail in Table 5 in appendix

Source: Table prepared by authors from SPSS output. Summary statistics of regression.

Scenario 2 indicates that ethicality of Omnitel and Eurocom's (companies 1 and 3 respectively) actions are evaluated differently if compared to Tele2 (company 2). It seems that the behaviour intention of Omnitel and Eurocom (deceptive information providers) in scenario 2 depends only on moral equity dimension. Neither social contract nor cultural acceptance is statistically significant in predicting if the respondent acts in the same way as depicted in the case. This suggests that behaving in an ethical or unethical way is based on current moral values where lies, deception and disguise are not accepted. Therefore, the behaviour intention strengthens the effect of moral equity dimension in deciding that these advertisement campaigns are unethical. We see that moral equity dimension is not statistically significant in Tele2 case. However, the odd ratio of contractualism dimension is 1.34 for Tele2 which asked to bring competitors SIM cards is significant at 95% significance level. This means that one unit-increase in contractualism dimension constitutes that people tend to behave in the different manner 1.34 times more. To put it in different way, legislation appears to have great power from stopping people to behave in a prohibited way. At the same time culture and tradition (odd ratio of relativism dimension 1.42) influence the main principles of behaviour especially when the very probable consequences are known in advance. It is important to underline that in ethical measurement people perceive actions of Tele2 as unethical based on moral equity dimension (odd ratio of 2.03 in Table 1), while in this case we can see that actually only legislation stops people acting in such way (moral equity dimension when predicting behaviour intention is statistically insignificant). These results prove that evaluation of the ethicality of advertisements or actions is based not only on the perception but also on the behaviour intention. Therefore, these results weaken the effect of moral equity dimension when evaluating Tele2 advertisements and actions.

Lastly, looking at the third scenario (the one with erotic motives) behaviour intention is based on all three dimensions: moral equity and relativistic dimensions are statistically

significant for Omnitel (company 1), while moral equity and contractualism - for Bite (company 2). Moral equity odd ratios for Omnitel and Bite are 1.63 and 1.61 respectively. As one can see they are quite similar which implies that the society intention not to act in such a manner is almost at the same level. Relativism also has influence on the intention for the first company meaning that culture and traditions are not left aside. Since this dimension has a bit higher impact (odd ratio 1.9) it is very likely that the society highly appreciates culturally and/or traditionally accepted behaviour. These results strengthen the relationship towards ads with erotic appeal: the society sees these ads as the most unethical looking both from ethical and behaviour intention measurement.

8 Discussion of results and implication

Overall, the quantitative analysis reveals some variation in the composition of the society's perception. First of all, the society's tolerance towards breaking inter-business relationships is analyzed. "Social contract" between companies is found to be important for the society, thus unfair business relationships between the companies is presumed as unethical action. The extent of ethicality in these cases has been measured by the statistical significance of moral equity and contractualism dimensions. As Ford, Gadde, Hakansson and Sneathota in their book *Managing Business Relationships* say that, "managing reliable and fair relationships and its position in the business network has become the critical task on which a company's very existence stands or falls" (2003). Secondly, it seems that actions which have the direct impact to the customer (presentation of deceptive information, encouragement of mistaken actions, etc.) are evaluated stricter compared to inter-business relations (indirect impact to customer). Odd ratios of moral equity dimensions in the second scenario are higher than in the scenario with inter-business relationship (scenario 1) implying that the ads are presumed as more unethical. In the cases studied, companies behaving in that way (presenting deceptive information) tend not to go in line with generally accepted principles of

morality and fairness as well as values accepted by families. Besides, the analysis indicates that the plagiarism of unethical behaviour is even more unethical in Lithuania. Odd ratios of moral equity dimension for Eurocom (in scenario 2) and Bite (in scenario 3) are significantly higher if compared to other companies in the corresponding scenarios. In such case the society judges companies strongly and does not justify actions which replicate unethical behaviour. Despite the variation in the society's perception, in most of the cases moral equity dimension is the most important one. The results show that this dimension is statistically significant in all cases of ethical measurement.

