A Work Project, presented as part of the requirements for the Award of a Masters Degree in Management from the NOVA – School of Business and Economics.



# Sustainability and Consumer Responses: The Effect of Bad Industry Reputation and Fit

Sandra Oexle, No. 1375

A Project carried out on the area of Corporate Social Responsibility, under the supervision of Professor Joana Story

6<sup>th</sup> of January, 2014

### Title

Sustainability and Consumer Responses: The Effect of Bad Industry Reputation and Fit

### Abstract

This work project investigates how consumers' responses to sustainability activities of organisations are influenced by the bad reputation of the industry they are operating in. Specifically, it tested how consumers' attributions about the motives behind companies' engagement are affected and whether the fit of the cause with companies' core business influences this attributional processing. Surveying 299 participants, the study provides support that a high fit program provokes values-driven attributions, which likewise improve consumers' trust, corporate reputation and image, rendering companies' sustainability investments effective, even in bad reputation industries. Furthermore, theoretical and practical implications together with future research suggestions are provided.

Keywords: Sustainability. Bad Industry Reputation. Consumers' Attributions. Fit.

Introduction 2

### 1. Introduction

Sustainability practices are gaining importance within companies' efforts to address societal expectations and hereby creating a favorable corporate image and developing a positive relationship with consumers and other stakeholders (Blackburn, 2007). In particular, companies operating in industries which are known for their negative impact on the environment, unethical business practices and breaches of labor and safety standards, such as the chemical or the oil and gas industry (oekom research, 2012a), seem to be interested in changing their negative perception through sustainability initiatives (Du & Vieira, 2012). However, while some companies (e.g. Henkel and Sony) successfully improved their image (Laszlo, 2008; oekom research, 2012a), especially those companies operating in industries with a bad reputation regarding sustainability are still negatively perceived by consumers despite their efforts (e.g. OMV). This raises the question why those companies are not benefitting to the extent of their investments.

The abundance of theoretical work in sustainability literature suggesting how to design an effective sustainability strategy confuses rather than helps managers (Laszlo, 2008). Furthermore, to date, there is little empirical research providing an understanding of how sustainability activities (including economic, social and environmental initiatives) influence consumer responses (Choi & Ng, 2011). In order to investigate how companies operating in bad reputation industries can design an effective sustainability program, the Corporate Social Responsibility (CSR) literature can be used as a conceptual underpinning. Scholars indicate that the effectiveness of CSR initiatives is influenced by the motives consumers attribute to a company's engagement in CSR. Hereby, only *values-driven* and *strategic* attributions lead to favorable company results (Ellen et al., 2006). Due to frequent corporate scandals and accusations of "greenwashing", consumers share a general tendency of suspicion toward businesses, especially toward those with a bad reputation that are now trying to change their perception through CSR (Yoon et al., 2006). Yet, researchers provide support that a high fit of the CSR activity with the company's core business reduces suspicion and likewise provokes favorable consumers' attributions leading to positive consumer responses (Ellen et al., 2006; Fein, 1996). However, the validity of these results has not been tested for companies operating in bad reputation industries. Thus, this work project aims at answering the following research questions: (a) Why are companies operating in industries with a bad reputation regarding sustainability not benefitting from the advantages sustainability initiatives should yield? (b) Do consumers' attributions about the motives behind sustainability activities influence the effectiveness of these? (c) Does a high fit sustainability program change consumers' negative perceptions of the organization (i.e. consumer trust, corporate reputation and image)?

Hence, this work project contributes to the understanding of how sustainability practices (covering economic, social and environmental initiatives) influence consumers' responses. This understanding indicates managers how to design effective sustainability programs, especially in bad reputation industries. Moreover, it extends the CSR literature in important ways, as it is the first research about how consumers' perceptions of companies' CSR activities are affected by the reputation of the industry.

The rest of this work project is organized as follows: First, the theoretical framework will be explained leading to the formulation of the hypotheses. Next, the methodology will be described followed by the presentation of the results. Finally, a conclusion with theoretical and practical implications for successful sustainability programs in bad reputation industries will be drawn, along with limitations and future research suggestions.

### 2. Literature Review

### 2.1 Corporate Social Responsibility and Sustainability

A growing number of global industry leaders, such as DuPont, General Electric and Unilever, are adopting sustainability strategies in their core business and are hereby acknowledging businesses' broader responsibilities toward the society and the environment (Laszlo, 2008). Yet, the debate about companies' societal obligations is not new and can be traced back for centuries (Carroll, 1999; Smith, 2003). In this discussion, the two concepts of Corporate Social Responsibility (CSR) and sustainability are used interchangeably, leading to confusion about what exactly is meant by each term.

Despite numerous approaches to define CSR, there is no agreement on a single definition (Jha, 2009; O'Riordan & Fairbrass, 2008). Nevertheless, most definitions share three ideas: First, companies have societal responsibilities (social and environmental) that go well beyond maximizing their profit (economic responsibility). Second, by acknowledging this broader set of responsibilities, companies' engagement goes beyond the mere fulfillment of legal obligations, and third, these responsibilities do not only derive from companies' shareholders but also from their stakeholders (Freeman, 1984; Swaen & Chumpitaz, 2008). All three principles are highlighted in the definition developed by the Commission of the European Communities (2001): CSR is "a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis".

