

CAN THE CHOICE OF CSR ACTIVITY HIDE YOUR SINS?

**CSR CONGRUENCE EFFECTS ON BRAND ATTITUDE OF 'SIN'
FIRMS**

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Can the choice of CSR activity hide your sins? – CSR congruence effects on brand attitude of ‘sin’ firms

Abstract:

Corporate social responsibility and its impact on brand attitude have during the past years witnessed extensive research. However, research on CSR and its implications within sin industries has been sparsely conducted. Simultaneously, CSR is becoming a more widely used corporate tool within firms operating in such industries. Recently, Swedish firms within the defense industry have undergone increased political debate regarding the limitations of business opportunities. A common feature of sin industries is their high receptiveness and vulnerability to public opinion and judgment and CSR has shown to have the ability to positively affect brand attitude. This thesis will further investigate this relationship. The effect of congruent and incongruent CSR activities and their effect on brand attitude have in noncontroversial industries shown mixed results, with skepticism and doubt being evaluated as an explaining factor. Therefore, the purpose of this quantitative study is to examine the impact of congruent versus incongruent CSR marketing on brand attitude of sin firms where skepticism is high. The data was collected through an experimental online self-completion questionnaire and distributed to the Swedish public through online forums. The data showed no significant evidence of congruent activities having a superior impact on brand attitude over incongruent activities, nor significant evidence of either type of CSR communication affecting the overall brand attitude more than no CSR communication.

Keywords:

CSR, brand attitude, sin industries, defense industries, congruence

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Definitions

Attitude: “The term *attitude* refers to a hypothetical construct, namely a predisposition to evaluate some object in a favorable or unfavorable manner.” (Crano & Radmila Prislin, 2014)

CSR: “Corporate engagement with society, also termed corporate social responsibility (CSR), has become a commonly used term in contemporary society and refers to one process by which an organization expresses and develops its ‘corporate culture’ and social consciousness.” (Tariq Khan et al., 2012)

CSR activity: “A firm’s social responsibility concerns operational activities, ranging from paying one’s bills, abiding by the law and caring for the environment, to the selection and behavior of suppliers and subcontractors. It can also stretch beyond activities related to daily operations and concern the company’s impact on, or exchange with, society in a broader perspective.” (Blombäck & Wigren, 2009)

Stakeholder: “a person such as an employee, customer, or citizen who is involved with an organization, stakeholder, etc. and therefore has responsibilities towards it and an interest in its success.” (Cambridge Advanced Learner’s Dictionary & Thesaurus, n.d.a)

Sin industry: “sin industries are associated with products, services or concepts that for reasons of delicacy, decency, morality, or even fear, elicit reactions of distaste, disgust, offense or outrage when mentioned or when openly presented.” (Dhandhanian & O’Higgins, 2021)

Congruence: “the quality of being similar to or in agreement with something.” (Cambridge Advanced Learner’s Dictionary & Thesaurus, n.d.b)

Incongruence: “the state of not being suitable or not fitting well with something else.” (Cambridge Advanced Learner’s Dictionary & Thesaurus, n.d.c)

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1. Introduction

The strategic importance of corporate social responsibility (CSR) has grown rapidly in several research disciplines, including marketing (Taneja et al., 2011). Research shows that congruence between the core activity of the firm and the firms CSR activities is a key factor for consumer response (Becker-Olsen et al., 2006), mainly affecting brand attitude (Kim & Lee, 2019). However, findings suggest that skepticism results in less favorable responses from consumers (García-Jiménez et al., 2017). While the literature has mainly focused on congruence in non-controversial industries with a generally low level of skepticism, the authors will focus on a setting where skepticism is high.

Nowhere has the role of CSR marketing been as controversial as in industries with a negatively perceived social role, or “sin” industries, such as the defense industry (Byrne, 2007; Byrne, 2010; Reast et al., 2013). In these industries, CSR marketing initiatives may backfire to heavily stigmatize defense firm brands, making procurement of government contracts difficult (Flammer, 2018; Grougiou et al., 2016). While literature has extensively investigated the effects and dynamics of CSR initiatives in traditional industries, these mechanisms have been sparsely investigated in sin industries. Therefore, in this bachelor thesis project, the authors will focus on the role of CSR in a specific sin industry, the defense industry.

Regulation regarding the export of ordnance has been widely debated among Swedish political parties. Continued desire has been directed at further limiting Swedish defense firms’ opportunities for foreign trade with certain countries (Riksdagsförvaltningen, 2021), showing that the industry environment may experience future volatility regarding business opportunities. Since the start of this bachelor thesis during the autumn of 2021, the defence industry has experienced increased attention within the political arena. The Russian invasion of Ukraine in February 2022 has once again sparked the debate about Sweden becoming a NATO member (Riksdagsförvaltningen, 2022). As such, the public opinion of the industry and Swedish defense firms’ abilities to affect it is of high relevance for future and current operations.

1.1. Background

1.1.1. CSR

As of today, the concept of CSR is well researched yet not fully defined and includes strategic philanthropy, social responsibility, and corporate citizenship (Rangan et al., 2012). Organizations are striving to become committed to social and environmental issues (Maignan & Ferrell, 2004) as the media, government, and activists are holding them accountable for the consequences of their corporate activities (Porter & Kramer, 2006).

Activities connected to social responsibility are used to form relationships with consumers and stakeholders (Yoon et al., 2008). The initiatives that fulfill the criteria range from responsible business practices to donating to charitable programs (Du et al., 2010). Corporations commit to acts of shared value that are in their stakeholder's interest for the positive characteristics of these actions to rub off on the company (Yoon et al., 2008). They are thereby able to create private value simultaneously as shared value and thus CSR demonstrates itself as a win-win proposition (Rangan et al., 2012). Furthermore, the challenge of CSR is how it should be communicated for their stakeholders to appreciate the initiatives made to become socially responsible (Morsing et al., 2008).

1.1.2. Sin Industries

Sin industries are considered to largely deviate from environmental, ethical, and social standards in the way they operate (Dhandhanian & O'Higgins, 2021), and are associated with negative evaluations of which their impact require systematic strategies to diminish (Grougiou et al., 2016). The public perceptions of these industries are heavily affected by firm externalities (Durand & Vergne, 2014) and sin firms are therefore highly exposed to value judgment and negative headline risk (Fabozzi et al., 2008).

Industries that are often categorized as “sinful” include the tobacco, alcohol, gambling, and weapons industries. However, it is possible for a business to separate itself from the label as a sin firm. For example, businesses can shift their product mix into more socially acceptable products like Heineken who have been heavily marketing their nonalcoholic products in order to swing public opinion. Furthermore, social norms change and can thus impact the view of a company. (Blitz & Fabozzi, 2017)

1.1.3. The Defense Industry

The perceived need for an indigenous defense industry has significantly increased since the end of the cold war between Russia and the US, hence the number of actors in the industry of military arms and technology (Kurç & Neuman, 2017). Historically, Sweden has been both a war-stricken and war-striking country as fierce power struggles were fought between the Nordic countries as well as with the Baltic region. However, since 1814 Sweden has managed to stay out of conflict and pertained a neutral and non-aligned status. During this time, Swedish citizens have developed a strong opposition to war and any military presence outside of Sweden's borders has solely been to maintain peace, never to enforce it. Despite being averse to military conflict, Sweden has quite a large defense industry for being such a small country and has been increasing its military expenditures for the last three consecutive years (Nordlund, 2021). It has been debated for several years to significantly limit the exports of munitions from the defense industry. Most recently a motion was put forth to The Swedish Parliament in 2020 from one of the parliamentary parties, (Riksdagsförvaltningen, 2020).

1.2.Problem Formulation

Over the past years, CSR and its strategic importance within marketing has faced increased attention. Extensive research has provided several strategic implications for firms to undertake in order to improve and affect business opportunities (Taneja et al., 2011; Du et al., 2007). Never has the incorporation of CSR reporting been as relevant and highly existent for firms operating in controversial industries with a negatively perceived social role, such as sin industries (Reast et al., 2013; Grougiou et al., 2016). However, the effects of CSR marketing and their effect on brand attitude within these firms have been sparsely investigated. Research shows that CSR activities connected to the core activity of the firm can generate a more positive brand attitude (Wu & Wang, 2014), implying that such CSR activities should be prioritized. Although relevant for sin firms, such studies may be unapplicable as skepticism may be highly potent and impact the effects on brand attitude (García-Jiménez et al., 2017). Therefore, in this bachelor thesis project, the authors will focus on the role of CSR in a specific sin industry, the defense industry, and test the impact of congruence on brand attitude. Ultimately, the objective is to gain further insight into how efficient CSR communication should be conducted in controversial industries.

1.3.Research Purpose and Research Question

The purpose of this study is to create a better understanding of the effects that different CSR activities can have on the brand attitude of a firm operating in a sin industry. More specifically, this thesis examines the effects of congruent versus incongruent CSR activities within a defense firm setting, with the aim to reveal further information relevant to CSR marketing and decision making. The industry was specifically targeted due to the ongoing political debate of further limiting their business opportunities. Thus, the research question is the following:

- Can the relevance of the CSR content or activity to the core business of defense firms influence the brand attitude experienced by the public?

