THE IMPACT OF INTERNAL SOCIAL SUSTAINABILITY ON CUSTOMER ATTITUDE TO THE FIRM

A QUALITATIVE ANALYSIS OF HOW TRANSPARENCY AND QUALITY OF INTERNAL SOCIAL SUSTAINABILITY INFLUENCE CUSTOMER PERCEPTIONS

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The impact of internal social sustainability on customer attitude to the firm. A qualitative analysis of how transparency and quality in internal social sustainability influence customer perceptions

Abstract

With the new EU regulation for sustainability reporting, CSRD, the topic of social sustainability comes into the spotlight for businesses. Companies use different strategies to improve customer perceptions of their brands, where research in the field of social sustainability marketing has focused on external social sustainability and philanthropic initiatives. Internal social sustainability has primarily been researched from the perspective of employee performance and wellbeing. This study aims to bridge this gap with the purpose to provide deeper understanding if transparency and/or quality of internal social sustainability impacts customer perception and behavior. A quantitative questionnaire-based field experiment was conducted. The effect of transparency and quality of internal social sustainability on customers attitude toward the firm was assessed. The result shows no effect of transparency on customer attitude to the firm, but a significant effect of the quality of internal social sustainability. High quality internal sustainability significantly increases customers attitude toward the firm for all customer groups, supporting that customers take companies' responsibility efforts into account in their decision making when considering purchasing a product. Furthermore, if customers have a strong engagement in CSR, this effect become even stronger. Our results suggest that internal social sustainability may be a market differentiator for companies, and therefore it should be in the interest of both business and society for managers to prioritize internal social sustainability.

Keywords:
Sustainability marketing, Internal social sustainability, Social sustainability transparency, Customer attitude to the firm

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1. Introduction

In today's evolving business landscape, the transition towards integrating Environmental, Social, and Governance (ESG) factors into corporate strategies marks a pivotal shift in how companies operate and communicate their values. The emphasis on social sustainability within this framework has gained momentum, driven by the European Union's Corporate Sustainability Reporting Directive (CSRD). The CSRD is an amending directive to be implemented in Swedish law and proposed to enter into force on July 1, 2024 (Finansinspektionen, 2024). This new mandate compels companies to transparently report on their social sustainability efforts, highlighting the importance of these initiatives in today's market. However, the specificity of what constitutes social sustainability factors from a consumer perspective remains underexplored, particularly when compared to the extensive research on environmental sustainability. However, the specificity of what constitutes social sustainability factors from a consumer perspective remains underexplored, particularly when compared to the extensive research on environmental sustainability.

1.1 Background

To give an understanding of what internal social sustainability is and its relevance to customers, we will firstly present a review of both academic knowledge and knowledge gathered by the consumer goods industry about the relevance of social sustainability to company performance and a definition of social sustainability. It will be followed by a review of the current knowledge in academics about internal social sustainability initiatives followed by a section about the customer impact of transparency of corporate social sustainability initiatives which then will lead to a defined problem area and the specific research questions.

1.1.1 External pressure to see beyond profit: The rise of the planet and people dimension in evaluation of result

The current trend of moving from a financial perspective on performance to a holistic perspective has widened managers' attention to also include an environmental and social perspective on performance. Profit maximization and shareholder satisfaction has traditionally been considered the primary and most important responsibilities of businesses. Now, other stakeholders are starting to gain as much importance (at least in some corporations, there are still different opinions regarding this) as shareholders to corporations. An evolution that is changing the landscape of business objectives (The Economics Review, 2023). The growth of the stakeholder perspective means that a broader set of constituencies must be served (Stanaland et al., 2011). Corporate Social Responsibility (CSR) is a management strategy that builds on the idea that companies need to achieve a balance of economic, social, and environmental imperatives in order to fulfil their obligation to the society around them (The Economics Review, 2023). The European Commission concisely defines CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” (European Commission 2001, p. 6).

The transformation of moving from a shareholder perspective solely focusing on financial results to a stakeholder perspective with a balance between financial, social and environmental results has moved from a few innovative first mover companies setting an example and acting as role models, to the construction of concepts such as CSR, to voluntarily implementation of CSR, to a stakeholder demand for CSR (investors and customers asking for it) to this point in time when regulations will obligate companies to disclose CSR data. The European Union´s new Corporate Sustainability Reporting Directive (CSRD), adopted by the European Commission in November 2022, will obligate companies to provide information on the environmental, social and governance (ESG) sustainability of their business practices in a transparent and comparable manner. The CSRD will replace and build on the Non-Financial Reporting Directive (NFRD) by introducing more detailed reporting requirements and expanding the number of companies that must comply (Ernst & Young, 2024).

1.1.2 Definition of social sustainability

Social sustainability is about identifying and managing business impacts on people (see a more thorough description of social sustainability in appendix 1) (UN Global Compact, 2024). Social sustainability can be classified as internal and external.

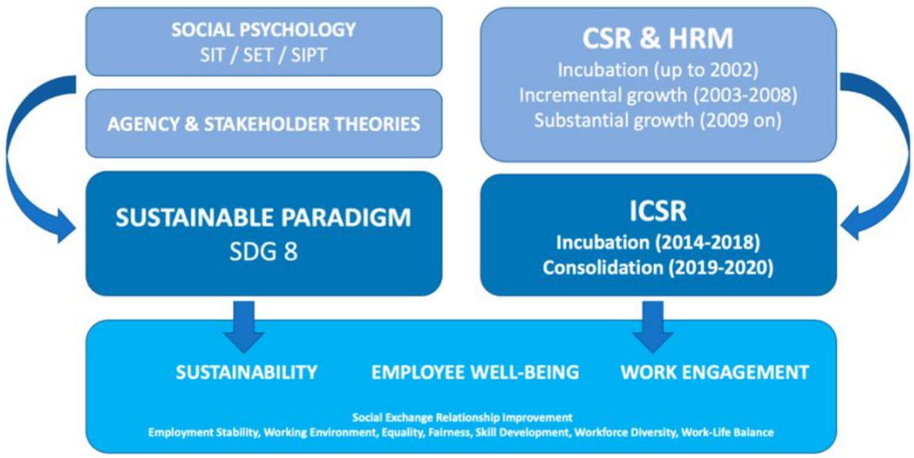
1.1.2.1 External social sustainability

External social sustainability is about managing how the company interacts and impacts the community in which it operates, including workers in the value chain, customers and the society.

1.1.2.2 Internal social sustainability

External social sustainability has been both more widely studied in academia and used in practice, compared to internal social sustainability. In the academic literature external practices have been widely studied, while internal practices have not, and evidence of the incorporation of sustainable and responsible principles in internal management practices is not particularly common. Therefore, internal social sustainability is a relatively new field of research that is in a process of definition (Sánchez-Hernández et al., 2021). There is consensus that internal social sustainability is about what happens to the employees within the firm (Sánchez-Hernández et al., 2021; UN Global Compact, 2024). Sánchez-Henández et. al have recently published a paper with the aim to conceptualize internal social sustainability. In figure 1 below is a visual summary of the development in research of the concept internal social sustainability (which they call internal corporate social responsibility, hence the abbreviation ICSR).

Figure 1: Conceptualization of internal social sustainability (Sánchez-Hernández et al., 2021)



Although formulation of internal social sustainability as a concept is relatively new, it has consolidated since 2019, there is substantial research in the fields of corporate social responsibility (CSR) and human resource management (HRM) to build on. Internal social sustainability's theoretical paradigms stems from a combination of social psychology and stakeholder theories and has been highly connected to UN's sustainable development goal number 8 "promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all". "Decent" and "sustainable" work can be understood in this context as that which provides a fair income, safety in the workplace, and social protection to families, thus offering better prospects for personal development and favoring social integration. All people should have equal opportunities in the workplace (Sánchez-Hernández et al., 2021). Thus, good internal social sustainability result in employees with high well-being and work engagement. Organizations that have high quality internal social sustainability ensure employment stability, a good working environment, equality, fairness, skill development through education and training, workforce diversity and enable a good work-life balance. A responsible organization will always consider the internal side of social sustainability and prioritizing the well-being of employees and ensure internal structures and processes that enables their people to use their capacities in the best way.

1.1.3 Impact of social sustainability on company performance

Current research show that the impact social sustainability has on companies' financial performance is ambiguous. It is yet not clearly established that profit maximization and social responsibility can co-exist without a trade-off. Various studies are claiming that CSR activities have either a positive, negative or no impact on a firm's profits (The Economics Review, 2023). Furthermore, social risks often come second to environmental risks when sustainability-related investment decisions are considered, even though social risks are a threat to societal stability and thus the global economy (BNP Paribas Asset Management, 2024). Benefits for companies achieving social sustainability includes increased employee morale and engagement, unlocking of new markets due to decreased poverty and increased equality, attraction and retention of new business partners and product and service innovation. The consequences of this may be increased productivity and improved risk management and company-community conflict mitigation (UN Global Compact, 2024). One explanation for this ambiguous result of the impact of social sustainability of the organizations performance is the time horizons. The effect of sustainability investments often shows on a medium- to long-term horizon. Financial results are measured and reported on at least quarterly basis. Thus, the motivation of decision makers to prioritize sustainability at the cost of financial results might be more difficult in time with economic pressure and decreasing margins. It may also vary depending on the purpose of the company and if the business-model is closely related to sustainability factors. (BNP Paribas Asset Management, 2024; UN Global Compact, 2024). Research of internal social sustainability in diverse fields such as operations, economics and organizational behaviour have shown that management practises that make employees feel supported by the organization and thus exhibit higher engagement and work morale. This in turn leads to improved employee performance and increased productivity of the organization (De Neve et al., 2019; Saks, 2006). To take care of the employees through good working conditions can also improve employee retention, which in one study resulted in improved performance and higher sales (Williams et al., 2018). Furthermore, a meta-analysis of 339 independent studies shows that employee wellbeing led to higher productivity, and, ultimately, to tangible benefits to the bottom-line of the businesses. The positive effect of the bottom-line result can be explained through both increased revenue and cost reduction. In the study they found strong positive correlation between employees' satisfaction with their company and employee productivity and customer loyalty which impacts revenue.

And they also saw a strong negative correlation of employees' satisfaction with their company and staff turnover. This reduces the cost of new recruitment and onboarding, as well as potential lowered productivity of the employees in the process of leaving their jobs (De Neve et al., 2019). In conclusion, there is evidence pointing to that a high level of internal social sustainability might lead to increased profit through increased productivity.

1.1.4 Transparency of social sustainability

Transparency represents the degree to which a company openly communicates and discloses information about its internal processes. In this study, the transparency of internal social business practices, including its employee well-being and living wage, is of interest. There is not much research on the topic transparency of internal social sustainability. Although the published research about social sustainability communication has shown that transparency into a company's internal responsibility practices can be at least as motivating of customer sales as transparency into its external responsibility initiatives (Buell & Kalkanci, 2021a). Yet, internal social responsibility initiatives are seldom reported transparent to the customers. Thus, we as authors wonder if customers think it is important to look inside the company (Buell & Kalkanci, 2021).

1.1.5 Customers attitude to the firm

It may seem obvious to the reader that high quality internal social sustainability should lead to positive effects on the attitudes toward the firm of a company's customers. And indeed previous marketing research has focused on how investments in a broad array of corporate social responsibility (CSR) initiatives can influence customer perceptions and behaviours in ways that may benefit the firm (Du et al., 2010; Ellen, 2006; Sen, 2006; Yoon et al., 2006). But the majority of previous research has had an external focus. About two-thirds of the previous research of how customers react to firms pursuing and marketing responsibility activities have focused on the impact of philanthropic activities, i.e. activities that go beyond the core business operations and are aimed at benefiting society at large (Peloza & Shang, 2011). This research has concluded that if the philanthropic initiatives fit well with a firm's overall mission, customer beliefs, attitudes, and intentions toward that firm increased (Becker-Olsen et al., 2006; Ellen, 2006; Simmons & Becker-Olsen, 2006). Furthermore, proactive instead of reactive philanthropy was found to be effective for supporting corporate and brand image (Ricks, 2005).