Similar to the concept of CSR, authors do not agree on a single definition for sustainability (Blackburn, 2007). Yet, probably the most widely used is related to the concept of Sustainable Development, which the United Nations' World Commission on Environment and Development (1987) defines as follows: "Sustainable Development is that which meets the needs of the present without compromising the ability of future generations to meet their own needs." Based on three pillars, the "Triple Bottom Line" (Elkington, 1998), companies have to simultaneously integrate economic, social and environmental goals into their business strategy. Hereby, companies should not only minimize their business activities' negative impacts on the environment and society, but also contribute actively to the sustainable development of the whole society. This enables future generations to fulfill their own needs (Blackburn, 2007; DesJardins, 2009).

In an attempt to differentiate both concepts from each other, various scholars argue that CSR can be seen as an intermediate stage, where companies try to balance economic, social and environmental issues of the current society, toward the ultimate goal of achieving this balance also for future generations, which reflects the concept of sustainability (Blackburn, 2007; Kaptein & Wempe, 2002). Due to this relationship, the CSR literature can be used as a conceptual underpinning for the sustainability literature.

However, there is also dispute in academia and practice about businesses' role in society, with Friedman (1970) stating that businesses' only social responsibility is to maximize their profits. Yet, this strategy is becoming risky: There is rising awareness of the pressing ecological and social challenges the current and especially future generations are facing (Hartman & DesJardins, 2007; Morrison, 2009). With companies' global reach and market power to tackle these problems on the one hand, and accelerating worldwide information exchange on the other hand, companies are facing increasing pressure from stakeholders to adopt this broader set of responsibilities. Scandals, such as Enron and Exxon, illustrate how companies' image and reputation can be damaged through neglecting these obligations. In fact, theorists and many business practices state that companies pursuing sustainability issues cannot only generate value for the society, but also for their business, creating a win-win situation (Laszlo, 2008; Porter & Kramer, 2006). Hartman and DesJardin (2007) declare that sustainable businesses will be the winners of the 21<sup>st</sup> century, gaining competitive advantage through improved corporate reputation, cost savings, innovations, access to new markets, strengthened risk-management and the attraction and retention of consumers and qualified employees. However, few firms benefit from sustainability initiatives to the extent of their investments. Most managers do not know how to successfully invest in sustainability programs as there is an abundance of theoretical work about how to effectively design sustainable strategies confusing managers what the best strategy is (Laszlo, 2008). Furthermore, to date, there is little empirical research investigating how specific sustainability practices (covering economic, social and environmental initiatives simultaneous-ly) influence consumers' responses, and in turn desirable firm outcomes (Choi & Ng, 2011). Thus, addressing this gap in the sustainability literature is key for the understanding of how sustainability initiatives can lead to favorable consumer responses (i.e. consumer trust, corporate reputation and image), even in industries with a bad reputation.

### 2.2 Consumers' Attributions and Influencing Factors

CSR has been the center of many studies demonstrating that CSR activities may not always achieve their desired effects, such as its positive influence on consumer responses: consumers' attitude toward the company and its products (Brown & Dacin, 1997; Fombrun & Shanley, 1990), customer satisfaction (Lev et al., 2010), consumer trust (Vlachos et al., 2009) and consumers' purchase intention (Creyer & Ross, 1997; Sen & Bhattacharya, 2001). Hereby, previous research shows that the motives consumers attribute to a company's engagement in CSR play a major role in influencing the effectiveness of CSR activities (Ellen et al., 2006; Lafferty & Goldsmith, 1999; Osterhus, 1997). Traditionally, researchers viewed corporate efforts along a self-centered (egoistic) or other-centered (altruistic) continuum, where only altruistic motives lead to positive consumer evaluations of the firm and its actions rendering CSR activities effective (Handelman & Arnold, 1999; Webb & Mohr, 1998). Yet, Ellen et al. (2006) demonstrate that consumers' attributions about the motives underlying companies' engagement in CSR are more complex. Consumers differentiate self- and other-centered motives further: Within self-centered motives consumers distinguish *strategic* (where the company wants to achieve strategic business goals such as increasing sales) and *egoistic* motives (where the company is more interested in exploiting a cause than helping it). Likewise, other-centered motives are differentiated in *values-driven* (where the company engages in CSR because they believe it is the right thing to do) and *stakeholderdriven* motives (where the company engages in CSR due to stakeholders' pressure). Consumers' responses to companies' CSR activities are most positive (i.e. purchase intention), when being judged as *values-driven* and *strategic*, whereas initiatives perceived as *egoistic* or *stakeholder-driven* result in negative responses (Ellen et al., 2006).