1.4.Delimitations

Concerning the nature and limitations of a bachelor thesis, the authors decided to geographically limit the study to Sweden. Although the perception of the defense industry can vary between cultures and nations, the study was limited to a certain region due to convenience reasons. The study was distributed through Facebook and LinkedIn without targeting a decided group of people, in order to obtain a more general reflection of the public.

All data was managed under the General Data Protection Regulation (GDPR), and each participant in the study had to give consent to participation. As such, only necessary data of each individual was collected, and some potential participants could be lost.

1.5.Expected Contribution

CSR reporting has become an expected company action, resulting in an increase in conducted research within conventional industries (Grougiou et al., 2016). Research testing the effects of congruent CSR activities have been conducted within similar industries and simultaneously suggested that skepticism can imply mixed results of such effects (García-Jiménez et al., 2017). This study may discover the importance of the CSR context concerning the core business model of the sin firm in such circumstances. These findings may impact or influence the CSR marketing strategies employed by sin firms, as some CSR marketing may provide a more beneficial outcome in terms of brand attitude. By investigating the different effects of congruent and incongruent CSR activities, we hope to further expand the existing research of congruency within CSR marketing and bring clarity to the currently diverse results.

Although not directly serving the public, defense firms can be highly affected by public opinion. In democracies, public opinion on military and defense has shown to have the possibility to exert a powerful effect on foreign policies (Tomz et al., 2019), impacting the related industries. In the context of Sweden, a debate on further limiting weapon export has been active among political parties, where one party advocates for the complete prohibition of export to certain countries (Riksdagsförvaltningen, 2021). Such a policy would heavily impact the Swedish defense industry and the firms operating within it. Hence, further insights into how defense firms themselves strategically can impact public opinion by improving brand attitude can be of high importance for their operation.

2. Literature Review and Theoretical Framework

2.1. Stakeholder Theory

In 1984, R. Edward Freeman reframed the old concept of stakeholders to include more than just stockholders and owners (Clement, 2005). A probable consequence for the need of this reframing is the increasingly global world in which businesses navigate, where the actions taken could potentially influence people on the other side of the world. Thus, the concept of stakeholder now includes the business' financiers, customers, employees, and members of the community in which it operates (Parmar et al., 2010). Common for all stakeholders is their ability to both help and harm the firm, while they can be further divided into primary and secondary stakeholders. Individuals and groups that have entered formal agreements uphold the status of primary stakeholders while those who have not, fall in the category of secondary stakeholders (Gibson, 2000). Since the sheer number of stakeholders and their influence has grown, the importance and focus from managers and researchers on stakeholders have increased steadily in various fields during the last few decades (Brugha & Varvasovsky, 2000).

Furthermore, the concept of stakeholder theory can be divided into three different approaches: descriptive, instrumental, and normative. The normative approach delves into why corporations should take their stakeholders' interest into account, even when the gains of doing so are not obvious. Because stakeholders have the power to help or harm an organization, this approach argues that corporations should treat them as their equals, no matter which category of stakeholder. (Gibson, 2000) Typically, the interests and aims of stakeholders differ from those of the top management and shareholders. Hence, decisions regarding allocation of resources involve trade-offs and demands for calls of judgment (Jones et al., 2007). A corporation's success is judged by the benefit it produces for its shareholders, i.e., profits. These stakeholders' interests are protected by laws that state that management must act according to the financial interests of the shareholders, (ABL 2005:551 3 kap. 3§; Cragg, 2002). The importance of meeting their interests stems from the argument that shareholders are the only stakeholders motivated by the survival of the business in the long term. However, it could be argued that stocks and shares can easily switch hands while it is relatively more difficult to switch around a whole workforce, a supply chain or clientele (Parmar et al., 2010). As such, although not directly visible, the opinions of secondary stakeholders are of major importance for corporations and should be considered in strategic decision making when desiring to affect attitude.

2.2. Brand Attitude

To have an attitude towards something means that an assessment or affective reaction has been made to an object of thought. It can further encompass anything a person may hold

in their mind (Bohner & Dickel, 2011) and vary in power (Crano & Prislin, 2006). As a concept within psychology, there is some dispute as to whether an attitude is a stable entity kept in one's memory or if it is an opinion that is devised from the information given at a certain moment, and thereby temporary (Bohner & Dickel, 2011).

An attitude makes the individual automatically respond either positively or negatively towards an object or idea (Fishbein & Ajzen, 1975) thus brand attitudes are the positive or negative feelings held about a brand. The perceived strength of these feelings and attitudes is measured by the reliance and resilience with which the individual holds them (Petty et al., 2007). Studies have also shown there to be a connection between increased market share value in connection to increasingly positive brand attitude (Rubinson & Baldinger, 1996).

Brands can be detected or recognized by their name, slogan, symbol, or sign by the public, these identifiers make out brand associations, and are equally used by businesses to create an identity (Bohner & Dickel 2011). Furthermore, the associations individuals have to certain brands consist of brand attributes, brand attitudes and brand benefits. The brand attributes are characteristics and features, both tangible and intangible, and even though observable to the naked eye it is up to the perceiver to decide their importance. These associations play a key role in the formation of one's brand attitude, that is, the individual's overall assessment and opinion of the brand (Faircloth et al., 2001). Additionally, Hwang et al., (2021) concludes a positive relationship between brand experience and brand attitude, where communication is one example of a stimuli affecting brand experience (Brakus et al., 2009). Even though brand attitude is an extensively researched subject, there is a research gap between brand attitude and how such attitudes are affected by CSR. Since brand attitude is most often connected to the intention to buy the product that the firm is offering there is an even further gap as to how CSR affects the brand attitude of a defense firm operating in a sin industry.

2.3.CSR as a reputational tool

Originally the phenomena of undertaking corporate social responsibility initiatives were due to a commitment to protect the environment and consumer rights. Firms who were dedicated to these issues had no incentives beyond the philanthropy of the service. However, the evolution of the concept has taken another turn and become a profit-seeking activity (Porter & Kramer, 2006). In an increasingly socially conscious world, corporate social responsibility initiatives have become a tool for executives to use in order to show dedication to creating social value and well-being through business' activities and resources. Furthermore, it is argued that devoting time and resources to CSR initiatives is not only the right thing to do but it will also imply doing better (Bhattacharya & Sen, 2004). A necessary task since companies often breach environmental and social standards, contributing to worsening of current environmental and social issues (Bian et al., 2019). Moreover, the move from just being a philosophical quest has taken the

concept of CSR from ideology to reality. Today it is necessary for corporations to question and evaluate their role and impact on society and make necessary ethical changes if needed (Lichtenstein et al., 2004). Even so, it can feel as a demanding and challenging task to commit to CSR initiatives (Lindgreen et al., 2009). Nevertheless, by committing to such initiatives, a firm can positively impact brand attitude. Wu & Wang (2014) concluded in their study, that both generations between 14-34 years of age and 35-53 years of age experienced a significantly more positive brand attitude if the firm conducted a CSR activity.

In the past, successful CSR strategies and activities have helped companies change their image while there have also been cases where it has backfired because the stakeholders have become suspicious of the companies' motives (Yoon et al., 2006). There is also evidence that firms highly committed to creating shared value i.e., businesses who are active within CSR, face more scrutiny and critique than businesses who are less active (Morsing et al., 2008). Since CSR initiatives and activities can result in media attention and exposure, they can draw attention from consumers and journalists to investigate the claims made by the firm to test whether the company really lives up to their CSR claims (Brown & Dacin, 1997). The distrust, skepticism and only seeing CSR as another way to launch a PR campaign is based on the belief that companies have no intention to commit to anything that does not generate any revenues or increase profits (Rangan et al., 2012). As such, the effects of CSR as a reputational tool can differ depending on the public's perception of how genuine the firm is. It can under certain circumstances affect stakeholders' beliefs and thus be recommended to be used in managing a firm's operations.

2.4. Congruence and its effects on responses to CSR

Engaging in CSR activities can guide consumers to discern differences between the firm and competitors, increase understanding of the business and its products, and enhance the possibility of purchase. Thus, understanding consumer response to the firms' social behavior is of importance as it indicates for managers where to allocate resources and properly choose CSR initiatives that resonate with the desired market position (Du et al., 2007). Today, whether a firm should engage in CSR activities is no longer of much relevance, the question is rather which activities the firm should engage in to generate a significant impact on consumers (García-Jiménez et al., 2017).