Although, there is in theory potential drawback for customers with firms investing in ESG. Potential short-term negative consequences for customer might be higher costs for products due to higher prices as companies pass on the costs for ESG process to customer (e.g. availability of fewer suppliers due to ESG demands might raise material prices for the firm). Another potential negative effect for customers is reduced product availability since the company might need to limit the range of products they offer due to availability or cost reasons. Lastly, another potential drawback for customers might be decreased quality of product if firms need to prioritize ESG factors over other factors. Since research of how investments in internal social sustainability affect customers is scant, there is uncertainty if any of these potential drawbacks will affect customer attitude toward the firm. A recent study focused on comparing the effect of transparency of external versus internal social responsibility initiatives on customers. They found that providing customers with transparency into a firm's socially sustainable operations practices may increase sales as much as, or more than transparency into external CSR initiatives (Buell & Kalkanci, 2021a). A report from the Swedish trade unions Handels, Seko and Transport highlights how Swedish customers´ are willing to wait a few days longer for their deliveries and pay extra for shipping options that are social sustainable. Swedish customers see the firms´ social sustainability work as at least as important as the environmental sustainability and 83 percent of customers think that social sustainability and fair conditions for workers are important (Rosenström et al., 2023). Thus, prior research as well as industry reports indicate that employees working conditions are of relevance for customer. Thus, prior research as well as industry reports indicate that employees working conditions are of relevance for customer. Although previous research indicate that managers do not seem to be motivated by increasing sales figures when prioritizing internal social sustainability. A survey of supply chain leaders revealed that fewer than 20% were motivated by the sales effects of engaging in internal social sustainability practices (Lee et al., 2012). Perhaps this is not surprising giving the lack of scientific support that internal social sustainability has a positive impact on customers. But if internal social sustainability indeed affects customers attitude toward the firm and their purchase intention equally or more as external social sustainability initiatives, then there is an opportunity for companies to create more value. Because by investing more in the wellbeing of a firm's employees, not only will the employees thrive and, in turn, perform better for the organization, but according to research, customers will also value the firm more for having done so (Buell &

Kalkanci, 2021a). Thus, based on the scarce research within the field and the potential positive implication for firm performance is it of high importance to better understand the relationship between a firms' internal social sustainability practices and customers attitude toward the firm.

The effect of the persuasion process in ELM is typically measured by the effect in individuals' attitudes and behavior (J. Kitchen et al., 2014). Since our thesis aim to investigate if transparency and/or quality of internal social sustainability affects customer perception and behaviour and what factors might impact that effect, purchase intention could be considered a relevant dependent variable. But prior research in psychology and marketing has found that customers' attitude toward a firm is an antecedent of purchase intention (Burton et al., 2000; Cho, 2015). And it has also been found that attitude toward the firm mediates the relationship between transparency of supplier monitoring activities and purchase intention (Duan et al., 2021). Furthermore, research on CSR communication also highlights that the brand image and brand attitude mediate CSR activities effect on purchase intention (Ramesh et al., 2019). Therefore, we make the assumption that customer attitude to the firm is highly correlated with purchase intention, and we choose to focus our analyses on the direct effect of transparency and high quality internal social sustainability on customer attitude to the firm.

1.2 Problem area

Historically companies have handled sustainability topics through communication and PR. But the new EU CSRD directive makes the board ultimately responsible for company's sustainability reporting (Bolter, 2024). We argue that this makes it even more important to thoroughly assess the impact of ESG initiatives on business results. With the effect of sustainability investments often showed on a medium- to long-term horizon and the pressure to report financial numbers quarterly, it becomes essential to decompose the process of how ESG investments lead to these medium- and long-term positive financial effects. If decision makers understand the path toward the long-term results, then they firstly might be more willing to trust the process and not act reactively during financially harder times by decreasing sustainability initiatives, and secondly, they might be able to better measure and track the progress and thus make better decisions. A key element of profitability is of course sales and thus, customers reaction in terms of attitudes and behaviour to companies' sustainability communication is essential to sustain and gain market shares in a competitive landscape. Today companies analyse which ESG sustainability factors are considered material, that is what sustainability factors that are both important to stakeholders and have a high impact on the company's business and reputation. Since CSRD that obligates social sustainability reporting of companies is fairly new, this terrain is not as well researched as environmental sustainability reporting. Even though EU works on specifying how sustainability reporting could/should be done, there is still a lot of uncertainty to which social sustainability factors are important to customers, and impact their perception of a company and its brand and as a consequence, their purchase behaviour. Since prior research indicate that transparency of internal social sustainability initiatives increases sales, this together with the internal benefits for the firm described above indicate that investing in internal social responsibility might result in more value for the company than investing in social initiatives that are external to the firm's value chain.

1.3 Purpose and Research question

With the lack of scientific support of if and how transparency into internal social sustainability as well as the quality of internal social sustainability affect customers it is not very surprising that few companies consider it strategic for market differentiation. Thus, it is possible that companies underestimate the materiality of internal social sustainability. A better understanding of how companies can use internal social sustainability for market differentiation might increase the number of companies that invest in their internal social sustainability and may create a win-win situation with improved wellbeing for employees, more satisfied customers, and increased revenue for the company (Buell et al., 2017; Buell & Kalkanci, 2021a; Buell & Norton, 2011; Mohan et al., 2020). There is little research on CSR that has covered its relationship with customers' attitudes extensively (Barlas et al., 2023). Therefore, the purpose of this thesis is to provide further knowledge in the fairly unexplored field of how transparency and/or quality of internal social sustainability affects customers perception of a company and their subsequent behaviour. Prior research in psychology and marketing has found that customers' attitude toward a firm is an antecedent of purchase intention (Burton et al., 2000; Cho, 2015). Therefore, we choose to focus on the direct effect of transparency and quality of internal social sustainability on customer attitude to the firm. More specifically we want to provide further knowledge of how transparency of internal social sustainability affects customer attitude to the firm.

Thus, the first research question is:

Does transparency into internal social sustainability effect customer attitude to the firm?

Furthermore, we want to provide further knowledge if the quality of internal social sustainability impacts customer attitude to the firm. Does it matter for the customer if the company has high quality internal social sustainability practices, or low quality internal social sustainability practices?

Thus, the second research question is:

Does the quality of internal social sustainability affect customer attitude to the firm ?

1.3 Delimitations

As a bachelor thesis that examine how transparency and/or quality of internal social sustainability impacts customer in Swedish context certain delimitations exist. Firstly, the geographical scope is limited to Sweden, with people resident in Sweden as our target group. Secondly, we have already defined that it is the internal social sustainability that is of interest to explore further. But since the social sustainability reporting taxonomy is so wide, it is important to narrow down the internal social sustainability that might impact Swedish customers perception and behaviour. Among the three areas of social sustainability: decent work, adequate living standards and wellbeing for end-users, or customers and inclusive and sustainable communities and societies we choose to focus on decent work (Öberseder et al., 2014).

1.5 Expected contribution

By studying the Swedish context, we can contribute with an extended understanding of how transparency of internal social sustainability affects customer perception and behaviour in a new region with other products and customer groups. Furthermore, if we can learn more about how transparency and/or quality of internal social sustainability affects customer perception and behaviour, it can provide guidance to how firms can differentiate themselves through transparency into their internal social sustainability. It may also serve as a guidance for managers to how resources to internal social sustainability are to be allocated to maximize the desired effect. By dissecting the customer viewpoint within consumer goods, this study seeks to provide actionable insights for companies striving to pinpoint their material ESG factors and enhancing their strategic approach to CSR.

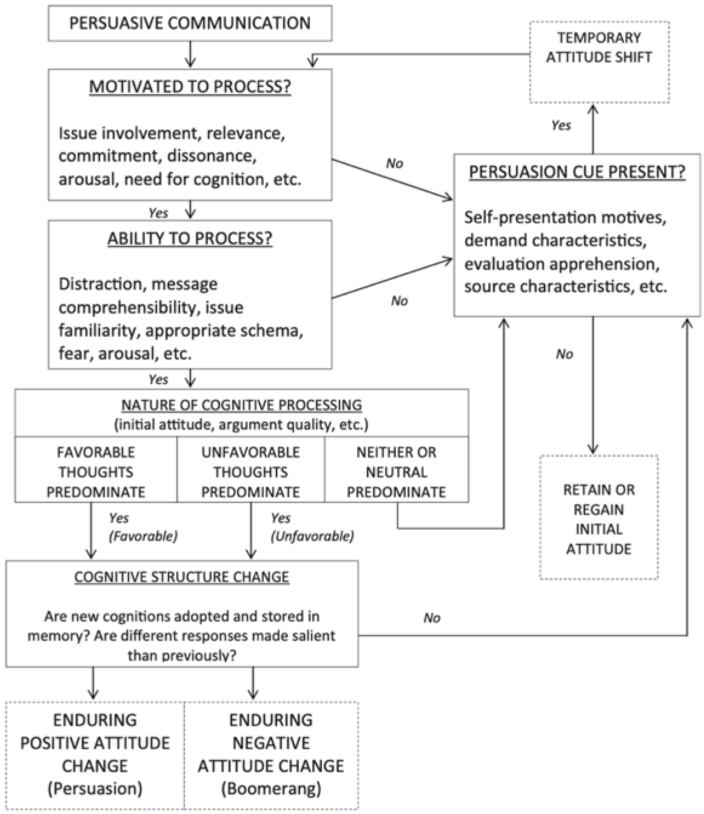
2. Literature review with theoretical framework

In the following section, we present prior research on the topic of our study. In addition, relevant theories and models are presented to generate hypotheses regarding how transparency and/or quality of internal social sustainability may impact customer perception and behaviour.

2.1 The Elaboration Likelihood Model (ELM)

The Elaboration Likelihood Model (ELM) developed by Richard Petty and John Cacioppo in the 1980s, is a theory of persuasion that explains how people form attitudes, and consequently make decisions, based on the characteristics of the stimuli. It is considered one of the most influential and cited models in advertising to date (J. Kitchen et al., 2014). According to ELM people process persuasive messages and make decisions based on the degree to which they engage in cognitive processing, elaboration, of the information presented to them. There are two routes to persuasion: the central route (high elaboration) and the peripheral route (low elaboration) (Cacioppo & Petty, 1984). These two routes are anchored at two opposite ends on a continuum, rather than two distinct categories, which represents the likelihood of cognitive effort being expended to process a message. Thus, processing through central route involves thoughtful consideration of the message content and arguments presented, and evaluation of the message's relevance and credibility. Therefore, persuasion through the central route is based on the content of the message, the strength and quality of the arguments. As a contrast, the peripheral route to persuasion requires little cognitive effort and the cognitive processing focusing more on the superficial aspects of the message, such as source credibility and heuristics such as the packaging of the message, rather than the content of the message itself. Therefore, persuasion through the peripheral route is based on factors external to the actual message content (Petty et al., 1983). According to ELM, enduring attitude change, and subsequent behavior is a result of the central route. The extensive consideration of message arguments makes the attitude formation more persistent (Haugtvedt & Petty, 1989). While attitudes formed via the peripheral route are more temporary in nature and not as predictive of subsequent behaviour (Petty et al., 1983). The ELM model is illustrated in Figure 2.

Figure 2. The Elaboration Likelihood Model (Petty and Cacioppo 1983, p. 6)



The individual's motivation and ability are the factors that impact elaboration, and thus decide what route is taken. When an individual is motivated and has the ability to carefully evaluate a persuasive message, he/she is likely to engage in central route processing. But when an individual lacks motivation and/or ability to engage in thorough cognitive processing, he/she may rely on peripheral cues or heuristics to make decisions. The ELM will be applied to the CSR communication context below.

2.2 The Elaboration Likelihood Model in a social sustainability communication context

Customers play a critical role in a firm's financial performance. It is through the customers buying the products and/or services that the company gain their revenue. Since positive reputations play a critical role in the overall assessment of any enterprise, and are hard to build and easy to lose, a firm's communication of their social sustainability efforts become even more important (Stanaland et al., 2011). Previous research has shown that transparent ESG communication might increase sales, enhance the credibility of sustainability information, and strengthen customer trust (Buell & Kalkanci, 2021a; Du et al., 2011; Ellen, 2006; Sen, 2006; Yoon et al., 2006). The Elaboration Likelihood Model has been widely used in marketing research, including in CSR communication context (Bogel, 2015; Camilleri, 2022). For internal social sustainability to impact customer behaviour positively we argue that the persuasion must go through the central, high elaboration, route. Since information about social sustainability requires the recipient to understand the content of the message, the processing of information involves thoughtful consideration of the message content and arguments presented, and evaluation of the message's relevance and credibility. Below, we discuss how a company's transparency and quality of internal social sustainability may influence a receiver's motivation and ability to process internal social sustainability information and thus, affect an individual's attitude toward a product. influence a receiver's motivation and ability to process internal social sustainability information and thus, affect an individual's attitude toward a product.