Table 2 above indicates that none of the dimensions shows a great importance in predicting people behaviour to act in the same manner as depicted in the scenarios. The actions depend on the ethical issues of the certain scenario. R-squared in this case range from 0.24 to 0.55 with an average level R-squared of 0.47. This implies that on average the indexes explain 47% of the variances in the people intention to behave in the same manner. All this suggests that there are other variables or other ethical evaluative criteria which could play a role in predicting intention. The similar trend is noticed by Ferrell and Gresham who states that factors such as knowledge, values and attitudes as well as opportunities, impact the individual's intention to behave in one or another way (as cited in Reidenbach and Robin, 1990). The contribution of dimensions separately shows that morality does not make the largest impact on the intention since only contractualism and relativism dimensions are statistically significant when evaluating the behaviour intention for Tele2 in the scenario 2. Moreover, results show that contractualism dimension is significant only in two cases out of seven, which means that legislation is not that strong enough to stop individuals to act in the unethical way. The analysis of behaviour intention helps to strengthen or to weaken the extent of ethicality perceptions of Lithuanian society. As we can see the behaviour intention strengthens unethical perception of advertising campaigns of Omnitel and Eurocom (scenario

2) and Omnitel and Bite (scenario 3). On the other hand, the prediction of behaviour weakens contractualism dimension for Tele2 and Omnitel (scenario 1) and moral equity dimension for Tele2 (scenario 2).

To sum up, survey results explain that people evaluate ethicality of ads differently, as valuation depends on the issues depicted in scenarios. The study indicates that moral equity dimension plays the most important role when evaluating how ethical ads are. On the other hand, we see that in order to predict the behaviour intention one has to keep in mind the effect of other two dimensions. Thus the hypothesis 1 fails to reject the statement that moral equity dimension is the most important in evaluation process. However, the second part of the hypothesis is rejected. Although dimension 1 is the most important one, the extension of ethicality depends on each of the scenario. So, the analysis of selected cases shows that the erotic appeal in the ads makes the advertising campaign the most unethical one (scenario 3). This conclusion comes from one of the highest odd ratios in both evaluative processes. Nevertheless, the scenario 1 is seen as the least unethical. Despite the fact that the ethical evaluation process shows that ads are unethical; the behaviour intention indicates that legislation does not stop people from behaving in the same way. Scenario 2, on the other hand, does not reach any maximum or minimum level of ethicality. It is presumed as unethical; however, the measurement of ethicality for all three companies differs since the companies are involved both in inter-business and business-customer relations. Advertising and actions of Omnitel and Eurocom (scenario 2) are perceived as more unethical compared to Tele2. Thus we fail to reject the hypothesis 2 which states that an advertisement directly affecting consumer is regarded as less ethical by the society.

8.1 *Limitations*

We measure the perception of the society based on the real life scenarios chosen to represent one or another problem. Since these scenarios have presented a real situation, not

the fictitious one, it was easy for the respondents to evaluate them. We have not included the names of the companies to avoid bias answers. On the other hand, it is possible that people remember the cases and thus the identification principle might occur where answers could have been in favour of an operator. This is one of the limitations to our research which could be developed later on. In addition to this, we have not included the chosen answer such as "No ethical issue involved" next to the scenarios. This most probably might have solved the problem that arises when evaluating neutral companies such as company 3 in the first scenario. Another limitation is related to evaluating the effect of honest answers. For example, people may have answered questions "Do you think it is ethical?" and "Would you behave in the same way?" not honestly in order to answer as it would look more ethical. Technical limitations of the research are related to qualitative interviews and time. There are certain reasons mentioned the part "Data collection methods" why we have placed our questionnaire in the Internet; however, other type of data collection could have brought additional value. A low rate of responsiveness from the respondents was the main problems which could have been solved if we have not been limited in time.

9 Conclusion

The purpose of this research study is to evaluate to what extent the Lithuanian society sees the major mobile communication service providers' advertising campaigns as ethical. To be more specific we look what society's perceptions are when they evaluate advertising campaigns in terms of ethicality. We base our research on Reidenbach and Robin's model which, despite the critique, is still one of the best recent models to analyse ethical issues.