The congruence between the CSR activity and the core activity of the firm has been shown to be a key factor of consumer response (Becker-Olsen et al., 2006), impacting the CSR's authenticity and brand attitude (Kim & Lee, 2019). However, research in this area has shown mixed results. García-Jiménez et al., (2017) suggests skepticism as the explaining variable to why previous research has been able to link both positive and negative effects to the level of congruence. Thus, when consumers experience low levels of doubt and

mistrust, the effects of congruence will be significant. On the other hand, when doubt and mistrust are high, the congruence between the CSR activity and core activity of the firm will affect the consumer to respond less favorably (García-Jiménez et al., 2017) as the motive of the initiative is questioned (Forehand & Grier, 2003). The firm's underlying motive to engage in the given CSR activity is highly connected to the level of experienced skepticism. If perceived as egotistically driven, consumers will detect a selfish motivation and respond negatively as skepticism rises (Skarmeas & Leonidou, 2013; Wongpitch et al., 2016). This is possible if a consumer believes that the company intends to gain extra benefits rather than act out of free will (García-Jiménez et al., 2017). Connors et al., (2015) adds that window-dressing has become increasingly associated with CSR, and that message concreteness can diminish the belief that the firm initiates CSR activities to mask underlying issues. To harvest the positive impact that CSR can have on brand attitude the level of congruence has shown to be an efficient tool if the firms' intentions are believed to be genuine. As this has not been tested in an industry environment where skepticism is high, there is a research gap

<p>H1: CSR activities congruent to the core business will generate a more positive brand attitude than incongruent CSR activities for sin firms.</p>

2.5.Sin Industries and CSR Reporting

Sin industries are treated as core-stigmatized (Galvin et al., 2004; Hudson & Okhuysen, 2009; Grougiou et al., 2016) and include the alcohol, tobacco, gambling, nuclear energy, and firearms industries (Leventis et al., 2013). Firms within these industries are more likely to engage in CSR reporting compared to non-controversial firms, and the high risk of litigation by third parties incentivizes these firms to issue voluntary CSR reports. Thus, sin firms are more active disclosures of CSR reports (Grougiou et al., 2016). Furthermore, CSR reporting signals institutional congruence and can hide or serve as a distraction from their core-stigmatized activities (Elsbach & Sutton, 1992). Therefore, sin industries can lower the level of social disapproval by issuing CSR disclosures. Such issuance serves as a prime defensive strategy and is commonly employed by sin firms to cushion the impact of negative evaluations and thus lower the impact of the core stigmatization (Vergne, 2012; Grougiou et al., 2016). In that sense, incentives for managers of sin firms to become active disclosures of CSR reports are higher in comparison to managers of non-controversial firms as they are not concerned about signaling social and environmentally conformity to the same extent (Philippe & Durand, 2011). CSR reporting has for sin firms become a more widely used tool in order to positively enhance secondary stakeholders' opinions and indirectly affect business opportunities.

Sin firms are highly sensitive towards value judgment and negative headline risks (Fabozzi et al., 2008), and are thus highly dependent on public opinion (Durand & Vergne, 2014). Jo & Na (2012) conclude that sin firms' total risk can be heavily reduced by CSR reporting as the effects of risk reduction are more statistically and economically significant for sin firms in comparison to non-controversial firms, if the firm engages in CSR. Due to the nature of these industries, and the firms' notorious reputations, engaging in CSR activities can be critical and should be of more importance for sin firms than non-controversial firms with a lower motive for risk-reduction. Furthermore, Cai et al. (2011) finds a positive relation between CSR and firm value, as managers improve transparency, strategies, and philanthropy by applying CSR practices.

H2: Communication of CSR activities will generate a more positive brand attitude than no communication of CSR activities for sin firms.

3. Method

3.1. Scientific Approach

This study aims to contribute to prior research in the academic field about CSR for sin industries and simultaneously serve as a reference point for business executives when making strategic marketing decisions. A deductive approach was considered appropriate for the execution of this research since it allows for a hypothesis to be developed from the conclusions of prior research (Bell et al., 2019). After deciding on an appropriate hypothesis, a research strategy was formulated in order to be able to deduce a possible connection between CSR initiatives and the brand attitude of sin industries.

The authors took on an objective ontological position as the study tests the hypothesis, an abstract idea, to see if it has real validity, an existing connection between variables, through observations and measurements. This implies that the social phenomenon, in this case, brand attitude, exists despite our knowledge or lack of it, while it is also out of our control. The objectivist ontological position underpins positivism in an epistemological position, in which the appropriate way to gather data is through surveys or other observational instruments. A qualitative approach was considered but eventually disregarded since the phenomena of brand attitude is advantageously observed on a larger scale, making interviews impractical. Such an approach could also have lost the objectivity stance desired since there is a risk that the authors could have let their values and motives of the research intrude and sway the respondents' answers. (Bell et al., 2019).

A quantitative research strategy was ultimately chosen since it allowed for fast and vast response collection. Questions aimed to answer the hypothesis were formulated and gathered in an experimental online survey, which is commonly used when objectively conducting research. Furthermore, it was deemed practical in terms of cost and time since surveys can be easily spread and answered when convenient, hence being a favorable option to both the authors as well as the respondents. In order to be able to assume that defense firms are in fact operating within a sin industry as well as to be able to determine what a congruent CSR activity is, the authors chose to conduct two preparatory studies. The insights from these preliminary studies were brought forward into the work of the main study. For the main study, the authors chose to include a control group as well as random assignment of groups in order to increase the internal validity of the experiment. If the experiment would result in any causal findings, a control group and random assignment would allow the authors to control and potentially eliminate any effects that rival explanations to the findings would cause (Bell et al., 2019).

3.2. Preparatory Studies

Two separate preparatory studies were conducted as a basis for the main study. In order to measure the perception of the defense industry as a sin industry, an online questionnaire was conducted using a convenience sample of 20 respondents (40% male, mean age = 24.5, and 60% female, mean age = 33). The respondents were asked to compare and evaluate the following industries:

- Agricultural industry (crops and animals);
- Clothing industry (textiles);
- Defense industry (war materials and necessities);
- Entertainment industry (film, television, music, etc.);
- Gambling industry (casinos, betting, and lotteries);
- Liquor industry (alcohol);
- Non-profit industry (charities, foundations, social advocacy groups, etc.);
- Pharmaceutical industry (medication);
- Tobacco industry (cigarettes and snus).

The industries were evaluated through three items; “What is your attitude towards the following industries?” (1 = “very negative”, 8 = “very positive”), “How do you consider these industries to create/affect social value?” (1 = “very negative”, 8 = “very positive”), and “I believe this industry to be sinful” (1 = “not at all”, 8 = “a lot”). The results were satisfactory, showing that the defense industry scored low in comparison to other industries when asked about attitude and social value creation, and high in comparison to other industries when asked about the perception of the industry being sinful. Other industries scoring similarly were the gambling, liquor, and tobacco industries, which all are referred to as sin industries in literature.

The degree to which the CSR activities were perceived as congruent or incongruent was tested in a second preparatory study with a convenience sample of 20 respondents (40% male, mean age = 24.5, and 60% female, mean age = 33). The respondents were asked to compare and evaluate the following firm activities:

- Create codes of conduct for firm, employees, and suppliers;
- Financially support a school in a developing country;
- Conduct controls of the supply chain to prevent corruption;
- Aim to become carbon neutral;
- Conduct research and development to innovate and develop more sustainable products;
- Promotes equality and diversity within the workforce;
- Use water responsibly at their production facilities;

- Offer lectures, materials, study visits, etc., in subjects of their expertise at secondary schools;
- Conduct controls to detect and prevent modern slavery within the supply chain (ensuring fair working conditions).

The activities were evaluated through two items; “To what degree is this in line with your expectations of how they should responsibly manage the effects of their operations on a social, environmental, and/or economic level?” (1 = “low”, 8 = “high”), “In your opinion, to what extent do the following activities correlate with the core activity of Firm X?” (Firm X is a defense firm operating in Sweden. They offer products, services, and solutions from military defense to civil security) (1 = “does not correlate”, 8 = “correlates”). The results showed that “conducting controls of the supply chain to prevent corruption” was seen as the most congruent CSR activity and “financially supporting schools in developing countries” was seen as the most incongruent CSR activity.

3.3. Main Study

3.3.1. Questionnaire

The effects of congruent and incongruent CSR activities on the brand attitude of a defense firm were tested in an experimental study, in the form of an online self-completion questionnaire. Firstly, the respondents were introduced to the subject, the purpose of the thesis, the estimated time of completion, and information about a possible chance of winning a 150 SEK gift card at Filmstaden. In order to consent to participation, each respondent was informed of their GDPR rights and the author's handling of survey data. To participate, the respondent had to fill in the alternative “I have taken part of the information above and consent to participate in this study”. If the respondent filled in the alternative “No thank you, I do not consent to take part in this study”, the respondent was excluded from the survey.