2.2.1 Effects of transparent social sustainability communication on process motivation

According to ELM, an individual's motivation is impacted by various factors such as if the individual is actively involved in the issue, whether or not the message has personal relevance, the individuals commitment to the issue, if the message are aligned to one's world view or if cognitive dissonance occur and the level of arousal that arise in the individual (Petty and Cacioppo, 1983).

So, why do transparency of internal social sustainability impact customer positively? Previous research has found primarily two explanations to this. Firstly, it affects customer trust toward the company. Because when a firm reveals its internal social sustainability practices, it often reveals the baseline negative social and/or environmental impacts of its processes. A recent study that examined how customers perceive companies' disclosure workforce diversity information found that customers perceive firms that disclose their workforce data more positively and to be more committed to DEI initiatives, relative to firms that choose not to disclose, particularly when these disclosures reveal diversity within the workforce. But, they found no evidence that a company's disclosure of its workforce diversity data negatively affects attitudes or perceived company commitment to diversity, even when it reveals racial disparities across job categories (Balakrishnan et al., 2022). One explanatory mechanism to this is that transparency of a firms' social sustainability increases customers perceptions of the firms' honesty, and they may be more likely to tie the firms' intentions to an intrinsic motivation to do good (Aktar, 2011). If the transparency is perceived to be voluntary and sensitive, it is likely to engender even greater trust in the firm (Mohan et al., 2020). Secondly, it affects the perception of accountability. Transparency into its internal efforts is a signal that a firm is taking responsibility for the harms imposed by its operations and enacting steps to reduce them (Buell & Kalkanci, 2021).

Then, how may the quality of internal social sustainability impact customers? According to ELM persuasion through the central route is based on the content of the message, the strength and quality of the arguments (Petty et al., 1983) If a company that is transparent with its internal social sustainability processes report good internal social sustainability, that should in this case be considered a high-quality argument that increase the likelihood for the customer to engage in central route processing. If the customer also value and have a high commitment to do good to others and the society, the process motivation increase further enhancing the likelihood for a high elaboration process. Marketing research has shown that customers perceptions of a firm's stance on CSR are influenced by its corporate marketing efforts including branding, reputation building, and communications (Stanaland et al., 2011). Transparency can create awareness for the customers of the company's social sustainability initiatives, but good social sustainability can present CSR as a bond between the firm and its customers and other stakeholders (Maignan & Ferrell, 2004). A meta-analysis shows that customer-company identification mediates the effect of CSR on customer loyalty and word of mouth (Afonso Vieira et al., 2023). This might be understood through the ELM model as transparent communication increases involvement of the customer, and if the social sustainability processes are good, the customer can identify more with the company. This customer-company identification increases personal relevance for the customer. Both of which increase process motivation and consequently persuasion through the central route.

2.2.2 Effects of transparent social sustainability communication on process ability

An individual's ability to process a message argument includes if there are distracting stimuli present, repetition of the message, level of complexity, and the amount of prior experience to the topic that the individuals have (Petty and Cacioppo, 1983). A challenge with sustainability reporting is the lack of established benchmarks to which customers would compare the efforts of a particular firm. It may be difficult for customers to interpret the data which increase the level of complexity and thus decrease process ability. Financial reporting has developed over a long period of time with implementations of standardizations and norms while the reporting of sustainability has lacked these kinds of norms and standardizations. The Swedish financial authority argues that given the fragmented nature of sustainability reporting reveals a critical gap in standardized, transparent sustainability information. This gap is especially pertinent in Sweden, where sustainability is a core societal and business value, and they underscore the importance of transparent reporting in guiding sustainable investment and customer decisions (Finansinspektionen, 2024). The relatively new incorporation of company's social sustainability reporting might mean that individuals in general have lower prior experience within the field, which decrease their process ability. Although a factor of personal engagement in the topic might indicate more prior experience of the social sustainability topic and thus, customer engagement in corporate social responsibility might increase individuals process ability and increase the likelihood that the central route is used. Prior research has showed that the transparency of information regarding firms' sustainable initiatives was connected to higher product quality perceptions, purchase intention and sales (Borin et al., 2011; Buell & Kalkanci, 2021a). A heterogenous board of directors can be a way for firms to signal that they adhere to social law and values (Miller & Del Carmen Triana, 2009). Thus, it seems like internal sustainability initiatives can function as a signal to customers that impact their attitude toward the product and the brand. We claim that information of a firm's internal social responsibility initiatives signals a firm's socially responsible behaviours and intentions, and thus impact customer attitude to the firm.

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Hypothesis	
H1a	Transparency of internal social sustainability has a positive effect on customer attitude to the firm.
H1b	High quality internal social sustainability has a positive effect on customer attitude to the firm.

2.2.3 The effect of transparency of internal social sustainability and/or high quality internal social sustainability is moderated by customer engagement in CSR

Customer engagement in CSR may affect the effect transparency and/or quality of internal social sustainability has on customer attitude to the firm. Previous research on corporate social responsibility (CSR) communications has demonstrated that the relevance of information may impact the individual's attitude toward CSR communication (Camilleri, 2022). If the customer has a high personal engagement in CSR, the CSR information will most likely be perceived as more relevant and affect the customers attitude to the firm more positively. Just as philanthropic initiatives that fit well with a company's overall mission makes it more credible and tends to improve customer beliefs, attitudes, and intentions, as opposed to when there is a discrepancy between the sustainability initiative and the company's mission (Becker-Olsen et al., 2006).

There is a borderline of how customers view the company’s transparency of internal social sustainability. Customer process motivation might decrease if cognitive dissonance occurs between a customer's high CSR engagement and a company’s’ bad internal social sustainability. Thus, we assume that both high quality internal social sustainability and the transparency of internal social sustainability will have a larger impact on customer attitude to the firm for customers with high engagement in CSR than for customers who do not value CSR as highly.

Hypotheses	
H2a	Transparency of internal social sustainability has a larger positive effect on attitude to the firm for customers that have CSR engagement than low CSR engagement
H2b	Internal social sustainability has a larger positive effect on attitude to the frimfor customers that have CSR engagement than low CSR engagement

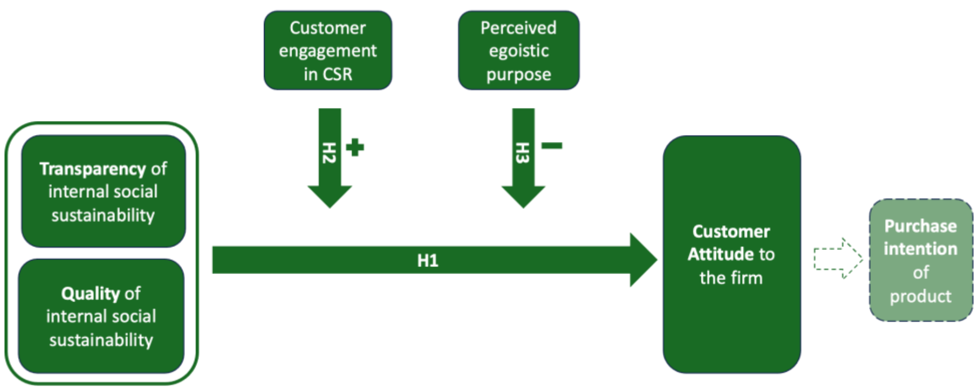
2.2.4 The effect of transparency of internal social sustainability and/or high quality internal social sustainability is moderated by firms perceived egoistic purpose

Previous research has shown that if the underlying motive of a firm pursuing CSR initiatives can be perceived as equivocal, the advantages that comes with transparency of social sustainability are reduced. Customers may perceive transparency into external CSR activities as attempts to inflate the firm’s reputation while diverting attention away from the social or environmental problems for which it is directly responsible, irrespective of the organization’s actual performance (Nyilasy et al., 2014). When the firm’s motivation is not attributed to a desire to benefit society, but rather as shareholder driven and/or egoistic to build reputation and/or profits it will be viewed negatively by customers who respond with lower purchase intent (Ellen, 2006). If customers perceive the company’s transparency to be self-serving it might reduce their purchase intention (Becker-Olsen et al., 2006; Webb & Mohr, 1998). The perception that the company’s transparency is self-serving might arise when customers recognize private benefits to the firm of the sustainability initiative such as cost savings that supports the company’s profit motive (Buell & Kalkanci, 2021a; Rajaram & Corbett, 2002). Thus, perceived egoistic purpose by the company of engaging in internal social sustainability may reduce the customers process motivation and decrease the likelihood to engage in central route processing with the consequence of lower positive attitude toward the firm.

Hypotheses	
H4a	Transparency of internal social sustainability has a lower effect on attitude to the firm for customers that perceive the firm to have a high egoistic purpose than for customers that perceive the firm to have a low egoistic purpose
H4b	Internal social sustainability has a lower effect on attitude to the firm for customers that perceive the firm to have a high egoistic purpose than for customers that perceive the firm to have a low egoistic purpose

By considering moderating variables, we aim to provide a deeper understanding of the factors that influence customer responses to companies' internal social sustainability. The full model is summarized in figure 3.

Figure 3. Visualization of the study's various variables along with the three formulated hypotheses.



**The dotted arrow to purchase intentions illustrate that we only measure attitude as dependent variable but make the assumption that attitude and purchase intentions are positively correlated. Implicating that if our model has a significant result on customer attitude to the firm, it should also have that on purchase intention.*

3. Methodology

The methodology section presents the scientific approach for our study, as well as study design. Furthermore, measures used within the study and the concepts of reliability and validity are discussed.

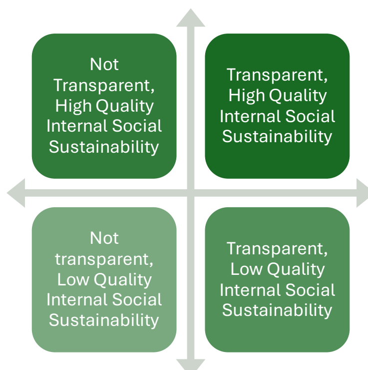
3.1 Scientific approach

As our study uses a deductive approach, we used already established theories within marketing research to generate several hypotheses to examine whether these models also apply to transparent communication of internal social sustainability initiatives (Bell et al., 2022).

3.2 Study Design

We conducted one vignette-based, role-playing experiment to test the causal relationships proposed in our hypotheses. Such an experiment is particularly appropriate when the dependent variable of interest is a perception such as purchase intention (Lonati et al., 2018). Each group were presented with a vignette that described a company that either had high or low internal social sustainability.

Figure 4. A graph illustrating the four different vignettes.



All respondents received a questionnaire. The questionnaire looked the same for all respondents within all experiment groups. But each experiment group was presented with a unique vignette.

Table 1: Number of respondents in each group

Stimuli	Number of respondents		
Stimuli 1: Not transparent, Low quality internal social sustainability	43		
Stimuli 2: Not transparent, High quality internal social sustainability	45		
Total Not transparent	**88**		
Stimuli 3: Transparent, Low quality internal social sustainability	53	**Total Low Quality Internal Social Sustainability**	**Total High Quality Internal Social Sustainability**
Stimuli 4: Transparent, High quality internal social sustainability	45		
Total Transparent	**98**	**96**	**90**

To ensure that the differences between the experiment groups were attributable to the differences in transparency and quality of internal social sustainability the aim was to keep the other variables as constant as possible. Therefore, we chose to focus on companies within one industry to ensure products were similar within each condition. Previous research has found support for a positive effect of transparency of high quality internal social sustainability on sales in the apparel and coffee industry (Buell & Kalkanci, 2021a). Since the survey is sent out to a sample of the Swedish population, we want to focus on a product that is reasonable to assume a Swedish citizen will purchase within the defined time frame. Thus, we also need to take into consideration the current economy. In the spring of 2024, the Swedish economy is in a recession. High inflation and rising interest rates since 2022 have put pressure on households and businesses, and especially interest-sensitive households are hit hard. Since we don't want to evaluate socioeconomic effects on purchase intentions, we choose a product that is reasonable to assume most households in Sweden can purchase if they have a need during the spring 2024. One industry that is considered to be relatively recession resistant is consumer staples. That is because no matter what happens in the economy, people still need certain household items on a recurring basis. Within the S&P 500 Index, consumer staples are broken down into six industries: beverages, food and staples retailing, food products, household products, personal products, and tobacco. But we also want the purchase to be significant enough for the respondent to reflect over the transparency and quality of internal social sustainability. A too small and cheap item can make the customer feel that their individual purchase doesn't matter so much. But also, that they can choose differently next time. A somewhat larger purchase in terms of economic cost and useful life of the product might lead to a more rational decision-making process, weighting in the information in the vignette more. Therefore, we suggest the product to be a toaster. It is a product that is well known that is reasonable to assume people would replace if the old one broke, even if Sweden was in a recession. The choice of brand was KitchenMax, a hypothetical brand that currently not exists on the market. By choosing a non-existing brand the respondents did not have pre-existing biases of the firm. of the firm.