The advertising campaigns which have been specified in the questionnaire are unethical if we judge them from the regulation side. Since 2002 there have been 17 cases announced by the Competition Council as inappropriate according to the advertising law and the Code. For example, companies in the first and second scenarios were fined and /or

advertisements were removed from the media. The case in the third scenario is still in progress and the final decision of CC is not known. Although companies pay huge fines, it is unlikely that such advertising is going to be stopped. Companies try to utilize all possible ways to maintain and/or gain a larger market share.

The quantitative analysis of the survey helps to identify that there is the difference in the perception of "ethical" between the Lithuanian society and law. The main findings indicate that people presume ads differently and the answer to what extent advertisements are seen as ethical depends on the issue. This gives a clear link that people examine cases on different principles of distributive justice as the theory of Justice states (Reidenbach & Robin, 1990). The majority of cases show that moral equity dimension is the most important one when evaluating how ethical the advertisement is. On the other hand, we see that in order to predict the behaviour intention one has to keep in mind the effect of other two dimensions. Thus the hypothesis 1 fails to reject the statement that moral equity dimension is the most important in evaluation process; however, the second part of the hypothesis is rejected. Nevertheless, looking from the side of ethical evaluation process, it is highly likely that in everyday life people behave according to certain generally accepted rules. Thus the essential understanding of wrong and right, fair and unfair has the greatest impact of each individuals' perceptions when evaluating the ethicality case. However, the effect of moral equity dimension to the extent of ethicality differs by scenarios. Respondents see the first scenario as the least unethical due to the fact that this case presents inter-business relationship and has weaker impact on customers. "Social contract" between companies is found to be important for the society when evaluating unfair inter-business relationships. In addition to generally accepted values and believes, legislation appears to have power to stop people's behaviour in a prohibited way only in one case (Tele2 actions in scenario 2). Moving to scenario 2 we see that the effect of moral equity dimension is higher compared to scenario 1 as this case deals

mainly with deceptive information (direct impact to the society). Thus we fail to reject hypothesis 2. It is important to underline that the society judges ads with erotic motives as the most unethical. This means that not only ads direct impact to customers has influence on the evaluation of this case but also erotic motives are perceived as strongly unethical by the society.

What is more, even though the first scenario has been accused of unethical behaviour by CC decision, results show that the society presumes it as the least unethical, while ads with erotic motives, which are seen as most unethical, are still shown on TV. Thus we see that there is a gap between the people's perception and law when talking about the ethicality in the ads. In addition, results indicate that the society severer judges and finds more unethical advertisements which are replicating ads already perceived as unethical (cases with Eurocom in scenario 2 and Bite in scenario 3). Last but not least finding is that contractualism dimension is not the most important variable when deciding whether to act in the same way as depicted in the scenarios. This finding implies that current legislation does not stop individuals from acting in the unethical way even though customers see these actions as unethical.

Considering the analysis there are issues that the further research could analyse deeper. Firstly, we believe that it would be interesting to analyse the effectiveness of unethical advertising; in other words, we would like to evaluate whether such actions buys off for the companies. One more interesting sphere is the analysis of how big the fines should be in order to stop companies from behaving unethically. In addition to that, it would be valuable to study the behaviour intention to act in the same way as depicted in scenario since the results show there are additional factors influencing intention and action. Ethicality, ethical behaviour is a theme which could be analysed from many different points of view, and still this subject will under no circumstances be exhausted.

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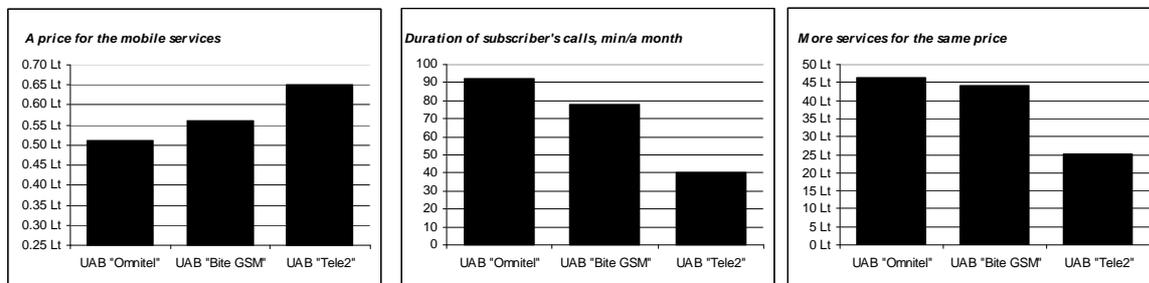
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11 Appendices