Three CSR communications through a website setting of a defense firm were created for the purpose of this study: (1) the first version included a description of the company with no CSR activity communication, and (2) the second version included the same company description and communication of an incongruent CSR activity, and (3) the third version included the same company description and communication of a congruent CSR activity. The activities included were those classified as most and least congruent activities in the preparatory study. All three versions consisted of a large photo replicating a website, in which the company description and possible CSR communication were the focal points. In line with the literature, the company was fictional to avoid already experienced perceptions affecting the level of brand attitude (Faircloth et al., 2001). The participants were exposed to one of three versions of the online questionnaire, in which one of the CSR communications was displayed. The participants exposed to only the company

description and no CSR activity are seen as the control group. The participants were assigned one of the three versions at random.

Six measures were included in the main study. Perceived attitude towards the communication consisted of three items on an 8-point semantic differential scale:

- “Bad” (1) to “good” (8),
 - “Dislike” (1) to “like” (8),
 - “Unpleasant” (1) to “pleasant” (8).
- (Liljedal et al., 2020)
(Cronbach’s $\alpha = 0.894$)

The question included a sentence asking the respondents “What do you think about the information on Armatus’ website?”.

Attitude towards the brand was also measured with three items on an 8-point semantic differential scale:

- “Bad” (1) to “good” (8),
 - “Dislike” (1) to “like” (8),
 - “Unpleasant” (1) to “pleasant” (8).
- (Liljedal et al., 2020)
(Cronbach’s $\alpha = 0.921$)

The question included a sentence asking the respondents “What do you think about the company?”.

To investigate the respondent’s perception of defense industries and CSR activities, three items were included. Perceived skepticism towards the defense industry was measured on an 8-point Likert scale (“strongly disagree” (1) to “strongly agree” (8)) with two items:

- “I feel distrust towards the defense industry”
- “I feel doubtful towards the defense industry”

Perceived importance of CSR activities and defense companies conducting CSR activities were measured on an 8-point Likert scale (“not important” (1) to “important” (8); Cronbach’s $\alpha = 0.78$) with two items:

- “It is important that a company operating in the defense industry take corporate social responsibility”
- “It is important that companies take corporate social responsibility”

To ensure the perception of the defense industry being a sin industry, the first preparatory study was again included with three items. Attitudes towards the following industries were measured on an 8-point matrix rating scale (“very negative” (1) to “very positive” (8)); Agricultural industry (crops and animals); Clothing industry (textiles); Defense industry (war material and necessities); Entertainment industry (film, television, music, etc.); Gambling industry (casinos, betting and lotteries); Liquor industry (alcohol); Non-profit industry (charities, foundations, social advocacy groups, etc.); Pharmaceutical industry (medication); and Tobacco industry (cigarettes and snus) with two items:

- What is your attitude towards the following industries?
- How do you consider these industries to create/affect social value?

Lastly, the same industries were measured on an 8-point matrix rating scale (“not at all” (1) to “a lot” (8)) with one item:

- I believe this industry to be sinful

3.3.2. Survey Flow

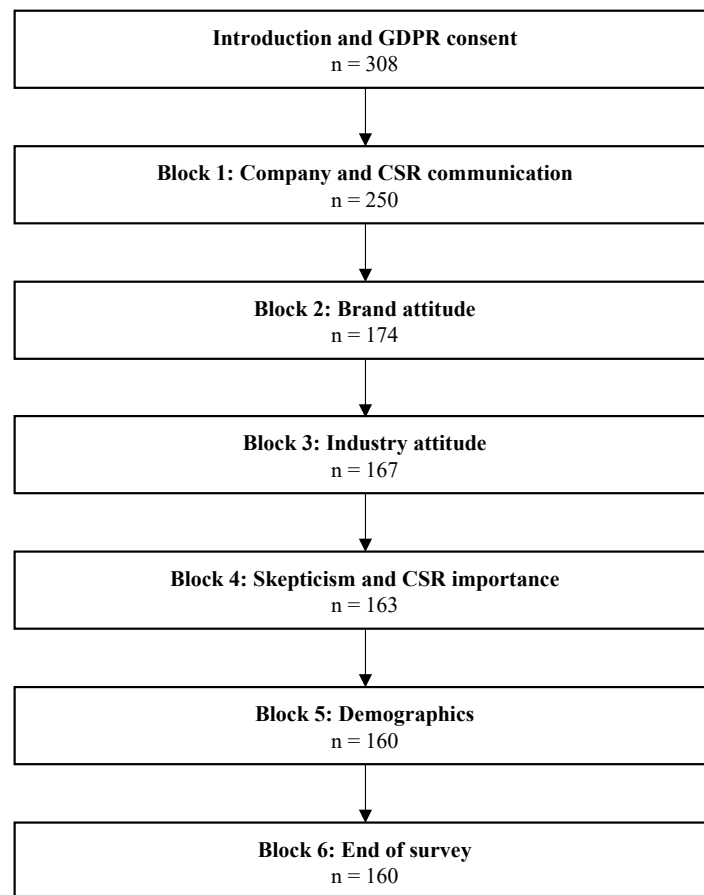


Figure 1: Visualization of survey flow, number of respondents, and blocks.

3.3.3. Dependent Variable

The dependent variable in which this study will examine is ‘brand attitude’. The variable has been similarly tested with a multiple-item measure among all three observable groups on an 8-point semantic differential scale. Similarly, the report will also investigate the perceived attitude towards the communication of the firm, and not the firm itself.

3.3.4. Independent Variable

The independent variable, in which this study has been manipulated to potentially affect the dependent variable, is the type of CSR activity communicated. More specifically, the observable groups contain the variables ‘no CSR activity’, ‘incongruent CSR activity’, and ‘congruent CSR activity’. These groups and variables have later been tested and compared, when analyzing the effect on the dependent variable.

3.4. Data Collection and Analysis

3.4.1. Data Collection and Participants

The survey was distributed between the 14th of March 2022 and the 8th of April 2022, through Facebook and LinkedIn. Due to the accessibility and recruiting of participants taking place in an online setting through a volunteer-seeking method, the sample should be considered a convenience sample. As the sample is composed as a convenience sample, it is not fully representative and cannot be considered generalizable (Bell et al., 2019). Although not fulfilling this criterion, research using convenience samples can be effective for authenticating the plausibility of relationships among variables (Clark, 2017). The study employed a sample consisting of 160 participants (52.5% men; 45.6% women; 1.9% non-binary).

3.4.2. Quality of Data

A total number of 308 participants initiated the survey. However, before the results were analyzed, respondents with less than full participation were excluded. One respondent did not agree with the GDPR term, and 10 respondents did not pass one of the two control questions “It is important that you pay attention to this study, please tick No” and “What was this survey mainly about?”. These respondents were thereby excluded. The control questions were included to ensure that the respondents had paid continuous attention to the survey throughout the experience. Thus, when analyzing the data, the authors could ensure that the data upheld good quality. In total, 160 respondents successfully finished the survey and were accounted for in the results.

3.4.3. Data Analysis

The online questionnaire was designed using the online tool Qualtrics. The collected data was thereafter exported and analyzed in IBM SPSS Statistics 28. To compare the three groups and explore a potentially significant relationship between the communicated CSR activity and brand attitude, both hypotheses were analyzed through a one-way ANOVA test. To further investigate any potential significant relationship and explore how the three groups vary from each other, the authors tested the variables through a post hoc Tukey test.

ANOVA is a frequently used statistical method when analyzing differences between three groups or more. The method uses the ratio of between and within group variance to determine the mean difference problems (Kim, 2017). However, although able to detect significant differences between groups, the method on its own is unable to explain the differences within these groups. To assert information on various combinations of groups in detail, the use of multiple comparison tests is necessary. The Tukey method investigates possible pairs of all groups by using the difference in mean (Lee & Lee, 2018).

3.5. Research Reliability and Validity

3.5.1. Reliability

The reliability of a study pertains to the ability to repeat the experiment and get consistent results from the applied measures. Since the social environment and the social norms of our society are constantly under alteration it aggravates the replication of this thesis. Although it is not possible to replicate this study in the exact environment as when it was first conducted, it is possible to mitigate this in further research by embracing a stance, based on the norms of the current environment. The possibility of replicating this study is further eased by the available and retrievable data that future researcher would need. (Bell et al., 2019).

To test the respondents' attitude towards the fictional defense firm and its CSR communication, multiple-item measures were included in the questionnaire. Thus, the authors have used internal reliability to test the coherence between the given answers. To determine that the designerism indicators are related, the authors have used Cronbach's alpha with an acceptable level of 0.7 and above (Bell et al., 2019). Cronbach's alpha has been commonly used by researchers to calculate the average of all potential 'split-half' coefficients of reliability. Peterson (1994) concluded, by analyzing several studies and samples of research coefficients, that the majority of the observed alpha coefficients were 0.7 or above, thus making 0.7 an acceptable reliability level.

3.5.2. Validity

Internal validity. To ensure that the dependent variable was solely affected by the independent variable, all three groups of respondents were exposed to the same experience with the communicated CSR activity being the only exception. Thus, the only difference for the groups regarding the design of the questionnaire was the activity described in the exposed website setting. However, it is important to note that the experiment was conducted as an online self-completion questionnaire and that other factors, unable to be manipulated by the authors, could have occurred. Such factors could concern extraneous variables that can play part in the respondent's perceived attitude at the time of the experiment, such as environmental differences (noise, time of day, temperature, etc.). (Brown, 1998).