3.3 Variables

3.3.1 Dependent variable

Our model has one dependent variable, customers attitude to the company that is described below. Furthermore, we make an assumption that attitude towards the company function as an antecedent to purchase intention, as described in the introduction. Although we choose to include purchase intention as a variable to ensure this relationship is true also in our study.

3.3.1.1 Customer attitude towards the company

The effect of the persuasion process in ELM is typically measured by the effect in individuals' attitudes and behavior (J. Kitchen et al., 2014). Attitude toward the firm was assessed by asking respondents about their feeling toward the brand. Respondents´ attitude toward the company's transparency of internal social sustainability and quality of internal social sustainability was measured in the questionnaire (for more information about items included see table 3) using 5-point semantic differential scale (Burton et al., 2000; Cho, 2015; Duan et al., 2021; Wagner et al., 2009).

3.3.1.2 Purchase intention

Purchase intention is assessed by asking respondents about their likelihood of purchasing products or services from the company in the future, as well as their willingness to recommend the company to others. Respondents´ purchase intention of our fictive product was measured with four items in the questionnaire (for more information about items included see table 3) using 5-point Likert scale (Coyle & Thorson, 2001; Erkan & Evans, 2016; Putrevu & Lord, 1994).

3.3.2 Independent variables

Our model consists of two independent variables that are described below: transparency of internal social sustainability and quality of internal social sustainability.

3.3.2.1 Transparency of internal social sustainability

Our independent variable is the level of transparency of a company's internal social sustainability processes. Since we want to test both how the effect of high-quality vs low quality internal social sustainability and the effect that a company's transparency about their internal social sustainability, we choose to conceptualize transparency as the company's willingness to talk with media about their internal social sustainability. It was measured as a dichotomous variable through two different vignettes of transparency or no transparency in an experimental condition (see detailed description of the vignettes in table 2).

3.3.2.2 Quality of internal social sustainability

Quality of internal social sustainability was operationalized as information about the firm's working conditions and the level of inclusiveness provided through a third part source, a report cited in the news article in Dagens Nyheter. The purpose of this design is to ensure the information about the internal social sustainability is provided through another source than directly from the firm, to enable us to have transparency as a separate variable. Suggestions of how companies can measure their internal social sustainability highlights working conditions as a core factor (Mory et al., 2016; Öberseder et al., 2014; Sánchez-Hernández et al., 2021). Metrics of internal social sustainability relevant to customers of Swedish corporations may be qualitative indicators that focus on policies and procedures in the company that enable decent work such as processes for on-boarding, policies for parental leave, work-place policies such as office presence etc. And quantitative indicators that are good proxies for the objectives they address regarding decent work. Examples are sick-leave and employee retention as measures of a good work environment, proportion of females and/or ethnic minorities on different company levels as a measure of diversity and inclusion (Platform on Sustainable Finance, 2022). Connecting the insights from the prior research, the factor that will work as a proxy for high quality internal social responsibility is working conditions. In our study we choose to conceptualize working conditions as a good and inclusive work environment. Good in the terms that initiatives to improve employee wellbeing have resulted in reduced sick leave, and inclusive through the symbolism that the board of directors is heterogenous in terms of gender. Low quality internal social sustainability is on the contrary conceptualized as rising sick leave numbers and a homogenous board of directors. It is measured as a dichotomous variable through two different vignettes of high quality internal social sustainability or low quality internal social sustainability in an experimental condition (see detailed description of the vignettes in table 2).

3.3.3 Moderating variables

Previous research has identified several factors that might impact the effect transparency and/or quality of internal social sustainability have on customer attitude to the firm. We have selected two factors of high relevance that potentially moderate the main effect in our study that is described below: customer engagement in CSR and perceived egoistic purpose.

3.3.3.1 Customer engagement in CSR

Customer engagement in was measured with two items in the questionnaire (for more information about items included see table 3) using 5-point Likert scale (Maignan, 2001). Customer engagement in CSR variable is represented by CSR1 " I would pay more to buy the products of a company that shows caring for the well-being of our society" in the analysis of the data since the indexed CSR variable received an alpha under the acceptable level (See section Reliability). The median of the CSR variable (Mdn 3.0) was then used to divide the CSR variable into "Low Customer engagement into CSR" vs "High Customer engagement into CSR".". Alternative approaches to split the respondents into low and high groups could have been used. However, since the median was 3 it was seen as an appropriate approach since the respondents who disagreed with the statements that indicated that the respondent was engaged in CSR were labelled as "Low CSR engagement" while the respondents who agreed with the statements were labelled as "High CSR engagement".

3.3.3.2 Perceived egoistic purpose

The customers perception of the company's egoistic purpose was measured with five items in the questionnaire (for more information about items included see table 3) using 5-point semantic differential scale (Pérez & del Bosque, 2013; Salmones et al., 2005). The Perceived egoistic purpose variable is represented by Ego1 "I believe that KitchenMax tries to maximize its profits" in the analysis of the data since the indexed Ego variable received an alpha under the acceptable level (See section Reliability). The median of the Ego variable was then used to divide the Ego variable into "Low Perceived egoistic purpose" vs "High Perceived Egoistic Purpose". Egoistic Purpose". Alternative approaches to split the respondents into low and high groups could have been used. However, since the median was 3 it was seen as an appropriate approach since the respondents who disagreed with the statements that indicated that firm had an egoistic purpose were labelled as as the "Low" group while the respondents who agreed with the statements were labelled as the "High" group.

3.4 Vignettes

Participants in all scenarios was provided the same contextual information: First you will see a short case consisting of a product page of a product, a toaster, and then a news article from

Dagens Nyheter about the company behind the toaster. You will then be asked a few questions about your perceptions of the toaster and the company. See Table 2 for the language used in the respective vignettes (see appendix B for a full visual example).

Table 2. Description of the four vignettes

1) Not Transparent, Low Quality Internal Social Sustainability	**2) Transparent, High Quality Internal Social Sustainability**
KitchenMax enters the Swedish market. KitchenMax is a company specialising in qualitatively and affordable kitchen products. This year, they are about to establish themselves on the Swedish market with their kitchen products, including their best seller ToastMax 2000. In a recent published report KitchenMax is on top-10 of "least attractive employers" due to the high level of sick-leave that had raised from 3% to 6 % and the lack of diversity in the board of directors with only 10 % women. KitchenMax did not give our journalists consent to conduct a interview with KitchenMax's CEO, and thus, we did not get any comments on the numbers in the report or an explanation of the company's social responsibility strategy.	*KitchenMax enters the Swedish market.* KitchenMax is a company specialising in qualitatively and affordable kitchen products. This year, they are about to establish themselves on the Swedish market with their kitchen products, including their best seller ToastMax 2000. In a recent published report KitchenMax is on top-10 of "most attractive employers" due to both their focus on employee wellbeing that had reduced sick-leave from 5% to 2,5% and the diversity and inclusion initiative that resulted in a board of directors with 45% women. KitchenMax gave our journalists consent to conduct a thorough interview with KitchenMax's CEO that explained the company's social responsibility strategy and commented on the numbers presented in the report.
3) Transparent, Low Quality Internal Social Sustainability	**4) Not Transparent, High Quality Internal Social Sustainabilityn**
KitchenMax enters the Swedish market. KitchenMax is a company specialising in qualitatively and affordable kitchen products. This year, they are about to establish themselves on the Swedish market with their kitchen products, including their best seller ToastMax 2000. In a recent published report KitchenMax is on top-10 of "least attractive employers" due to the high level of sick-leave that had raised from 3% to 6 % and the lack of diversity in the board of directors with only 10 % women. KitchenMax gave our journalists consent to conduct a thorough interview with KitchenMax's CEO that explained the company's social responsibility strategy and commented on the numbers presented in the report.	*KitchenMax enters the Swedish market.* KitchenMax is a company specialising in qualitatively and affordable kitchen products. This year, they are about to establish themselves on the Swedish market with their kitchen products, including their best seller ToastMax 2000. In a recent published report KitchenMax is on top-10 of "most attractive employers" due to both their focus on employee wellbeing that had reduced sick-leave from 5% to 2,5% and the diversity and inclusion initiative that resulted in a board of directors with 45% women. KitchenMax did not give our journalists consent to conduct a interview with KitchenMax's CEO, and thus, we did not get any comments on the numbers in the report or an explanation of the company's social responsibility strategy.

3.5 Survey and Questionnaire

To gather data about the Swedish customers opinions about companies' transparency and quality of internal social sustainability a self-completion survey was created in Qualtrics. The language used in the survey was English because it enabled the distribution in channels that included some non-Swedish speaking groups, e.g to students at Stockholm School of Economics. The survey consisted of 9 blocks with a total of 27 questions. The first block was an introduction with general information about the survey. The introduction text included the subject of the survey and the estimated time to complete the survey. In this block it was also stated that a donation of 5 SEK to Barncancerfonden would be made for every respondent. At the end of the block, contact information was provided.

The second block provided the respondents with GDPR information and stated that the responses in the survey would be treated anonymously and with confidentially according to the GDPR regulations. At the end of the block, the respondents were given a choice of either accepting the GDPR information or rejecting it. If the respondent rejected the GDPR information the respondents were sent directly to the end of the survey. In the third block, the product page was showed.

The fourth block was the experimental condition where one of the four vignettes were randomized to be shown to the respondent (See table 1 for number of respondents for each vignette group and table 2 for description of each vignette). When the data was collected the respondents were evenly distributed in the four experimental conditions, but when excluding respondents due to control questions and partially answers there is a slight difference in number if respondents between the different experimental groups.

Block five, six and seven consisted of a self-completion questionnaire where the respondents answered questions connected to the product page and vignette shown in block three and block four respectively. Five-point scales were used for all psychometric measures and where nothing else is mentioned, response categories ranged from 1 = "strongly disagree" to 5 = "strongly agree." Block eight consisted of four questions connected to the respondents' demographics. The first question assessed gender, the second question collected data regarding the respondent's age, the third question about the respondent´s occupation and the fourth question asked if the respondent lived on the countryside or in the city.

The ninth block consisted of three questions that evaluated the survey, see *Chapter 3.5.2 Validity*. Furthermore, to improve the quality of the collected data, one control question was included in block 4(Oppenheimer et al., 2009). See appendix B for the complete survey that was sent out to the respondents and figure 5 for the survey flow.