FIGURE 1 - OMNITEL ADVERTISING CAMPAIGN, “A FACT IN BLACK ON WHITE!”

FAKTAS
JUODU ANT BALTO
OMNITEL KAINA – GERIAUSIA!

Note:
A fact in black and white – Omnitel
price is the best!



Because most of the subscribers use Omnitel services and they talk among themselves with the best tariff.

Subscribers of Omnitel communicate under the best conditions. That's why they talk the most.

The subscriber of Omnitel gets up to 27% more mobile services for the same amount then the other mobile operators' subscriber.

Source: The Communications Regulatory Authority (2008, December). *Atskaita apie elektroniniu ryšiu sektoriu 2003m. I ketvirtis – 2008 m. III ketvirtis* [Report about ICT sector in I quarter, 2003 – III quarter, 2008]. Retrieved December 21, 2008, from <http://www.rrt.lt/index.php?-2105554631>.

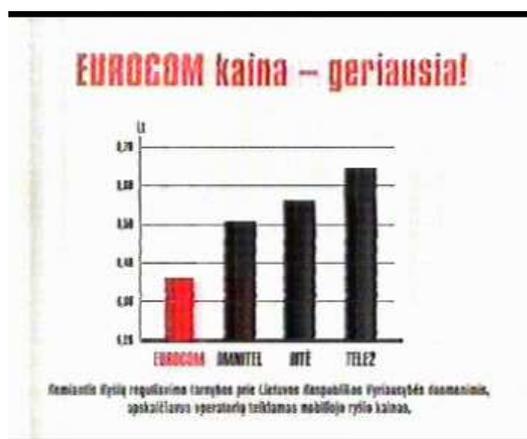
FIGURE 3 –TELE2:OMNITEL MISLEADS CUSTOMERS



Note:
Omnitel misleads the customers. Omnitel press is incorrect because it is got by making false calculations. Communications Regulatory Authority dissociates itself from Omnitel ad as well

Source: Baranauskas personal communication, March 19, 2009

FIGURE 3 - EUROCOM PRICE – THE BEST!



Note:
The ad states, EUROCOM price is the best! Data was calculated according to the information provided by Communications Regulatory Authority

Source: Baranauskas personal communication, March 19, 2009

FIGURE 4 - PILDYK PRICE IS THE BEST!

Note:

The ad states, By replenishing with 5 litas your PILDYK account, you will get 1000 minutes free for the conversations with PILDYK friends. By replenishing Ežys account you would get just 400 free for the conversations. More over SMS is for free in Tele2 network while Ežys just offer you the possibility to book free SMS. With PILDYK you will talk twice more!

Source: Baranauskas personal communication, March 19, 2009

FIGURE 5 – REVENGE TO OMNITEL PRICE REDUCTION

Note:

The ad states, talk between your friends 0 ct/min to other operators for just 7 ct/min

Source: Baranauskas personal communication, March 19, 2009

FIGURE 6 - BITE FIGHTS AGAINST OMNITEL NEW PLAN

Note:

The ad states, Operator puts you in the corner? And requires paying for what you don't really need? Choose the other operator. (Bite) And pay only for what you need.

Source: iversloblogas.lt, (2009). Bitės reakcija į Omnitel "Asmeninis"[Bite reaction to Omnitel plan "Personal"], Retrieved 10 March, 2009, from <http://iverslo.blogas.lt/483988/bites-reakcija-i-omnitel-asmeninis.html>.