External validity. To attain a representative sample, the authors avoided spreading the questionnaire in specific online groups where similar opinions among the respondents could occur. Instead, the questionnaire was exposed on open platforms for all ages and types of people, with the aim to obtain answers representing the public opinion of Swedish citizens. However, due to the limitations and requirements of a bachelor thesis, the sample involved a convenience sample with a relatively small size of approximately 50 respondents per group tested. Moreover, the very nature of the online survey can limit ecological validity as it is not a natural factor in people's everyday lives. (Bell et al., 2019).

4. Results

4.1.Descriptive Statistics

Out of the 160 respondents, 84 were male (52.5%), 73 were female (45.6%) and 3 were non-binary (1.9%). The majority of the respondents are younger than 35 years old and have the occupation of a student.

Table 1. Socio-demographic values

Variable	N	n	% of total sample
	160		
Gender			
Male		84	52.5
Female		73	45.6
Non-binary		3	1.9
No answer		0	0
Age (years)			
<25		97	60.6
25-34		28	17.5
35-44		8	5
45-54		15	9.4
55-64		11	6.9
>64		1	0.6
Education			
Less than High School		3	1.9
High School graduate		79	49.4
Bachelor's degree		47	29.4
Master's degree		29	18.1
Doctorate		2	1.25
Occupation			
Unemployed		1	0.6
Employed		47	29.4
Student		110	68.8
Retired		2	1.25

Note: The percentage may not equal 100% due to errors when rounding

To determine the perceived importance of companies in general as well as defense companies taking corporate social responsibility, the respondents evaluated this by perceiving it as either “not important” or “important”. (Cronbach’s $\alpha = 0.780$).

Table 2. Compared Means for perceived importance of companies taking corporate social responsibility

	Total n=160	Control n=51	Incongruent n=57	Congruent n=52
Mean	6.71	6.73	6.88	6.52
St. Deviation	1.634	1.440	1.702	1.735

Note: 52.5 % male, 45.6 % female, 1.9% non-binary

The results indicate that the incongruent group evaluated the importance of firms undertaking CSR the highest ($M = 6.88$, $SD = 1.702$). The control group evaluated the importance slightly lower ($M = 6.73$, $SD = 1.440$), and the congruent group evaluated the importance the lowest ($M = 6.52$, $SD = 1.735$).

Table 3. Compared Means for perceived importance of defense companies taking corporate social responsibility

	Total n=160	Control n=51	Incongruent n=57	Congruent n=52
Mean	6.79	6.67	7.02	6.67
St. Deviation	1.840	1.908	1.847	1.780

Note: 52.5 % male, 45.6 % female, 1.9% non-binary

The incongruent group evaluated the importance of defense firms undertaking CSR the highest ($M = 7.02$, $SD = 1.847$). The control group ($M = 6.67$, $SD = 1.908$) and congruent group ($M = 6.67$, $SD = 1.780$) showed a similar evaluation, although slightly lower than the incongruent group.

4.2. Results for Comparing Industry Perception

In the initiating preparatory study, the perception of the defense industry as a sin industry was supported as (1) the mean of perceived attitude and belief of social value creation was relatively low compared to the other industries, and (2) the mean of perception of the industry being sinful was relatively high compared to other industries.

Table 4. Mean comparison for preparatory study and main study: What is your attitude towards the following industry?

Variable	Mean (Preparatory study) N = 20	Mean (Main study) N = 160
----------	---------------------------------------	---------------------------------

Agricultural Industry	5.45	5.71
Clothing Industry	4.64	4.38
Defense Industry	3.55	4.33
Entertainment Industry	6.27	5.83
Gambling Industry	1.55	2.84
Liquor Industry	4.27	4.58
Non-Profit Industry	6.27	6.52
Pharmaceutical Industry	6.09	5.70
Tobacco Industry	2.09	2.68

Note: Scores could range from 1 (very negative) to 8 (very positive).

Table 5. Mean comparison for preparatory study and main study: How do you consider this industry to create/affect social value?

Variable	Mean (Preparatory study) N = 20	Mean (Main study) N = 160
Agricultural Industry	6.09	5.54
Clothing Industry	4.45	4.39
Defense Industry	2.91	3.83
Entertainment Industry	6.18	5.65
Gambling Industry	1.36	2.72
Liquor Industry	2.91	3.84
Non-Profit Industry	6.36	6.49
Pharmaceutical Industry	6.55	5.61
Tobacco Industry	1.73	2.75

Note: Scores could range from 1 (very negative) to 8 (very positive).

Table 6. Mean comparison for preparatory study and main study: I believe this industry to be sinful.

Variable	Mean (Preparatory study) N = 20	Mean (Main study) N = 160
Agricultural Industry	3.91	3.39
Clothing Industry	5.09	4.63
Defense Industry	6.09	5.01
Entertainment Industry	2.91	3.75
Gambling Industry	7.45	6.03
Liquor Industry	5.55	4.89
Non-Profit Industry	2.09	2.75
Pharmaceutical Industry	2.64	3.88
Tobacco Industry	6.91	5.95

Note: Scores could range from 1 (not at all) to 8 (a lot).

When comparing the means between the preoperatory study and the main study, the perception of the defense industry has experienced a change. In the measure of attitude

and social value creation, the industry experienced a relatively high shift in comparison to many of the compared industries.

Table 7. One-Sample t-test on the perception of the defense industry (Main study)

Variable	t	df	Significance	
			One-Sided p	Two-sided p
What is your attitude towards the industry?	-1.212	159	.114	-.169
How do you consider this industry to create/affect social value?	-4.800	159	<.001	-.675
I believe this industry to be sinful.	3.310	159	<.001	.506

Note: Test value = 4.5

The results indicate that the perception of the attitude towards the defense industry, and its ability to create and affect social value, is slightly below the test value of 4.5. The mean of the perceived attitude is relatively close to 4.5 whilst the perceived social value is lower. As such, the respondents believe that the industry insufficiently creates social value although the attitude is not as negative. Simultaneously, the perception of the industry as sinful is higher than the test value, indicating a relatively high perception. The authors decided not to conduct a similar test for the preparatory study as the sample of 20 respondents was too small.

4.3. Results for Measures of Attitude towards Communication

To determine the perceived attitude towards the communication and CSR activity that was exposed on the fictional defense firm's website setting, the respondent evaluated the communication by perceiving it as either "bad" or "good", "dislike" or "like" and "unpleasant" or "pleasant" (Cronbach's $\alpha = 0.894$).

Table 8. Compared Means

	Total n=160	Control n=51	Incongruent n=57	Congruent n=52
Mean	5.3479	5.1293	5.4620	5.4259
St. Deviation	1.57653	1.48264	1.54014	1.70142

Note: 52.5 % male, 45.6 % female, 1.9% non-binary

The results indicate that the incongruent group experienced the highest level of perceived attitude towards the communication ($M = 5.4620$, $SD = 1.54014$). The group exposed to a congruent CSR activity showed a slightly lower perceived attitude than the incongruent

group ($M = 5.4259$, $SD = 1.70142$), but also a higher perceived attitude than the control group ($M = 5.1293$, $SD = 1.48264$).

The differences in attitude stemming from the communicated CSR activity were compared through a one-way ANOVA test. As small sample sizes can affect a significant result showing as nonsignificant in a one-way ANOVA test, the authors decided to conduct a Post Hoc comparison using the Tukey HSD. As sample sizes are unequal, the harmonic mean was used.

Table 9. One-Way ANOVA for Attitude towards Communication

	df	Mean Square	F	Sig.
Between groups	2	1.707	0.684	.506
Within groups	157	2.495		
Total	159			

Note: $n=160$

Table 10. Post Hoc Test: Tukey HSD

(I) Groups	(J) Groups	Mean difference (I-J)	Std. Error	Sig.
Control	Incongruent	-.33274	.30774	.527
	Congruent	-.29667	.31167	.608
Incongruent	Control	.33274	.30774	.527
	Congruent	.03606	.29998	.992
Congruent	Control	.29667	.31167	.608
	Incongruent	-.03606	.29998	.992

Note: $n=160$

The results suggest no significant relationship between the difference in CSR activities and perceived attitude towards the company communication. Thus, the incorporation of a CSR activity, either incongruent or congruent, does not imply an impact on the viewer's perceived attitude toward the communication presented by the company in an online setting.

4.4. Results for Measures of Brand Attitude

To determine the perceived brand attitude towards the fictional defense firm, the respondent evaluated the firm by perceiving it as either “bad” or “good”, “dislike” or “like” and “unpleasant” or “pleasant” (Cronbach’s $\alpha = 0.921$).