Figure 5. Survey flow

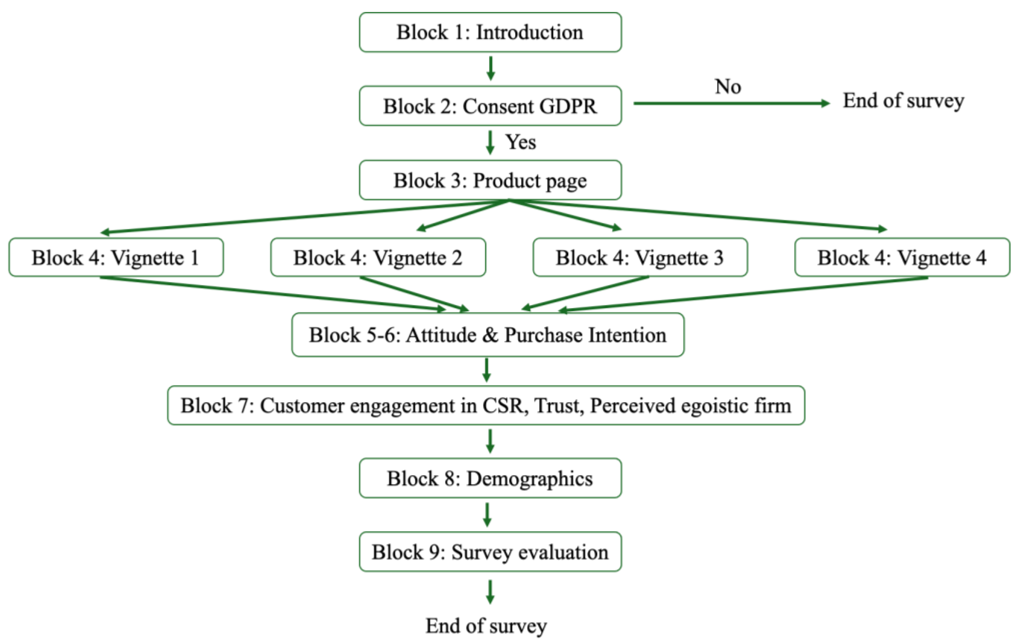


Table 3. Questionnaire design

Questionnaire design		
Construct	**Variable**	**Question**
Customer Attitude to the firm	Att1	In general, my feelings toward KitchenMax are unfavorable/favorable
	Att2	In general, my feelings toward KitchenMax are bad/good
	Att3	In general, my feelings toward KitchenMax are unpleasant/pleasant
	Att4	In general, my feelings toward KitchenMax are positive/negative
	Scale: Semantic differential scale	
Purchase Intention	PI1	PI1: It is very likely that I will buy products from KitchenMax
	PI2	PI2: It is very likely that I will buy a ToastMax2000 given the scenario that I am looking to buy a toaster.
	PI3	PI3: I will try other products from KitchenMax
	PI4*	PI4: I will recommend the ToastMax2000 to my friends that need a toaster
	Scale: Likert scale 1 (strongly disagree) – 5 (strongly agree)	
Trust in the company**	Trust1	I feel secure while making use of the company's' products
	Trust2	I trust the quality of the products hat the company is providing
	Trust3	The company cares for its customers

	Trust4	The company is honest with its customers
	Scale: Likert scale 1 (strongly disagree) – 5 (strongly agree)	
Customer engagement in CSR	CE1	I would pay more to buy the products of a company that shows caring for the well-being of our society
	CE2	If the price and quality of two products are the same, I would buy from the firm that has a socially responsible reputation
	Scale: Likert scale 1 (strongly disagree) – 5 (strongly agree)	
Perceived egoistic purpose	Ego1	I believe that KitchenMax tries to maximize its profits
	Ego2	I believe that KitchenMax tries to insure its survival and long-term success
	Ego3	I believe that KitchenMax tries to solve social problems
	Ego4	I believe that KitchenMax tries to play a responsible role in the society beyond their economic benefits
	Ego5	I believe that KitchenMax tries to contribute to the society
	Scale: Likert scale 1 (strongly disagree) – 5 (strongly agree)	
Demographic data	Gender	Gender
		Scale: Male/Female/Other/Prefer not to say
	Age	Age
		Scale: open answer number of years
	Occupation	Occupation
		Scale: student/worker/retired/other
	Geog	Geographic region
		Scale: Countryside/city
Evaluation of survey	Eva1	The questions were clearly formulated
	Eva2	The answer alternatives were clearly formulated
	Eva3	The survey was neutral and did not try to influence my answers in any way
	Scale: Likert scale 1 (strongly disagree) – 5 (strongly agree)	

** PI4 can be seen as a WoM-item rather than an item for Purchase Intention. However, the item is included since it has been treated as a Purchase Intention item in previous research studies within the topic of sustainability (Erkan, I., & Evans, C. 2016). and the indexed Purchase Intention variable in this study received an acceptable Cronbach´s alpha level when the item was included.*

** *Initially we thought that the effect of transparency of internal social sustainability and/or high quality internal social sustainability would be moderated by firm trust and questions of this was included in the survey. This showed to not be true, and therefore we removed the trust variable to get a more accurate model. See appendix C for more information.*

3.6 Sampling of respondents

3.6.1 Execution

The data was collected 20th - 30th April 2024.

3.6.2 Sample population

Looking at the demographic table below, we see that we have a somewhat skewed demographic group. 76% are resident in cities as opposed to on the countryside, 70% are females and 71% are full-time employees. The age is more normal distributed with 34% being in the ages 35-44. Although the sample groups in the study are large enough to give statistical power, subgroups of countryside resident, males and other occupations than full-time employees are small. Thus, we did not have sub samples large enough to do statistical analysis comparing these different sub-groups which could have provided some additional findings.

Table 4. Residence

Residence	Number of respondents	Percent (%)
Countryside	45	24
City	141	76

Table 5. Occupation

Occupation	Number of respondents	Percent (%)
Student	29	16
Student + Part time employed	22	12
Full time employed	132	71
Unemployed	1	1
Retired	2	1

Table 6. Age group distribution

Age	Number of respondents	Percent (%)
19-24	33	18%
25-34	41	22%
35-44	63	34%
45-54	30	16%
55+	19	10%

Table 7. Gender distribution

Gender*	Number of respondents	Percentage (%)
Male	55	30%
Female	129	70%

*1 respondent answered “Prefer not to say”

3.7 Data collection

Several distributions channels were used to gain participants to the survey. Firstly, the survey was distributed to students at Stockholm School of Economics through an email where a link to the survey, generated from Qualtrics, was included. Secondly, the survey was distributed in the thesis authors private channels on social media (Facebook and LinkedIn) as well as to personal contacts. Survey respondents were encouraged to forward the survey to their networks to broaden the sample.

3.7.1 Data quality

In total, 315 respondents began answering the survey. Out of these, 210 completed the whole survey whereas 105 respondents answered partially (respondents needed to finish all parts of a block before progressing to the next block, however not all respondents finished all blocks). The high amount of partially responses can be explained by the fact that the majority of the partially responses are from respondents who began the survey only a few days before the survey closed. Out of the 210 who answered the full survey, 186 got the control question correct. The amount of people who answered the control question wrong is reasonable when taking into consideration that the Dagens Nyheter logo, which the control question was about, was a bit hidden on the mobile version for some respondents. The sample size of the qualified survey respondents was n = 186.

3.7.2 Data analysis

After the collection of data through Qualtrics XM, the data was exported to Microsoft Excel. In Excel the data was cleaned and then exported to the software R and R studio, where the data analysis was made. After the variables were indexed (see Variables) ANOVA tests and Simple Main effect analysis were conducted to see if the hypotheses were supported or not supported. The significance level was set to 5%. (See Results and Appendix C Data analysis for more details).

3.8 Reliability and validity

The following sections describe two essential concepts which are crucial for maintaining the quality of quantitative research, Reliability and Validity, and how these two concepts are addressed in this study (Bell et al., 2022b).

3.8.1 Reliability

Reliability concerns whether a study's measurements are consistent and replicable should the study be conducted again (Bell et al., 2019). To ensure reliability in this study, we assessed internal consistency using Cronbach's Alpha. Cronbach's Alpha values range from 0 to 1, where 0 signifies no internal consistency and 1 denotes perfect consistency. Typically, a Cronbach's Alpha value above 0.7 is considered acceptable for demonstrating reliability. Therefore, as previously stated in *Chapter 3.3.3 Moderating variables*, multiple items were used to index the variables Attitude, CSR engagement, Perceived Egoistic Purpose, and Purchase Intention. All the variables then received a Cronbach's Alpha ranging from 0 to 1. As shown in Table 7, Attitude had a very high alpha (0.96) and PI is above 0.7, indicating that they are all over the acceptable level of internal consistency. The lower alpha value of the CSR engagement variable might be explained by the low number of items. To deal with this, only the CSR1 question was used in the data analysis. The Ego variable had a low alpha as well and only the Ego1 question was therefore used in the data analysis. *See 3.3.3 Moderating variables* for more details.

Table 7: Summary of Cronbach´s alphas

Variable	Not Transparent High Quality Internal Social Sustainability	Not Transparent Low Quality Internal Social Sustainability	Transparent Low Quality Internal Social Sustainability	Transparent High Quality Internal Social Sustainability	Aggregate	Number of items
Attitude	0.98	0.95	0.95	0.96	0.96	4
CSR	0.37	0.62	0.75	0.64	0.59	2
Ego	0.62	0.59	0.74	0.63	0.65	5
PI	0.84	0.87	0.92	0.84	0.87	4

3.8.2 Validity

The concept of validity refers to if the measurements really measure what they are supposed to measure (Bell et al., 2022). In this study, previous research was used to formulate the questions and the questionnaire got feedback from several marketing experts, to make sure the questions were clearly formulated and related to our topic to increase the validity. Regarding external validity and to what extent our findings can be generalized beyond the context of the study, the sample used in the study is quite diverse and large it is in line with external validity.

3.8.3 Survey evaluation

The final block of the survey included statements to measure the validity of the measurements. Three statements were included, see table 8, that concerned the respondents´ experience of the survey. These items were measured on a 5-point Likert scale to check if our questions were appropriately formulated and if respondents felt that the questions were framed to influence their response in some direction. With a mean of 4.10 and a median of 4, most participants agreed that the questions were clearly formulated. Since our target group was people resident in Sweden it is reasonable to assume that a large share of our sample has Swedish as their mother tongue. That the questionnaire was in English, might be one explanation for respondent rating lower on clarity of questions. The answer alternatives seem to have been clearly formulated with a median of 4.32. Although some respondents felt that the questionnaire were not all neutral, the mean is still 3.95 and the median 4 indicating that respondents experienced neutrality of the questions to a high extent.

Table 8. Summary of the mean, median and standard deviation for all the statements in the survey evaluation.

Question	Mean	Standard Deviation	Median
The questions were clearly formulated	4.10	1.06	4
The answer alternatives were clearly formulated	4.32	0.92	5
The survey was neutral and did not try to influence my answers in any way	3.95	1.12	4

Note: 5-point Likert scale "Strongly disagree" (1) to "Strongly agree" (5)

4. Results and analysis

In the following sections we present and discuss the results and based on this, we either conclude that the hypothesis is supported or not supported. See appendix C Data Analysis for comments regarding assumptions and the relationship between customer attitude toward the firm and purchase intention.

4.1 Hypothesis testing

4.1.1 Hypotheses 1a and 1b

Table 9. Descriptive statistics for the independent variable Transparency of Internal Social Sustainability

		Attitude	
Group	**n**	**M**	**SD**
Transparent	98	3.05	0.88
Not Transparent	88	2.89	0.95

Table 10. Descriptive statistics for the independent variable Internal Social Sustainability

		Attitude	
Group	**n**	**M**	**SD**
High Quality Internal Social Sustainability	90	3.61	0.66
Low Quality Internal Social Sustainability	96	2.38	0.70

Table 11: Two-way ANOVA for Attitude as affected by Transparency and Internal Social Sustainability

Effect variables	df	F	Significance	Parital η^2
Transparency	1	2.336	0.128	0.025
High Quality Internal Social Sustainability	1	155.811	<0.001 ***	0.461
Transparency * High Quality Internal Social Sustainability	1	1.550	0.215	0.008
Error	182			

Transparency (M = 3.05) generates a higher mean than Not Transparent which indicating that being transparent has a positive effect on Attitude. However, this main effect of Transparency on Attitude is not statistically significant ($F = 2.336$, $p = 0.128$, partial $\eta2 = 0.025$). This means that, overall, varying levels of transparency do not have a significant impact on customer attitudes to the firm. To see if this effect might not be significant due to the circumstances of our study, a power test was conducted. The power test showed that the size of the experiment groups in our study met the criteria for being able to conclude that the effect is not significant.

High quality Internal Social Sustainability ($M = 3.61$) generates a higher mean than low quality Internal Social Sustainability ($M = 2.38$) indicating a positive main effect of high quality Internal Social Sustainability on customer attitude to the firm. This main effect is significant ($F = 155.811$, $p < 0.0001$, partial $\eta2 = 0.461$). This indicates that the presence of High quality Internal Social Sustainability has a strong positive effect on customer attitude to the firm compared to low quality internal social sustainability.