Figure 10 and 11

The breakdown of users shows how the market share of three major operators has changed in Lithuania since the fourth quarter 2003. The figure takes only three largest operators into account as users of other operators' have not overcome 3% of total number of active users for the whole period. The total number of active users amounted to 5022.6 thousand in fourth quarter of 2008. The second figure presents the distribution of revenues by major mobile service operators since the fourth quarter 2003. Total revenues of mobile telecommunication amounted to EUR 94 million in the fourth quarter of 2008.

FIGURE 4 - NUMBER OF ACTIVE USERS BY COMPANIES

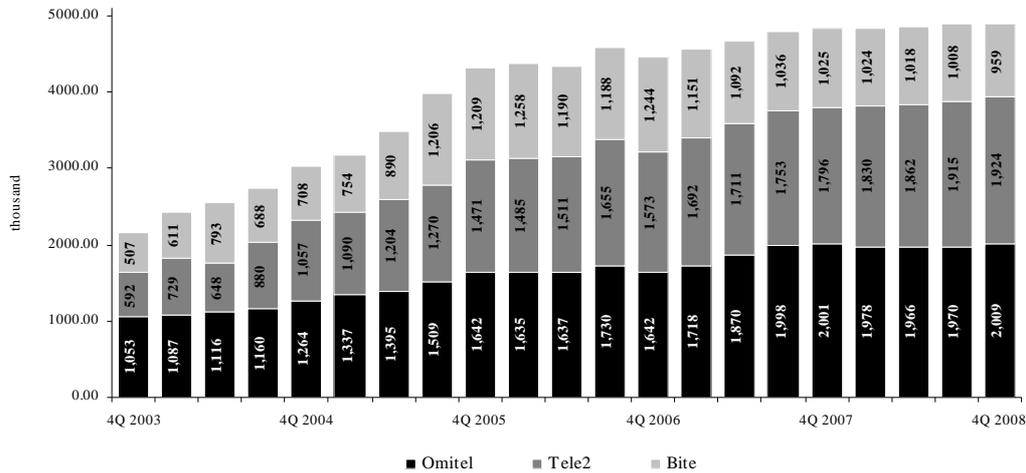
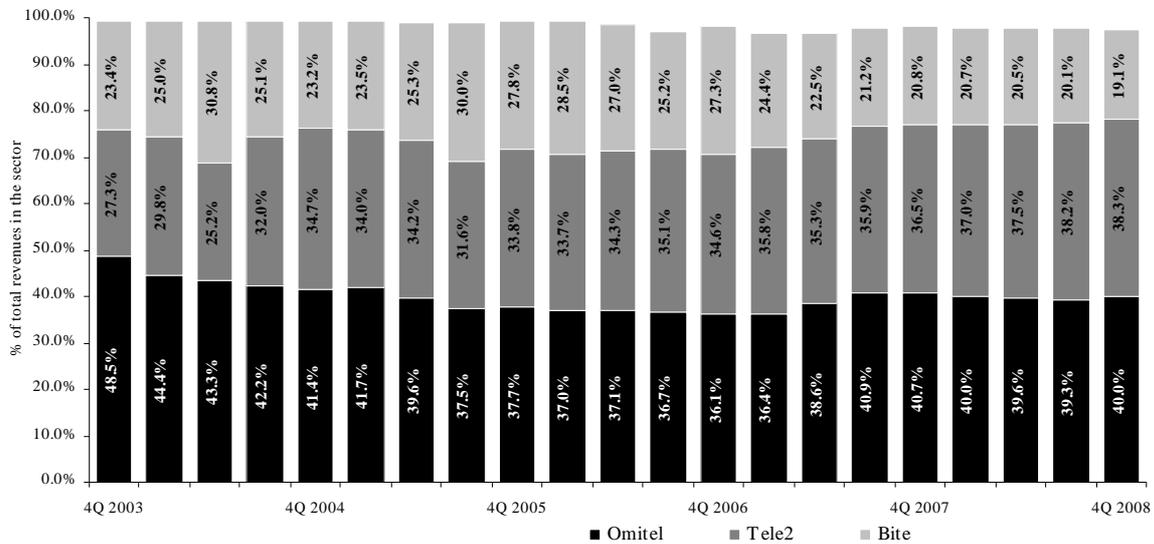


FIGURE 5 - MARKET SHARE BY REVENUES



Source: The Communications Regulatory Authority (2008, December). *Atskaita apie elektroniniu rysiu sektoriu 2007m. I ketvirtis – 2008 m. III ketvirtis* [Report about ICT sector in I quarter, 2007 – III quarter, 2008]. Retrieved December 21, 2008, from <http://www.rrt.lt/index.php?2105554631>.