Table 11. Compared Means

	Total n=160	Control n=51	Incongruent n=57	Congruent n=52
Mean	4.7812	4.4422	4.9123	4.9506
St. Deviation	1.66354	1.56848	1.80994	1.56803

Note: 52.5 % male, 45.6 % female, 1.9% non-binary

By comparing the means of the three tested groups, results indicate that the group exposed to the congruent CSR activity showed the highest perceived brand attitude ($M = 4.9506$, $SD = 1.56803$). Additionally, results indicate of the incongruent group showed the second-highest perceived brand attitude ($M = 4.9123$, $SD = 1.80994$), and the control group, unexposed to any CSR activity, showed the lowest perceived brand attitude ($M = 4.4422$, $SD = 1.56848$).

To test if the results showed a significant statistical difference between the groups tested, the differences in communicated CSR activity and its effect on perceived brand attitude were compared through a one-way ANOVA test. As the sample was relatively low in size, the authors decided to conduct a Post Hoc comparison using the Tukey HSD to ensure that the result shown in the one-way ANOVA test was entirely descriptive. To compensate for the unequal sample size, the harmonic mean was used.

Table 12. One-Way ANOVA for Brand Attitude

	df	Mean Square	F	Sig.
Between groups	2	4.081	1.484	.230
Within groups	157	2.751		
Total	159			

Note: n=160

Table 13. Post Hoc Test: Tukey HSD

(I) Groups	(J) Groups	Mean difference (I-J)	Std. Error	Sig.
Control	Incongruent	-.47010	.32310	.316
	Congruent	-.50844	.32722	.269
Incongruent	Control	.47010	.32310	.316
	Congruent	-.03834	.31495	.992
Congruent	Control	.50844	.32722	.269
	Incongruent	.03834	.31495	.992

Note: n=160

Neither the one-way ANOVA test nor the Post Hoc test showed a significant difference between the perceived brand attitude in any of the groups tested. Thus, the results do not imply a difference in perceived brand attitude when exposed to a congruent versus incongruent CSR communication. Similarly, the results do not imply a significant difference in perceived brand attitude when exposed to CSR communication or no CSR communication. Thus, neither H1 nor H2 is empirically supported.

Table 14. Summary of hypothesis

H1	CSR activities congruent to the core business will generate a more positive brand attitude than incongruent CSR activities for sin firms.	Not empirically supported
H2	Communication of CSR activities will generate a more positive brand attitude than no communication of CSR activities for sin firms.	Not empirically supported

5. Discussion

The aim of this thesis was to answer if brand congruent CSR activities will generate a more positive brand attitude than incongruent activities as well as if CSR reporting will generate a more positive brand attitude than no CSR reporting. By answering these questions, the authors hoped to get a better understanding of the relationship between the communicated CSR activities and the perceived brand attitude of a firm.

5.1. Conclusion and Implications

5.1.1. Descriptive

The 52.5% of the respondents who answered the survey were male, while 45.6% were female and 1.9% identified as non-binary. Furthermore, 60.6% of the respondents were younger than 25 years of age and 68.8% are currently studying whereas 1.9% disclosed they had not finished high school. The respondents were randomly shown different CSR activities, further dividing them into three observable groups: Control group, Congruent Group, and Incongruent group. The data was analyzed from the perspective of these three groups and showed that all three groups believe it to be of high importance that companies in general ($M = 6.71$) and defense firms ($M=6.79$) take corporate social responsibility when measured on a Likert scale of 1-8. This is in line with literature saying that the public is increasingly holding businesses accountable for their corporate activities (Porter & Kramer, 2006).

5.1.2. The perception of the defense industry as sinful

The worldwide events that occurred during the course of the thesis and accumulated into increased political attention for the defense industry (Riksdagsförvaltningen, 2022), have caused the authors to reevaluate the perception of the industry. As initial results, drawn from the first preliminary study, concluded the industry to be viewed as sinful, it was of importance to re-test this perception as the increased attention may have brought different evaluations and views of the industry itself. Hence, the authors incorporated the preliminary study into the main study in order to compare the two results and evaluate the industry perception.

By comparing the results and means between the preparatory study and the main study, the authors conclude that the perceived attitude and the perception of the industry creating social value have increased, whilst the perception of the industry as sinful has decreased. As such, results indicate a possible shift in attitude towards the defense industry. However, other industries included in the comparisons have also experienced changes in opinions. This may be explained by the unequal number of respondents between the two studies, caused by the first study being a preliminary study and only including 20

respondents. As such, the differences in means between the two studies are difficult to compare. Moreover, results indicate that the attitude and perception of whether the industry create social value or not is slightly below the middle value tested in the main survey. Simultaneously, the perception of the industry as sinful is higher than the middle value tested. This indicates that the defense industry is perceived as sinful in both tests, despite the differences in samples.

When further comparing the two studies and evaluating the mean of attitude and perceptions of social value creation, the authors conclude that the defense industry, gambling industry, liquor industry, and tobacco industry are the industries experiencing the largest change in mean value. These industries are typically the industries that literature defines as sin industries (Leventis et al., 2013), and thus, the very nature of the industries could perhaps be an explaining factor. These industries are heavily stigmatized (Galvin et al., 2004; Hudson & Okhuysen, 2009; Grougiou et al., 2016) and often characterized by experiencing a variety of strong opinions (Fabozzi et al., 2008), which could explain why perceived attitudes and perception of social value creation experiences such fluctuations between the two studies. Considering the change and increase in respondents, a stronger fluctuation in opinions may have been accounted for. Moreover, the descriptive results which indicate a more homogeneous group of respondents may have caused a similar effect regarding the change in opinions and perceptions.

Although perceived as sinful, this does not necessarily entail that the presence of the industry is perceived as bad. The purpose and outputs generated by such firms may still be valued by the public and society. As such, the need for the industry to exist can still be real despite the industry being categorized as sinful. However, research shows that brand attitude, and thereby the public opinion, can impact the industry environment through political attention and regulations (Tomz et al., 2019). Such regulations could imply limitation of exported goods. Even though a negative perception is not necessarily threatening to the survival of the industry, the perception of it as sinful can be harmful in other ways.

5.1.3. Brand attitude

For H1, the results analyzed through the one-way ANOVA test show no significant difference in brand attitude when communicating congruent versus incongruent CSR activities. Hence, brand attitude will not be positively affected by increasing the level of congruence of the CSR activity. Literature suggests that usage of congruent CSR activities positively can impact consumer response and attitude (Becker-Olsen et al., 2006; Kim & Lee, 2019). Simultaneously, research concludes that these results have been mixed in settings where skepticism towards the firm has been apparent or when the motive of the activity has been questioned (García-Jiménez et al., 2017; Forehand & Grier, 2003). As the level of stigmatization is high within sin industries (Galvin et al.,

2004; Hudson & Okhuysen, 2009; Grougiou et al., 2016), the findings of congruent activities having no significant impact on brand attitude in comparison to incongruent activities may be explained by the level of skepticism towards the fictional defense firm included in the questionnaire. Although the compared means show a slightly more positive brand attitude in the group exposed to the congruent activity compared to the group with an incongruent activity, the difference is not statistically significant. The difference may be explained by the unequal sample of respondents in each group. Consequently, these findings imply that firms operating in the defense industry, and other sin industries, will be unable to generate a more positive brand attitude by allocating resources into communicating CSR activities related to the core business of the firm compared to unrelated activities.

Simultaneously, the results did not indicate a significant difference between attitudes towards communication when comparing the congruent and incongruent groups. Literature suggests that communication of a firm can have a positive relation to brand attitude (Hwang et al., (2021); Brakus et al., (2009). As such, these findings are coherent with the literature, as there was no significant difference in neither attitude of communication or attitude towards brand between the congruent and incongruent groups.

When examining the results, findings suggested no significant evidence for H2. As such, the accumulated results showed no indication of enhanced brand attitude when communicating any kind of CSR activity compared to no CSR activity. Meanwhile, literature claims that CSR reporting is positively related to an increased level of brand attitude (Wu & Wang, 2014) and that such initiatives have become a tool for executives to prove their social dedication and commitment (Morsing et al., 2008). Furthermore, the tool has seen increased popularity among firms operating within sin industries, as its effect was shown to be beneficial for total risk reduction (Jo & Na, 2012; Grougiou et al., 2016). Thus, these findings do not correlate with current research in the field. However, evidence also shows skepticism and distrust directed toward firms engaging in CSR if the firms' intentions are questioned (Rangan et al., 2012). Although sin industries can experience an increase in positive brand attitude in connection with CSR reporting, the high level of skepticism may be an explaining factor for the results in this study. Consequently, the findings in this study imply that a sin firm will not be able to significantly affect brand attitude by communicating CSR activities, neither congruent nor incongruent. Additionally, it further redirects the question to the level of skepticism experienced by the public and its implications for the brand attitude of sin firms.

5.1.4. Implications

For business executives in sin industries, these findings entail that when deciding on the allocation of resources and where to direct philanthropic initiatives, the following objectives should be considered: (1) CSR initiatives are of importance to stakeholders,

(2) the level of congruence between the firm's operations and the CSR activity is not critical for impacting brand attitude, and (3) congruent or incongruent CSR activities have no better impact on brand attitude than no communicated CSR activity.