The interaction effect between transparency of internal social sustainability and high quality internal social sustainability on customer attitude to the firm is not significant ($F = 1.550$, $p = 0.215$, partial $\eta2 = 0.008$).

Hypotheses		
H1a	Transparency of internal social sustainability has a positive effect on customer attitude to the firm.	Not supported
H1b	High quality internal social sustainability has a positive effect on customer attitudes to the firm.	Supported

4.1.1.2 Implications of the findings from H1 hypotheses testing on the rest of the hypotheses

Our hypothesis testing of H1a which proposed that transparency in internal social sustainability communications positively affects customer attitude to the firm is not supported by the data. This absence of a significant effect of transparency critically impacts the progression to our subsequent hypotheses (H2a, H3a). Given the lack of a main effect, testing for additional variables connected to Transparency (H2a, H3a) would not yield meaningful insights.

4.1.2 Hypothesis 2b

Table 12. Simple means comparison of attitude for High and Low Customer CSR engagement

Effect variables	Unexposed mean (SD)	Exposed mean (SD)	Difference	Significance
Low CSR engagement	2.47 (0.66)	3.56 (0.59)	1.09	<0.001
High CSR engagement	2.12 (0.76)	3.70 (0.79)	1.58	<0.001

Table 13: Two-way ANOVA for attitude as affected by high quality internal social sustainability and CSR Engagement

Effect variables	df	F	Significance	Partial η^2
High Quality Internal Social Sustainability	1	152.881	<0.001 ***	0.457
CSR engagement	1	0.592	0.443	0.003
High Quality Internal Social Sustainability * CSR engagement	1	5.051	0.026 *	0.027
Error	182			

CSR engagement does not have a statistically significant effect on attitudes by itself $F(1, 182) = 0.592$, $p = 0.4427$, partial $\eta2 = 0.003$). This suggests that CSR engagement alone does not influence customer attitudes to the firm to a measurable extent in this analysis. The interaction between High quality Internal Social Sustainability and CSR engagement is statistically significant ($F(1, 182) = 5.051$, $p = 0.0258$). This result suggests that the effect of High quality Internal Social Sustainability on customer attitudes to the firm varies depending on the level of CSR engagement. An additional moderation test was conducted to explore the interaction effect further and it was seen that high levels of CSR engagement increase the effect of High-quality Internal Social Sustainability which results in that H2b is supported. In addition, we can notice that the effect size is quite low (partial $\eta2 = 0.027$). Both groups attitude is significantly higher when High quality Internal Social Sustainability is present compared to when High quality Internal Social Sustainability is absent (see table 12). We can conclude that High quality Internal Social Sustainability has a positive effect on both customers that are not engaged in CSR and customers that are engaged in CSR. The low effect size of the interaction effect indicates that even if it´s differences between the groups and the hypothesis is supported, it can be beneficial to marketing High quality Internal Social Sustainability to both type of groups if the goal is to increase customer attitude to the firm.

H2b	High quality internal social sustainability has a larger positive effect on attitudes for customers that have high CSR engagement than low CSR engagement	Supported

4.1.3 Hypothesis 3b

Table 14. Simple means comparison of attitude for High and Low Perceived Egoistic Purpose

Effect variables	Unexposed mean (SD)	Exposed mean (SD)	Difference	Significance
Low Ego	2.47 (0.64)	3.60 (0.68)	1.13	<0.001
High Ego	2.29 (0.76)	3.61 (0.64)	1.33	<0.001

Table 15: Two-way ANOVA for attitude as affected by Internal Social Sustainability and Perceived Egoistic Purpose

Effect variables	df	F	Significance	Partial η^2
High Quality Internal Social Sustainability	1	149.682	<0.001 ***	0.444
Ego	1	0.805	0.371	0.004
High Quality Internal Social Sustainability * Ego	1	0.912	0.341	0.005
Error	182			

Perceived Egoistic Purpose does not have a statistically significant main effect on customer attitudes to the firm ($F(1, 182) = 0.805$ $p = 0.371$, partial $\eta2 = 0.004$). The non-significant interaction indicates that the effect of High quality Internal Social Sustainability on customer attitudes to the firm does not vary significantly between different levels of perceived egoistic purpose ($F(1, 182) = 0.912$ $p = 0.341$, partial $\eta2 = 0.005$). With this and by looking at table 16 we can see that whether customers perceive the company's motivations as egoistic or not, High quality Internal Social Sustainability consistently improves customer attitudes to the firm. The hypothesis is not supported.

H4b	High quality internal social sustainability has a lower effect on attitudes for customers that perceive the firm to have a high egoistic purpose than for customers that perceive the firm to have a low egoistic purpose	Not supported

4.5 Summary of hypotheses

Table 16. Summary of hypotheses

Hypotheses		
H1a	Transparency of internal social sustainability has a positive effect on customer attitude to the firm.	Not supported
H1b	High quality internal social sustainability has a positive effect on customer attitude to the firm.	Supported
H2a	Transparency of internal social sustainability has a larger positive effect on attitudes for customers that have CSR engagement than low CSR engagement	Not tested*
H2b	High quality internal social sustainability has a larger positive effect on attitudes for customers that have CSR engagement than low CSR engagement	Supported
H3a	Transparency of internal social sustainability has a lower effect on attitudes for customers that perceive the firm to have a high egoistic purpose than for customers that perceive the firm to have a low egoistic purpose	Not tested*
H3b	High quality internal social sustainability has a lower effect on attitudes for customers that perceive the firm to have a high egoistic purpose than for customers that perceive the firm to have a low egoistic purpose	Not Supported

** Due to H1a being "Not supported", the subsequent hypotheses (H2a, H3a) were not tested.*

5. Discussion and conclusions

In the following section, our results will be interpreted, explained, and discussed based on the research questions posed.

5.1 Does transparency into internal social sustainability effect customer attitude to the firm?

The first hypothesis test our two main research questions. The results of the first hypothesis shows that transparency does not affect customer attitude to the firm positively. Previous research has shown that ESG and CSR transparency impact customers positively, with more positive attitude toward the company, product and/or the brand as well as increased purchase intention and purchase behaviour (Du et al., 2011; Ellen, 2006a; Sen, 2006; Yoon et al., 2006). But most of the research withing this field concerns philanthropic CSR initiatives(Peloza & Shang, 2011). And most of the research on social sustainability that does not concern philanthropic initiatives done so far has focused on transparency of external social sustainability. Recent research has indeed showed effect of transparency of internal social sustainability on customer attitude to the firm and behaviour, but that was transparency of a firm's high quality internal social sustainability practices (Buell & Kalkanci, 2021). It might be that it is not always good to be transparent, it depends on what the company is transparent about. If the firm in out experiment was transparent with information regarding the internal social sustainability that was new to the customers and not only commented on information already known in a report, perhaps the result would have been different.

Another potential explanation for the lack of significant effect of transparency of internal social sustainability on customer attitude to the firm is the design of our study. The respondent in the transparency condition only got to know from the vignettes that the CEO of the firm was open to share information about their internal social sustainability processes, but not what she/he had to say. This lack of qualitative arguments may have decreased the central route processing and resulted in that peripheral route processing occurred. Since the firm was fictive and the CEO unknown and anonymous, it was no clear signals to interpret the information on. This may have made it difficult to create an attitude shift. Also, the information about the internal working conditions was very salient and might have impacted respondents to a high extent. Furthermore, in the study by Buell & Kalkanci (2021), they used a control group that showed a brand imagery video with no information about social sustainability. That control condition was compared with groups that had seen an external transparency video and an internal transparency video. The result showed that relative to the baseline condition of no video, sales were enhanced when videos of any kind were showing. Thus, the mere exposure of the brand and the product increased sales. In our experiment we had no baseline condition of no product information, and thus, our result when we try to measure transparency might be hampered by the effect that the product and brand is awareness-raising to the customer and impacts attitude and purchase intention positively. Thus, our conclusion is that it is not enough for companies to be transparent about their internal social sustainability for it to be considered a competitive advantage. The effect of transparency on customer perception and behaviour depends on the situation.

5.2 Does the quality of internal social sustainability affect customer attitude to the firm ?

Our result show that high quality internal social sustainability has a strong positive effect on customer attitude to the firm. This is in line with previous research that has showed that disclosing sustainable internal working conditions indeed do affect customer purchase behaviour positively with increasing sales and contributes with insights into this unexplored field of research (Buell & Kalkanci, 2021a). It is reasonable to assume that this positive effect on customer perception and behaviour is relatively solid and last for a longer period since the central route is used for processing information reporting on a company's internal social sustainability. But newly published research shows that the positive influence of CSR on customers identification with a company diminishes over time. Perhaps since CSR no longer is a signal for unique social concern as it once was (Afonso Vieira et al., 2023). Since persuasion through the central route is based on the content of the message, the strength and quality of the arguments, according to the ELM we argue that with CSRD obligating more companies to disclose social sustainability data it will no longer be enough to just be transparent of the internal social sustainability. The company must also show good internal social sustainability. Therefore, transparency of high quality internal social sustainability should increase the strength and the quality of the argument and should impact process motivation positively. In conclusion, internal social sustainability might indeed be an undervalued factor for market differentiation – if the company has high quality internal social sustainability. And due to the potential impact on customer perception and behaviour, internal social sustainability should not only be considered to make employees thrive, but instead as a more material ESG factor that comes higher up on the top-managements agenda. that comes higher up on the top-managements agenda.

5.3 If there is a significant effect of transparency of internal social sustainability and/or high quality internal social sustainability on customer attitude to the firm to the firm, is this effect moderated by some variables?

Since our analysis revealed that transparency of internal social sustainability does not significantly affect customer attitudes to the firm our discussion will focus on the impact of the quality of internal social sustainability and explore if this effect is moderated by variables such as customer engagement in CSR, firm trust, and perceived egoistic purpose.

While customer engagement in CSR did not exhibit a significant main effect, its interaction with high quality internal social sustainability significantly influenced customer attitudes to the firm in a positive way. This suggests that for customers highly engaged in CSR, the presence of high quality internal social sustainability notably enhances their attitudes towards the firm which can be explained by that customers that are highly engaged in CSR probably has increased process ability which make them process the information with the central route to a higher extent than the customers that are less engaged in CSR. Although the effect size is modest, it confirms the relevance of integrating high quality internal social sustainability into marketing strategies as a differential advantage when communicating about CSR. Both CSR-engaged groups show improved attitudes when high quality internal social sustainability were present, highlighting that the positive impact of high quality internal social sustainability on low CSR-engaged customers too. This is in line with previous research about how customer who are engaged in CSR would be more satisfied with CSR initiatives (Becker-Olsen et al., 2006b). However, it also adds insights about that customers with low CSR engagement should not be ignored in marketing of high quality internal social sustainability. Firm trust independently affects customer attitudes to the firm, underscoring its importance as a standalone influencer rather than a moderator (Söderlund, 2023). This finding suggests that customers trust in a firm directly enhances customer attitude to the firm, independent of the high quality internal social sustainability. However, like CSR engagement, the presence of high quality internal social sustainability benefits all customers regardless of their trust levels, indicating that high quality internal social sustainability positive impact customers with lower trust levels as well which add new perspective to previous research about how firm trust can explain customer attitude to the firm towards CSR communication (Camilleri, 2022). No significant effects were found for perceived egoistic purpose, neither as a main effect or in interaction with high quality internal social sustainability. This uniformity suggests that high quality internal social sustainability effectiveness in boosting customer attitudes to the firm does not vary with the customer's perception of the firm's motives which does not support previous research that customers who perceive the initiatives as profit-driven would be negative towards the initiatives (Ellen, 2006).

The consistent improvement in attitudes across various segments suggests that marketing strategies focusing on high quality internal social sustainability should target a broad audience. Future studies can investigate how other customer groups, such as demographic and geographic variations, react on high quality internal social sustainability in order explore the phenomena of internal social sustainability further and to refine marketing strategies. It would be beneficial to explore whether the positive effects of internal social sustainability on customer attitude to the firm are consistent across different countries and demographic groups. Additionally, understanding the optimal level of detail in communications about sustainability practices and which channels that are most efficient to communicate the messages about internal social sustainability in, could further enhance the effectiveness of marketing campaigns and possibly increase customer attitude to the firm.