Figure 12 and Table 3

Figure 12 presents the main assumptions which are related to the logistic regression. Since this type of regression is different from OLS regression, the assumptions are less strict.

Table 3 gives a presentation of market trend and sample size which we analyzed. There is a similar trend in both analysed groups.

FIGURE 6 – ASSUMPTIONS OF LOGISTIC REGRESSION

Assumptions of logistic regression
Logistic regression does not assume a linear relationship between the dependents and the independents. It may handle nonlinear effects even when exponential and polynomial terms are not explicitly added as additional independents because the logit link function on the left-hand side of the logistic regression equation is non-linear. However, it is also possible and permitted to add explicit interaction and power terms as variables on the right-hand side of the logistic equation, as in OLS regression.
The dependent variable need not be normally distributed (but does assume its distribution is within the range of the exponential family of distributions, such as normal, Poisson, binomial, gamma). Solutions may be more stable if predictors have a multivariate normal distribution.
The dependent variable need not be homoscedastic for each level of the independents; that is, there is no homogeneity of variance assumption: variances need not be the same within categories.
Normally distributed error terms are not assumed.
Logistic regression does not require that the independents be interval.
Logistic regression does not require that the independents be unbounded.

Source: Garson, G. D. (2009a) *Logistic Regression*. Retrieved 15 March, 2009 from <http://faculty.chass.ncsu.edu/garson/PA765/logistic.htm>.

TABLE 3 - GENERAL STATISTIC OF THE SAMPLE

Sample comparison to the real situation in Lithuania				
	Lithuania		Sample size	
Gender	Men	Women	Men	Women
16-54	49%	51%	47%	53%
Age				
under 27	30%		29%	
27 – 42	39%		38%	
43 – 54	31%		33%	
Operators				
Omnitel	39%		33%	
Tele2	38%		30%	
Bite	20%		25%	
Other	2%		3%	
Subscription type				
Prepaid	65%		52%	
Post-paid	35%		48%	

Source: Lithuanian Statistical Department (2005). *Population by sex and age as of 1st January 2008*. Retrieved January 21, 2009, from <http://db1.stat.gov.lt/statbank/default.asp?w=1280>;
 The Communications Regulatory Authority (2008, December). *Atskaita apie elektroniniu rysiu sektoriu 2007m. I ketvirtis – 2008 m. III ketvirtis [Report about ICT sector in I quarter, 2007 – III quarter, 2008]*. Retrieved December 21, 2008, from <http://www.rrt.lt/index.php?-2105554631>;
 SPSS output. Summary of general statistics of the sample.

Table 4 and 5

Table 4 presents the main characteristics of MDS model and Reliability test. Kruskals stress should be as low as possible – the lowest the stress measure the lower possibility of error. Based on theory R2 above 0,6 considered to be acceptable (Garson, 2009c). Reliability test with a measurement of Cronbach alpha should be at least 0.7 or higher, for good scale researchers even require alpha of 0.8 or higher (Garson, 2009b). All our cases meet the minimum requirements of these tests.

Table 5 presents the relationship with univariate ethics and intention measure. Exp(b) is the odd ratio which indicates the change in dependent variable if the dimension increase by one unit other variables holding constant. S.e. means standard error while the sig. corresponds to the individual statistical significance of the variable. R-squared is the measure of model fit.