This study aimed to further extend the research on how business executives of sin firms can communicate different CSR activities to affect brand attitude. As sin firms are sensitive to judgment (Fabozzi et al., 2008) and the public opinion should be considered an important stakeholder (Gibson, 2000), strategies to improve public opinion are of high relevance. As such, these findings contribute to the current understanding of such strategies. For the defense industry, these findings are highly relevant considering the current level of sensitivity and public attention within the industry environment. The political power and its impact on the industry can stem from the public's perception and attitude towards the industry or firms operating within it. The importance of this issue is reflected in the intense debates that show that politicians value the secondary stakeholders of these firms (Tomz et al., 2019). Although not considered a direct stakeholder, such as customers or suppliers, the public and their perception is crucial for firms operating in this industry and they should aim to affect brand attitude with possible measures. Thus, this study further helps executives redirect their focus and to conduct effectful decision-making.

5.2. Key Findings

The key findings concluded in this thesis can be described as follows:

Swedish citizens perceive the defense industry to be sinful, and strongly believe that such firms should engage in CSR activities. Moreover, the public will not perceive the brand attitude of a sin firm as higher if the CSR initiative is related or unrelated to the firm's core business. Thus, the congruency of the CSR activity does not significantly affect the perceived brand attitude. Simultaneously, there is no evidence of better outcomes in terms of brand attitude when a defense firm communicates a CSR initiative rather than no such initiative.

5.3. Future studies

The findings for H1 may imply further evidence for research suggesting that the level of congruency for CSR activities may be affected by skepticism and not result in a more positive level of brand attitude. As previous research suggesting skepticism to be an explaining variable has been limited to settings including noncontroversial industries, the authors suggest future studies focus on industries where the level of skepticism and stigmatization is high. Thus, the relationship between skepticism and congruency, and its effect on brand attitude, would be further tested and explained. As such, a further indication of resource allocation and decision-making for executives of sin firms when

initiating CSR activities would be explored. The findings for H2 further give rise to the question of skepticism and its implications, as some research conducted in the field entail skepticism to affect the perception of the CSR activity conducted by the firm. As such, further studies testing the effect of skepticism on brand attitude would be of interest.

Lastly, the limitations of this study resulted in a convenience sample being used. Thus, future research with a larger and more representative sample of the public would be interesting to further test the relationship between congruent CSR activities and their effect on brand attitude. As such, the findings may be a better reflection of the public opinion and its implications for sin firms.

5.4. Limitations and Strengths

When conducting this thesis, the authors exclusively tested the experiment in a defense industry setting. As such, although the defense industry is considered a sin industry, these findings are not guaranteed to be fully applicable to other sin industries.

Moreover, the sample of respondents who took the survey was earlier in this study classified as a convenience sample (see 3.4.1.) and was further illustrated in *Table 1*. It could also be observed that a majority of the respondents were under the age of 34 and the majority answered that their main occupation as of this moment is studies. Since the pool of respondents thus is quite a homogenous group, this implies that the results compiled may not perfectly reflect the opinions of the general population. Emotionally charged subjects such as defense and their relation to war can hold different importance and emotions with different people. Even though the Swedish public, in general, is against war (Nordlund, 2021) it is also an increasingly multicultural nation that is home to many former war refugees, which could ultimately affect the perceived view of defense as a sin industry. A strategy that could have been used to get a more diverse and extensive sample of respondents would have been to distribute the survey on a larger scale in more diverse forums, not necessarily online. Bell et al., (2019) argue that surveys distributed online allow for errors like non-responses and low response rates, which the authors also experienced (see Figure 1).

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7. Appendices

Appendix 1: Survey

Start of Block: Block 1

Q1 Thank you for taking part in this survey, which is the basis for our bachelor thesis at the Stockholm School of Economics. It will take about 10 minutes to answer the survey and we would appreciate it if you answered it intuitively. Please answer the questions without considering your previous answers.

By participating in this survey you will have the chance to win a gift card worth 150 SEK at Filmstaden. Thank you for taking your time!

Q2

Project: Bachelor thesis in Marketing
Year: 2022 Spring
Students: Felicia Eskils, BSc student (24699@student.hhs.se) and Jennifer Gagner-Geeber, BSc student (24837@student.hhs.se).
Supervisor: Hanna Berg, Research Fellow, Department of Marketing and Strategy Supervisor
email: Hanna.Berg@hhs.se Type of personal data about you that will be processed: Gender, age, education and occupation.

End of Block: Block 1

Start of Block: Block 2

Q3 Consent to participation in student's survey The student's project. As an integral part of the educational program at the Stockholm School of Economics, enrolled students complete an individual thesis. This work is sometimes based upon surveys and interviews connected to the subject. Participation is naturally entirely voluntary, and this text is intended to provide you with the necessary information that may concern your participation in the study or interview. You can at any time withdraw your consent and your data will thereafter be permanently erased.

Confidentiality. Anything you say or state in the survey or to the interviewers will be held strictly confidential and will only be made available to supervisors, tutors and the course management team.

Secured storage of data. All data will be stored and processed safely by the SSE and will be permanently deleted when the project is completed.

No personal data will be published. The thesis written by the students will not contain any information that may identify you as a participant to the survey or interview subject.

Your rights under GDPR. You are welcome to visit <https://www.hhs.se/en/about-us/data-protection/> in order to read more and obtain information on your rights related to personal data.

- ☐ I have taken part of the information above and consent to participate in this study. (1)
- ☐ No thank you, I do not consent to take part in this survey. (2)

End of Block: Block 2

Start of Block: Block 3

Q4 Please read the following message that can be found on Armatus' website. *(See Appendix 2)*

.

End of Block: Block 3

Start of Block: Block 4

Q5 Please read the following message that can be found on Armatus' website. *(See Appendix 3)*

.

End of Block: Block 4

Start of Block: Block 5

Q6 Please read the following message that can be found on Armatus' website. *(See Appendix 4)*

.

End of Block: Block 5

Start of Block: Block 6

Q7 What do you think about the information on Armatus' website?

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)	8 (8)	
bad	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	good
dislike	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	like
unpleasant	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	pleasant

Q8 What do you think about the company?

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)	8 (8)	
bad	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	good
dislike	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	like
unpleasant	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	pleasant

Q9 It is important that you pay attention to this study. Please tick "No".

- ☐ Yes (1)
- ☐ No (2)

End of Block: Block 6

Start of Block: Block 7

Q10 What is your attitude towards the following industries?

	1. Very negative (1)	2. (2)	3. (3)	4. (4)	5. (5)	6. (6)	7. (7)	8. Very positive (8)
Agricultural industry (crops and animals) (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Clothing industry (textiles) (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Defence industry (war material and necessities) (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Entertainment industry (film, television, music etc.) (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gambling industry (casinos, betting, and lotteries) (5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Liquor industry (alcohol) (6)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Non-profit industry (charities, foundations, social advocacy groups etc) (7)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pharmaceutical industry (medication) (8)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tobacco industry (cigarettes and snus) (9)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q11 How do you consider this industry to create/affect social value?

	1. Very negative (1)	2. (2)	3. (3)	4. (4)	5. (5)	6. (6)	7. (7)	8. Very positive (8)
Agricultural industry (crops and animals) (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Clothing industry (textiles) (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Defence industry (war material and necessities) (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Entertainment industry (film, television, music etc.) (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gambling industry (casinos, betting, and lotteries) (5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Liquor industry (alcohol) (6)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Non-profit industry (charities, foundations, social advocacy groups etc) (7)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pharmaceutical industry (medication) (8)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tobacco industry (cigarettes and snus) (9)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q12 I believe this industry to be sinful

	1. Not at all (1)	2. (2)	3. (3)	4. (4)	5. (5)	6. (6)	7. (7)	8. A lot (8)
Agricultural industry (crops and animals) (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Clothing industry (textiles) (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Defence industry (war material and necessities) (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Entertainment industry (film, television, music etc.) (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gambling industry (casinos, betting, and lotteries) (5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Liquor industry (alcohol) (6)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Non-profit industry (charities, foundations, social advocacy groups etc) (7)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pharmaceutical industry (medication) (8)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tobacco industry (cigarettes and snus) (9)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

End of Block: Block 7

Start of Block: Block 8

Q13 To what extent do you agree with the following statements?

	1.Strongly disagree (1)	2. (2)	3. (3)	4. (4)	5. (5)	6. (6)	7. (7)	8. Strongly agree (8)
I feel distrust towards the defence industry (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel doubtful towards the defence industry (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q14 Is it important that a company operating in the defence industry take corporate social responsibility?

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)	8 (8)	
not important	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	important

Q15 Is it important that companies take corporate social responsibility?

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)	8 (8)	
not important	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	important

Q16 What was this survey mainly about?