5.3 Conclusion

Our result show that it does matters for customers if a company prioritize its internal social sustainability. To prioritize the conditions for workers internally and create a good working environment not only result in increased productivity for employees, but it may also boost company profit through more positive customer attitude to the firm, which affect customers purchase intention positively and may result in increased sales. This relationship is true for all customer groups assessed in this study, supporting that customers take companies' internal social sustainability efforts into account in their decision making. Furthermore, it seems like a low risk bet to share high quality internal social sustainability with customers since it has a positive effect on attitude of the firm for all groups. Thus, our thesis supports that investing in internal social sustainability initiatives and process might be a more material ESG factor than what companies see today, and thus an undervalued factor for market differentiation. Furthermore, our results give indication to how to prioritize in social sustainability marketing. The results show that it is not always good to be transparent, it depends on the situation. There was no benefit to be transparent about low quality internal social sustainability. In our study it was enough for customers to be presented with objective data and numbers of the company's' internal social sustainability to positively influence their attitude toward the firm. Thus, it did not add any additional extra benefit if the company was transparent, and the CEO was open to talk about the internal social sustainability processes. But of course, the customers need to be aware of the high quality internal social sustainability processes somehow. If there are no objective reports or indexes presented in newspapers as in our experiment, then the company may need to be transparent with internal social sustainability data to reap the benefits from having high quality internal social sustainability. With CSRD the topic of social sustainability comes into the spotlight for businesses. We argue that top management should not only see this as a burden and an obligation to fulfil but seize the opportunity to use high quality internal social sustainability as a market differentiator to achieve both top- and bottom-line benefits while mitigating social harms.

5.4 Implications

When discussing if high quality internal social sustainability may be a market differentiator it is important to keep in mind that there is a risk connected to putting too much focus on the financial benefits that may accompany disclosing high quality internal social sustainability to customers. Because an awareness of the potential positive impact from disclosing high quality internal social sustainability may deter companies with lower quality of social sustainability to disclose their ESG practices or engaging in innovative sustainability projects for fear of criticism. This may result in a slower evolvement of high quality internal social sustainability. Thus, the pursuit of transparency of internal social sustainability must be carefully balanced with the practicalities of achieving significant social outcomes (Pucker, 2021). Furthermore, since the new EU directive on sustainability reporting, the CSRD, compared to the previous legislation imposes significantly higher disclosure requirements there is a risk to an overemphasis on reporting rather than doing for companies the coming years. Previous research has showed that transparency in ESG initiatives, aimed at fostering accountability, can inadvertently lead to negative outcomes. When the focus on sustainability reporting overshadows the importance of real impact it may create a facade of ESG responsibility rather than driving social sustainability. An overemphasis on reporting can mislead stakeholders, encourage a superficial compliance culture, and detract from meaningful sustainability efforts (Pucker, 2021). We hope that CSRD instead can contribute to normalizing the reporting of internal social sustainability, and support companies with lower quality of internal social sustainability to be transparent with their baseline and through that build a stakeholder pressure to improve their internal social sustainability. But for that to happen the reporting directives must be very clear with industry standards, so companies are comparable. If the companies are allowed to cherry pick what internal social sustainability they will report, there is a risk that companies that are bad at internal social sustainability put their efforts into finding good numbers to report rather than improve the internal working conditions.

5.5 Critique and limitations

This research, while methodologically sound and rigorous in its approach, is subject to certain limitations that must be acknowledged and addressed to better inform future studies and to ensure the accurate interpretation of its findings. Firstly, a limitation of this bachelor thesis is the time constraint inherent to the format, which restricted the duration available for data collection and data analysis. Demographic factors were measured in the survey and could have been used to analyse further about potential differences between the genders, age groups etc. Secondly, a significant limitation of this study arises from the inability to test the subsequent hypotheses (H2a, H3a) concerning variables connection to transparency. This was due to the foundational hypothesis H1a not being supported, indicating no significant effect of transparency of internal social sustainability on customer attitude to the firm. While the decision to not test these subsequent hypotheses aligns with statistical and methodological rigor, it leaves a gap in understanding how variables such as perceived egoistic purpose and customer engagement in CSR might interact with transparency under different conditions or in varied contexts. Future research could seek to explore these relationships in settings where more detailed transparency might play a more pronounced role, for instance for products where the customers put more evaluation into their decision. Another notable limitation concerns the measurement of the variables CSR engagement and perceived egoistic purpose since the Cronbach´s alpha of variables was 0.59 and 0.65 respectively. The values fall below the generally accepted reliability threshold of 0.7 suggesting issues with the internal consistency of the measurements of these variables in our study. Since we decided to use single items for the variables in our data analysis, we could avoid using indexed variables with alpha under the threshold of 0.7. However, since we used single items instead, we cannot comment on reliability for these two variables. For future research, it's appropriate to find a good way of measuring CSR engagement and Perceived egoistic purpose. Our study explored Swedish customers and our results might need to be replicated in other countries before being used by companies outside of Sweden. Lastly, a pre-study was not conducted and appropriate manipulation checks, which are typically used to ensure that the experimental manipulations are perceived by participants as intended was not included. The absence of these checks means that interpretations of how specific manipulations influenced customer attitudes must be approached with caution. Future research should include such checks to better ascertain how internal social sustainability, and the transparency of it, effects customer attitudes to the firm.

5.6 Future research

Future studies could dissect which specific aspects of internal social sustainability—such as environmental sustainability, fair labour practices, or community engagement that most significantly influence customer attitude to the firm and customer behaviours. To investigate if the findings in this thesis hold across different cultural contexts would provide valuable insights into the global applicability of high quality internal social sustainability and marketing strategies for communication of CSR. Other product segments and type of products, products with lower and higher evaluation processes than a toaster, could be explored to expand the insights into other industries. It is also of value to continue to explore potential segments to see how different customer groups react to internal social sustainability. For instance, how demographic background impact the relationship between firms being transparent of internal social sustainability and customer attitude to the firm. Finally, to conduct similar tests in different form of communication channels could be valuable to gain insights of how the message about high quality internal social sustainability is communicated in the most efficient way.

6. Appendix

Appendix A - Social sustainability reporting

In the EU Platform on Sustainable Finance Final Report on the EU Social Taxonomy, released in February 2022, it is stated that it is widely recognized that there is a need for social investments (Platform on Sustainable Finance, 2022). Both to: (i) achieve the sustainable development goals (SDGs) of the UN's 2030 agenda; and (ii) create the social internal market set out in the Treaty on European Union (Article 3). It is also widely recognized that businesses must show respect for human rights as envisaged in the UN guiding principles on business and human rights (UNGPs). In essence, the aim with increased focus on social sustainability reporting is to ensure that companies do business in a way that benefit society and protect people (UN Global Compact, 2024). The stakeholder perspective implies that a stakeholder-centric approach to communicating a company's socially responsible efforts is necessary (Stanaland et al., 2011).

How should social sustainability be measured? The report presents three overarching objectives:

1. decent work, including for value-chain workers;
2. adequate living standards and wellbeing for end-users, or consumers; and
3. inclusive and sustainable communities and societies.

These are further specified in through sub-objectives including health and safety; prevention of child labour; healthcare; access to clean drinking water; adequate housing; fair wages; non-discrimination against women; and communities' livelihoods.

As with the Environmental Taxonomy, activities will be deemed to be Social Taxonomy-compliant if they make a 'substantial contribution' to these objectives. It is proposed that measuring this substantial contribution will be done by reference to:

- Avoiding and addressing negative impact(s);
- Enhancing the inherent positive impacts of: (i) social goods and services; and (ii) basic economic infrastructure
- Enabling activities which promote other socially beneficial activities (Platform on Sustainable Finance, 2022)

Appendix B - Complete survey

Start of Block 1: Introduction

Hi and welcome to this survey!

We are two students conducting our bachelor thesis at Stockholm School of Economics. We want to explore some factors that might affect customers willingness to purchase a product.

First you will see a short case consisting of **a product page of a product, a toaster, and then a newsarticle from Dagens Nyheter about the company behind the toaster.** You will then be asked a few questions about your perceptions of the toaster and the company.

The time to complete the survey is **5-10 minutes**.

Besides helping to develop this research area and helping us getting our degree, **we will also donate 5 SEK to Barncancerfonden** for each person completing the survey.

If you have any questions about the survey, do not hesitate to contact 25406@student.hhs.se (Max Hökenhammar).

We are so grateful that you take your time to participate in our survey!

Kindly,

Max & Brita

End of Block 1: Introduction

Start of Block 2: GDPR

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 connected to the subject. Participation is naturally entirely voluntary, and this text is intended to provide you with necessary information about that may concern your participation in the study. 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 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 projected is completed.

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

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

I have taken part of the information provided above and consent to take part in this study:

o Yes. I have read the information above and give my consent to participate in this study. (Write your initials and today's date in the box below e.g EH240417) (1)
____

o No thanks. I do not consent to participate in this study (2)

End of Block 2: GDPR

Start of Block 3: Product page

End of Block 3: Product page

Start of Block 4a: Vignette 1

DAGENS NYHETER.

KitchenMax enters the Swedish market

KitchenMax is a company specialising in qualitatively and affordable kitchen products. This year, they are about to establish themselves on the Swedish market with their kitchen products, including their best seller ***ToastMax 2000***. ToastMax 2000 is expected to be priced in line with similar toasters from other brands.

In a recent published report:

KitchenMax is on top-10 of “least attractive employers” due to the high level of sick-leave that had raised from 3% to 6 % and the lack of diversity in the board of directors with only 10 % women.

KitchenMax did not give our journalists consent to conduct a interview with KitchenMax’s CEO, and thus, we did not get any comments on the numbers in the report or an explanation of the company’s social responsibility strategy.

End of Block 4a: Vignette 1

Start of Block 4b: Vignette 2

DAGENS NYHETER.

KitchenMax enters the Swedish market

KitchenMax is a company specialising in qualitatively and affordable kitchen products. This year, they are about to establish themselves on the Swedish market with their kitchen products, including their best seller ***ToastMax 2000***. ToastMax 2000 is expected to be priced in line with similar toasters from other brands.

In a recent published report:

KitchenMax is on top-10 of “most attractive employers” due to both their focus on employee wellbeing that had reduced sick-leave from 5% to 2,5% and the diversity and inclusion initiative that resulted in a board of directors with 45% women.

KitchenMax gave our journalists consent to conduct a thorough interview with KitchenMax’s CEO that explained the company’s social responsibility strategy and commented on the numbers presented in the report.

End of Block 4b: Vignette 2

Start of Block 4c: Vignette 3

DAGENS NYHETER.

KitchenMax enters the Swedish market

KitchenMax is a company specialising in qualitatively and affordable kitchen products. This year, they are about to establish themselves on the Swedish market with their kitchen products, including their best seller ***ToastMax 2000***. ToastMax 2000 is expected to be priced in line with similar toasters from other brands.

In a recent published report:

KitchenMax is on top-10 of “least attractive employers” due to the high level of sick-leave that had raised from 3% to 6 % and the lack of diversity in the board of directors with only 10 % women.

KitchenMax gave our journalists consent to conduct a thorough interview with KitchenMax’s CEO that explained the company’s social responsibility strategy and commented on the numbers presented in the report.

End of Block 4c: Vignette 3

Start of Block 4d: Vignette 4

DAGENS NYHETER.

KitchenMax enters the Swedish market

KitchenMax is a company specialising in qualitatively and affordable kitchen products. This year, they are about to establish themselves on the Swedish market with their kitchen products, including their best seller ***ToastMax 2000***. ToastMax 2000 is expected to be priced in line with similar toasters from other brands.

In a recent published report:

KitchenMax is on top-10 of "most attractive employers" due to both their focus on employee wellbeing that had reduced sick-leave from 5% to 2,5% and the diversity and inclusion initiative that resulted in a board of directors with 45% women.

KitchenMax did not give our journalists consent to conduct a interview with KitchenMax's CEO, and thus, we did not get any comments on the numbers in the report or an explanation of the company's social responsibility strategy.

End of Block 4d: Vignette 4

Start of Block 5: Attitude

Please answer the following questions with regards to your overall opinion about KitchenMax. Feel free to go back and re-review the newsarticle whenever you want.