TABLE 4 - MDS MODEL AND RELIABILITY TEST

MDS model																
	Scenario 1						Scenario 2						Scenario 2			
	C1	C2	C3	C1	C2	C3	C1	C2	C3	C1	C2	C1	C2	C1	C2	
Kruskal stress 1	0.07	0.16	0.13	0.11	0.15	0.13	0.11	0.15	0.13	0.11	0.15	0.13	0.11	0.15	0.13	
RSQ	0.98	0.88	0.90	0.93	0.90	0.95	0.92	0.97	0.92	0.97	0.92	0.97	0.92	0.97	0.97	
Reliability test*																
	D1	D2	D1	D2	D1	D2	D1	D2	D1	D2	D1	D2	D1	D2	D1	D2
Cronbach alpha	0.88	0.85	0.93	0.87	0.89	0.92	0.94	0.84	0.94	0.84	0.95	0.91	0.94	0.84	0.94	0.84

Note: * - D1 and D2 corresponds to index1 and index2

Source: SPSS output. Summary of MDS and reliability test.

TABLE 5 - DIMENSION RELATIONSHIP WITH UNIVARIATE ETHICS AND INTENTION MEASURE

Dimensions		Scenario 1		Scenario 2			Scenario 3		Scenario 1		Scenario 2			Scenario 3		
		Ethics									Intention					
		C1	C2	C1	C2	C3	C1	C2	C1	C2	C1	C2	C3	C1	C2	
Moral Equity	Exp(β)	1.64*	1.59**	1.81**	2.03*	3.52*	3.7*	11.59*	1.76*	1.65**	1.95**	1.02	1.55**	1.63**	1.61**	
	s.e.	0.17	0.22	0.28	0.24	0.26	0.3	0.54	0.17	0.22	0.24	0.18	0.18	0.21	0.22	
	sig.	0.00	0.04	0.03	0.00	0.00	0	0.00	0	0.02	0.01	0.92	0.01	0.02	0.03	
Relativistic	Exp(β)	1.12	1.01	2.26**	1.35	0.8	1.88**	1.75	1.34**	1.41	1.17	1.42**	1.27	1.9**	1.46	
	s.e.	0.15	0.21	0.34	0.24	0.24	0.31	0.39	0.15	0.2	0.23	0.17	0.17	0.23	0.27	
	sig.	0.46	0.98	0.02	0.21	0.41	0.04	0.15	0.05	0.84	0.48	0.05	0.17	0.01	0.17	
Contractualism	Exp(β)	1.26**	1.61**	1.13	1.41**	1.31	0.94	0.79	1.01	1.21	1.13	1.34**	1.1	0.98	1.45**	
	s.e.	0.11	0.18	0.35	0.15	0.17	0.21	2.71	0.11	0.17	0.22	0.13	0.14	0.16	0.18	
	sig.	0.03	0.01	0.73	0.02	0.1	0.77	0.38	0.95	0.27	0.57	0.02	0.49	0.9	0.04	
Chi-square, OMNIBUS		23.62*	46.18*	77.12*	74.14*	96.75*	98.23*	140.39*	25.10*	51.78*	50.46*	30.89*	44.42*	58.85*	70.74*	
R-squared		0.20	0.37	0.67	0.53	0.62	0.68	0.83	0.55	0.39	0.49	0.24	0.33	0.44	0.54	

Note: * - statistically significant at the 99% confidence level

** - statistically significant at the 95% confidence level

Source: Table prepared by authors from SPSS output. Summary statistics of regression.

FIGURE 7 - QUESTIONNAIRE



RĪGAS EKONOMIKAS AUGSTSKOLA
STOCKHOLM SCHOOL OF ECONOMICS IN RIGA

Questionnaire

We are the business students from Stockholm School of Economics in Riga. For a purpose of a Bachelor Thesis we kindly ask you to help us and to fill in the questionnaire about the Mobile operators in Lithuania. The data gathered from questionnaires will be used only for the Bachelor thesis purpose.

1 What mobile service do you use?

Omnitel Bite Tele2 Other

2 Have you ever changed a mobile operator?

Yes No

3 What type of subscription do you have?

a Pre-paid
b Post-paid
c Business post-paid

4 Gender Female Male

5 Age

6 How much money you spend for your mobile phone services per month?

LTL 20 or less LTL 21-50 LTL 51-100
 LTL101-300 more than LTL300 Don't know

7 What is your monthly income per person (after taxes)?

Less than LTL 800 LTL 1601-2500
 LTL 801 - 1600 More than LTL 2500

Below you will find three scenarios. Please evaluate and rate these scenarios.