- ☐ The defence industry and CSR (1)
- ☐ Ice cream (2)
- ☐ Furnitures (3)

End of Block: Block 8

Start of Block: Block 9

Q17 I identify as:

- ☐ Male (1)
 - ☐ Female (2)
 - ☐ Non-binary / third gender (3)
 - ☐ Prefer not to say (4)
-

Q18 What is your age?

- ☐ <24 (1)
 - ☐ 25-34 (2)
 - ☐ 35-44 (3)
 - ☐ 45-54 (4)
 - ☐ 55-64 (5)
 - ☐ >65 (6)
-

Q19 Education (highest degree completed)?

- ☐ Less than high school (1)
 - ☐ High school graduate (2)
 - ☐ Bachelor's degree (3)
 - ☐ Master's degree (4)
 - ☐ Doctorate (5)
-

Q20 What is your current occupation

- ☐ Unemployed (1)
 - ☐ Employed (2)
 - ☐ Student (3)
 - ☐ Retired (4)
-

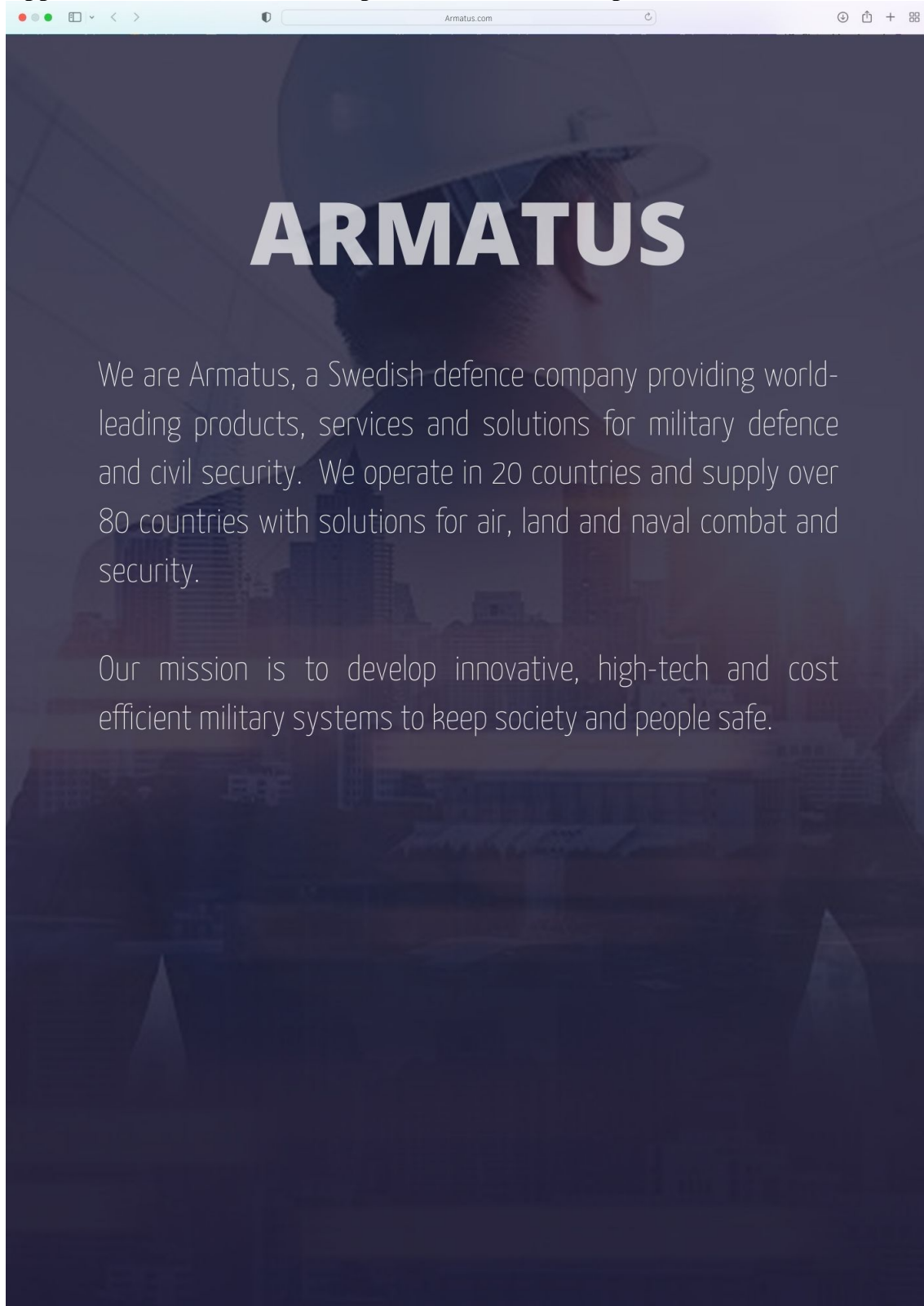
Q21 If you wish to participate in the lottery to win a gift card worth 150 SEK at Filmstaden, please write your email address so we can contact you.

End of Block: Block 9

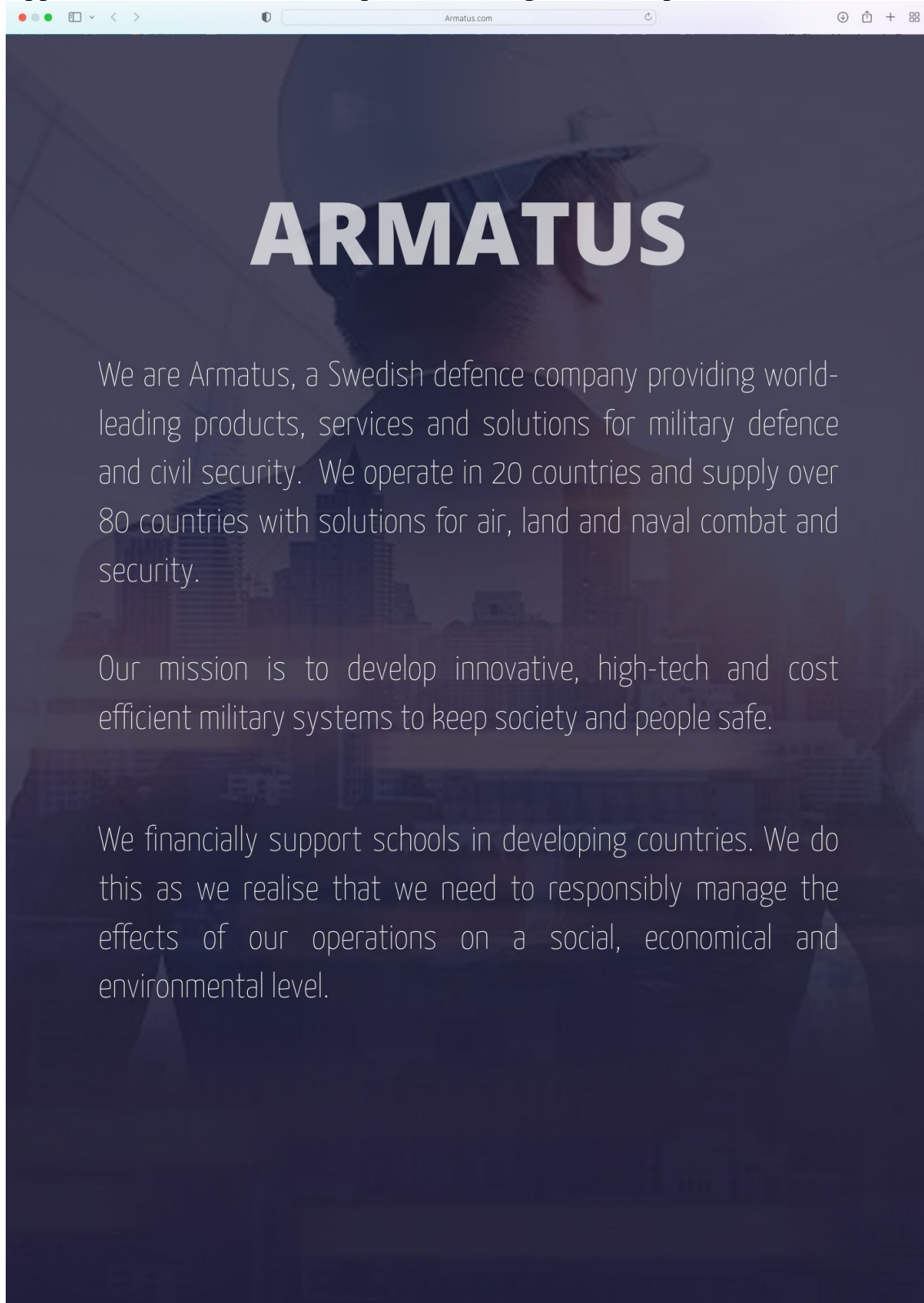
Start of Block: Block 10

We thank you for your time spent taking this survey.
Your response has been recorded

Appendix 2: Communication exposed to Control Group



Appendix 3: Communication exposed to Incongruent Group



Appendix 4: Communication exposed to Congruent Group