In general, my feelings toward KitchenMax are:
- o Very unfavourable (1)
- o Unfavourable (2)
- o Neither favourable nor unfavourable (3)
- o Favourable (4)
- o Very favourable (5)

In general, my feelings toward KitchenMax are:
- o Very bad (1)
- o Bad (2)
- o Neither good nor bad (3)

o Good (4)
o Very good (5)

In general, my feelings toward KitchenMax are:
o Very unpleasant (1)
o Unpleasant (2)
o Neither pleasant nor unpleasant (3)
o Pleasant (4)
o Very pleasant (5)

Q26 In general, my feelings toward KitchenMax are:
o Very negative (1)
o Negative (2)
o Neither positive nor negative (3)
o Positive (4)
o Very positive (5)

End of Block 5: Attitude

Start of Block 6: Purchase intention

Please state to what extent the following statements match your perception about KitchenMax:

	Strongly disagree (1)	Somewhat disagree (2)	Neither agree nor disagree (3)	Somewhat agree (4)	Strongly agree (5)
It is very likely that I will buy products from KitchenMax (1)	o	o	o	o	o
It is very likely that I will buy a ToastMax2000 given the scenario that I am looking to buy a toaster. (2)	o	o	o	o	o
I will try other products from KitchenMax (3)	o	o	o	o	o
I will recommend the ToastMax2000 to my friends that need a toaster (4)	o	o	o	o	o

Let´s see if you are awake, from which newspaper was the article about KitchenMax?
o Aftonbladet (1)
o Expressen (2)
o Dagens Nyheter (3)

o Sydsvenskan (4)
o Helsingborgs Dagblad (5)

End of Block 6: Purchase intention

Start of Block 7: Trust, Perceived Egoistic Purpose, CSR engagement

You´re more than half way through! Please state to what extent the following statements match your perception of KitchenMax:

	Strongly disagree (1)	Somewhat disagree (2)	Neither agree nor disagree (3)	Somewhat agree (4)	Strongly agree (5)
I feel secure while making use of the company's products (1)	o	o	o	o	o
I trust the quality of the products that the company is providing (2)	o	o	o	o	o
The company cares for its customers (3)	o	o	o	o	o
The company is honest with its customers (4)	o	o	o	o	o

	Strongly disagree (1)	Somewhat disagree (2)	Neither agree nor disagree (3)	Somewhat agree (4)	Strongly agree (5)
I believe that KitchenMax tries to maximize its profits (1)	o	o	o	o	o
I believe that KitchenMax tries to insure its survival and long-term success (2)	o	o	o	o	o
I believe that KitchenMax tries to solve social problems (3)	o	o	o	o	o
I believe that KitchenMax tries to play a responsible role in the society beyond their economic benefits (4)	o	o	o	o	o
I believe that KitchenMax tries to contribute to the society (5)	o	o	o	o	o

Please state to what extent the following statements match your perceptions when you buy products in your daily life

	Strongly disagree (1)	Somewhat disagree (2)	Neither agree nor disagree (3)	Somewhat agree (4)	Strongly agree (5)
I would pay more to buy products of a company that shows caring for the well-being of our society (1)	o	o	o	o	o
If the price and quality of two products are the same, I would buy from the firm that has a socially responsible reputation (2)	o	o	o	o	o

End of Block 7: Trust, Perceived Egoistic Purpose, CSR engagement

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Start of Block 8: Demographics

Almost done, please answer a few questions about yourself:

What´s your gender?

o Male (1)
o Female (2)
o Other (3)
o Prefer not to say (4)

Q21 What´s your age? (Please write your age in numbers, e.g 22)

____

Which of the following best describes your life situation?

o Student (1)
o Student + Part-time employed (2)
o Full-time employed (3)
o Unemployed (4)
o Retired (5)

Where do you live?

o On the countryside (1)

o In the city (2)

End of Block 8: Demographics

Start of Block 9: Survey Evaluation

Lastly, what did you think of the study? (Please answer the questions below)

	Strongly disagree (1)	Somewhat disagree (2)	Neither agree nor disagree (3)	Somewhat agree (4)	Strongly agree (5)
The questions were clearly formulated (1)	o	o	o	o	o
The answer alternatives were clearly formulated (2)	o	o	o	o	o
The survey was neutral and did not try to influence my answers in any way (3)	o	o	o	o	o
(3)					

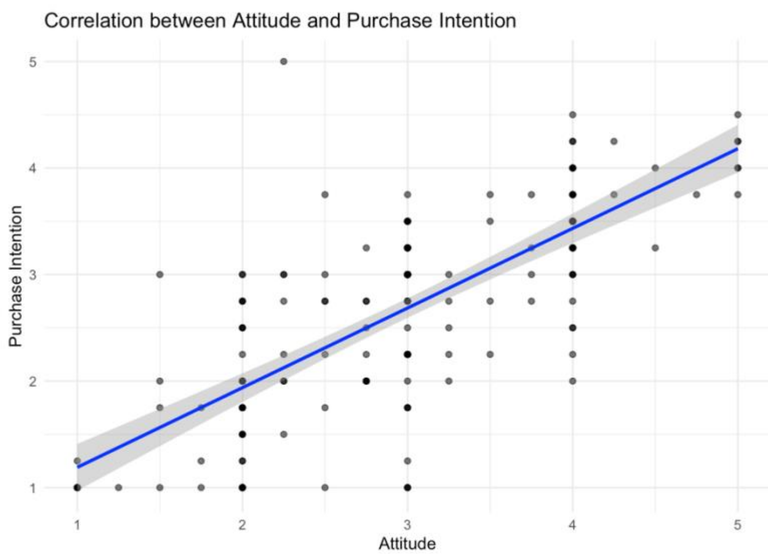
End of Block 9: Survey Evaluation

Appendix C - Data analysis

Initially, Shapiro tests were conducted to determine if the variables had normal distributions. The results showed that the variables showed tendencies of non-normality. Therefore, tests were conducted to see if transformed variables would generate different results. However, the transformed variables showed results in line with the original variables and original variables were therefore used in the analysis.

Correlation between Attitude and Purchase Intention

To see if our results for attitude can be translated into insights for Purchase Intention too, we conducted a correlation test between the two variables:



The correlation test showed that the variables Attitude and Purchase Intention have a strong positive correlation ($r = 0.733$, 95% CI [0.659, 0.793], $p < 0.001$). This suggests that improvements in customer attitude to the firm are associated with increases in their intention to purchase, with the relationship being statistically significant.

In addition a ANOVA test was conducted to see if our H1 hypotheses would generate the same results for PI as it did for Attitude:

ANOVA Results for Purchase Intention

Effect variables	*df*	*F*	Significance	Parital η^2
Transparency	1	0.028	0.867	0.002
Internal Social Sustainability	1	66.711	<0.001 ***	0.268

Transparency * RO	1	1.722	0.191	0.009
Error	182			

The main effect of Transparency on Purchase Intention is not statistically significant (F = 0.028, p = 0.867). This indicates that transparency alone does not significantly affect the purchase intentions of customers.

The main effect of RO is highly significant (F = 66.711, p = < 0.001). Similar to its effect on Attitude, RO appears to have a substantial positive effect on customers' purchase intentions.

The interaction effect between Transparency and RO on Purchase Intention is not significant (F = 1.722, p = 0.191). This suggests that the influence of Transparency on Purchase Intention is not significantly modified by the presence or absence of RO.

The ANOVA test with PI is in line with the ANOVA test for attitude (*see 4.1.1 Hypotheses 1a and 1b*) and since they also seemed to be highly correlated in the correlation test, we make assumptions that our results have valuable insights regarding Purchase Intention too.

Trust as mediator: reasoning and data analyses

Initially we thought that the effect of transparency of internal social sustainability and/or high quality internal social sustainability would be moderated by firm trust. This showed to not be true, and therefore we removed the trust variable to get a more accurate model.

Hypothesis X: trust as mediator

These variables reflect the process through which individuals perceive and interpret information about internal social sustainability shaping their attitudes. Previous research on corporate social responsibility (CSR) communications has demonstrated that the accuracy of information and source expertise may impact the individual's attitude toward CSR communication (Camilleri, 2022). For a customer to perceive information as accurate and the source as highly knowledgeable requires trust. When a firm reveals its internal social sustainability practices, it often reveals the baseline negative social impacts of its processes. Customers perceptions of honesty increases, and they may be more likely to tie the firms' intentions to an intrinsic motivation to do good (Aktar, 2011). Thus, it is expected that transparency should result in greater customer trust for the company, no matter if they have internal social sustainability or not. Therefore, we assume that firm trust works as a moderator on the effect of transparency of internal social sustainability on customer attitude to the firm. Transparency into its internal efforts is a signal that a firm is taking responsibility for the harms imposed by its operations and enacting steps to reduce them (Buell & Kalkanci, 2021b). It is likely that companies that have high quality internal social sustainability and demonstrate internal social sustainability are perceived by customers as taking more responsibility of social sustainability which may build customer trust toward the firm. Therefore, we also predict that firm trust works as a moderator on the effect of transparency on customer attitude to the firm.

Hypotheses	
HXa	Transparency of internal social sustainability has a larger positive effect on attitudes for customers that have a high trust in the firm than for customers that have a low trust in the firm.
HXb	Internal social sustainability has a larger positive effect on attitudes for customers that have a high trust in the firm than for customers that have a low trust in the firm.

Variable Firm trust

Trust in the company was measured as trust of the quality of the products and trust that the company cares for and is honest toward its customer with four items in the questionnaire (for more information about items included see table 3) using 5-point Likert scale (Achilleas Barlas et al., 2023). All questions related to Firm Trust were indexed into one Firm Trust variable (see section *Reliability* for calculated alpha of the indexed variable). The median was then used to divide the Firm Trust variable into ”High Firm Trust” vs ”Low Firm Trust”.

Hypothesis Xb testing

Table 14. Simple means comparison of attitude for High and Low Firm Trust

Effect variables	Unexposed mean (SD)	Exposed mean (SD)	Difference	Significance
Low Trust	2.25 (0.62)	3.32 (0.50)	1.07	<0.001
High Trust	2.59 (0.77)	3.93 (0.67)	1.34	<0.001

Table: Two-way ANOVA for attitude as affected by Internal Social Sustainability and Firm Trust

Effect variables	df	F	Significance	Parital η^2
Internal Social Sustainability	1	170.766	<0.001 ***	0.466
Firm Trust	1	25.538	<0.001 ***	0.123
Internal Social Sustainability * Firm Trust	1	2.056	0.153	0.011
Error	182			

Firm Trust significantly affects customer attitudes to the firm ($F(1, 182) = 25.538$, $p = <0.001$, partial $\eta2 = 0.123$). This suggests that trust is an important factor in shaping customer attitudes to the firm. Looking at the interaction between Internal Social Sustainability and Firm Trust it is not statistically significant ($F(1, 182) = 2.056$, $p = 0.153$, partial $\eta2 = 0.011$). This indicates that the effect of Internal Social Sustainability on attitudes does not vary significantly between high and low trust levels. From table 14, we can notice that the attitudes for both groups increase significantly when Internal Social Sustainability is present. To conclude, the hypothesis is not supported and the fact that both low and high group show higher customer attitudes to the firm when Internal Social Sustainability is present indicates that marketing of Internal Social Sustainability can be beneficial and increase their customer attitudes to the firm for both customers with low Firm trust and high Firm trust.

HXb	High quality internal social sustainability has a larger positive effect on attitudes for customers that have a high trust in the firm than for customers that have a low trust in the firm.	Not supported

Appendix D - Disclosure of AI-tools used in the thesis

The AI tool ChatGPT was utilised in the thesis to brainstorm ideas and DALL-E was used to generate a toaster picture that could be used in our survey. Being able to brainstorm ideas in ChatGPT added new perspectives and insights which were useful in the process of the thesis. The use of DALL-E enabled us to create a picture of a non-branded toaster that looked real but that currently did not exist on the market.

A risk with using DALL-E is that the pictures can be unrealistic and of low quality. Therefore, many pictures were generated, and the chosen one is a realistic picture that could be an image of an existing toaster. A risk with brainstorming ideas with AI tools such as ChatGPT is that the accuracy tends to vary. Not every output tends to be relevant so an important part of our process of using AI tools was to evaluate every output and compare it with other sources.

In our writing process of the thesis, the use of AI tools resulted in new perspectives and time savings which were of great value since a limit with writing a bachelor thesis is the limited time. AI tools efficiently helped us to progress in a faster way compared to if we would not have used the tools. AI tools can be useful in the writing process if they are used with care and with a clear purpose.

7. References

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