Scenario 1: Company A started an advertising campaign. In their advertisement it was shown three identical oranges, in each of them a flag with three main companies names Company A, Company B and Company C. The ad was saying, "What are you paying for, if you get the same?" After sometime Company B also started an advertisement showing three oranges; however, two of them were fresh and the third one was added. The slogan said, "Do you really get the same?" Note: don't forget to evaluate company C even if it is neutral here.

Please evaluate companies' actions while advertising. Do you think companies acted:

		Company A	Company B	Company C	
a	Just	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Unjust
b	Fair	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Unfair
c	Morally right	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Not morally right
d	Acceptable to my family	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Not acceptable to my family
e	Culturally acceptable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Not culturally acceptable
f	Traditionally acceptable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Not traditionally acceptable
g	Violates an unspoken promise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Not violates an unspoken promise
h	Violates an unwritten contract	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Not violates an unwritten contract
i	Do you think it is ethical?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	
j	Would you act in the same way?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Scenario 2: Company D started an advertising campaign with an ad "A fact in black on white. Company's D prices are the best!" In the ad the graphs compared the prices of three biggest mobile phone operators in the market demonstrating that Company's D prices were the lowest among them. The competitor Company E investigated that Company D interpreted data, as it was useful for them and the ad misled the customers. Thus, Company E decided to launch the ad, "Company D provides false calculations and thus misleads the customer". Company F thus decided to launch the advertisement similar to Company's D, by showing the same graphs just including themselves, i.e. that their company's prices were the lowest and that Company D showed false data. After this advertising competition Company E started an advertising campaign: "Please bring the Company's D SIM card and you will get our SIM card for free plus our rates of services are lower.

Please evaluate companies' actions while advertising. Do you think companies acted:

		Company D	Company E	Company F	
a	Just	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Unjust
b	Fair	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Unfair
c	Morally right	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Not morally right
d	Acceptable to my family	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Not acceptable to my family
e	Culturally acceptable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Not culturally acceptable
f	Traditionally acceptable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Not traditionally acceptable
g	Violates an unspoken promise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Not violates an unspoken promise
h	Violates an unwritten contract	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Not violates an unwritten contract
i	Do you think it is ethical?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	
j	Would you act in the same way?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Scenario 3: Company X and Company Y started to provide a new service wireless internet which can be accessed everywhere. Company X launched a TV ad by showing the advertisement of an old man running the bicycle and a few girls in front of him doing aerobic activities. The man starts to pedal the bicycle faster and on one of the girls ass shows 69Litas per month for the services. Company Y also launches the advertisement with the similar erotic aspects. They are showing a laptop and how someone tries different things to put into USB but none of them fits. Finally, they put USB and on the screen it shows a couple kissing and petting each other. The ad says, "Use it without any restrictions".

Please evaluate companies' ads and actions. Do you think companies' advertisements with erotic aspects are:

		Company X	Company Y	
a	Just	<input type="checkbox"/>	<input type="checkbox"/>	Unjust
b	Fair	<input type="checkbox"/>	<input type="checkbox"/>	Unfair
c	Morally right	<input type="checkbox"/>	<input type="checkbox"/>	Not morally right
d	Acceptable to my family	<input type="checkbox"/>	<input type="checkbox"/>	Not acceptable to my family
e	Culturally acceptable	<input type="checkbox"/>	<input type="checkbox"/>	Not culturally acceptable
f	Traditionally acceptable	<input type="checkbox"/>	<input type="checkbox"/>	Not traditionally acceptable
g	Violates an unspoken promise	<input type="checkbox"/>	<input type="checkbox"/>	Not violates an unspoken promise
h	Violates an unwritten contract	<input type="checkbox"/>	<input type="checkbox"/>	Not violates an unwritten contract
i	Do you think it is ethical?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	
j	Would you act in the same way?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Thank you for your participation!