Yet, these studies focus on companies whose prior reputations are either positive or neutral. Yoon et al. (2006) is the first study investigating the effectiveness of CSR activities on companies with bad reputation making it particularly relevant for this work project. According to the authors, CSR activities are only successful (i.e. improving corporate image) when consumers perceive a company's motives as being sincere. Combining Ellen et al.'s (2006) and Yoon et al.'s (2006) studies leads to the assumption that companies operating in industries with bad reputation have to show sincere commitment to their CSR activities and, respectively, their sustainability initiatives. This should prompt consumers to attribute *values-driven* and *strategic* motives leading to positive consumers' responses and making companies' efforts worthwhile.

However, the question arises under which conditions consumers are making those favorable attributions allowing companies to achieve the before mentioned advantages. From attribution theory perspective, which demonstrates a pervasive correspondence bias, it is known that people usually take the behavior of a person about whom they have little prior information at face value and attribute it dispositionally (Gilbert & Jones, 1986; Jones, 1979; Trope, 2000): "those who do good (bad) things do so because they are good (bad) people" (Yoon et al., 2006). This fundamental attribution error is more prominent for negative than for positive behavior, since negative behavior breaks through social demands and expectations (Ross, 1977). Positive behavior, however, tends to arise from social norms making it less diagnostic for the person's underlying dispositions (Lingle & Ostrom, 1979; Pratto & John, 1991; Skowronski & Carlston, 1989). Adopting this psychological research to consumer behavior and CSR, it appears that companies are engaging in CSR in the hope that consumers will attribute positive motives to the company, thus achieving favorable consumer responses (Yoon et al., 2006). However, people are not making these correspondent trait attributions whenever they have reason to suspect that an actor's good behavior rests on ulterior motives (Fein et al., 1990; Fein, 1996; Hilton et al., 1993). When people become suspicious, they engage in more complex attributional processing, including "the generation of multiple, plausible hypotheses about the motives that drive a person's behavior" (Yoon et al., 2006). Applying this to consumer behavior and CSR provides support that suspicion is a driving factor influencing the effectiveness of CSR activities: If consumers become suspicious about the true motives underlying companies' CSR efforts, they refrain from

attributing positive motives (like *values-driven* and *strategic* motives) that would result in positive consumer responses (Ellen et al., 2006; Yoon et al., 2006). Thus, CSR activities and, respectively, sustainability initiatives are most successful whenever consumers' suspicion is low.

In the age of companies being permanently in the news with ethical scandals and inconsistent practices, consumers' confidence and trust in businesses diminish, resulting in a general tendency toward suspicion (Ellen et al., 2006). Furthermore, when companies, especially the ones with prior bad reputation, engage in CSR activities to appear as a "good citizen", consumers are particularly reluctant to draw the desired positive inferences as this action breaks with their expectations (Ellen et al., 2006; Yoon et al., 2006).

However, Yoon et al. (2006) show that CSR activities can still be successful, even for companies with prior bad reputation, when they show a sincere interest in the cause they are supporting, thereby reducing suspicion. How sincere companies are about their chosen cause depends majorly on the nature and, more precisely, on the fit of the cause with the company's core business<sup>1</sup> (Yoon et al., 2006). Within the CSR literature there is disagreement whether a high or a low fit between the cause and the company's core business best reduces suspicion. According to Smith (1994), early corporate donators chose the causes "least associated with their lines of business" in the fear that consumers would attribute opportunistic motives and thus evaluate the company negatively. Furthermore, Drumwright (1996) supports these results stating that a high fit CSR activity causes managers to be afraid of cynical consumers' reactions judging companies as exploiting the cause. Moreover, Forehand and Grier (2003) show that a high congruence between the cause and the company reveals company-serving benefits, which lead to a

<sup>&</sup>lt;sup>1</sup> Other influencing factors include the source of CSR information and the ratio of CSR contributions as well as CSR-related advertising (cf. Yoon et al., 2006).

negative company evaluation when companies claim public-serving benefits through their CSR initiatives. In line with this reasoning is Yoon et al.'s research (2006), indicating that a high benefit salience of the cause for the company influences consumers' perceived sincerity of a company's motives. Hereby, consumers become most suspicious when CSR activities reflect a high benefit salience cause.

Yet, there are also various studies supporting the opposite: Researchers and practitioners constantly suggest companies to choose a cause that logically fits with their product lines, brand image, positioning or target market (Cone et al., 2003; Varadarajan & Menon, 1988). Sen and Bhattacharya (2001) also demonstrate that consumers' evaluation of a company improves when the company's CSR initiatives are relevant to their products. According to Hoeffler and Keller (2002), consumers perceive a company as being more expert when choosing a high fit CSR initiative. This increases the likelihood that consumers prompt positive feelings to the company. Furthermore, Becker-Olsen et al. (2006) confirm that a low fit CSR activity negatively influences consumers' beliefs, attitudes and purchase intent. Moreover, Fein (1996) indicates that a high fit is less likely to raise suspicion due to the fact that the company is following its prime directive.

Although Yoon et al.'s research (2006) is particularly relevant to this work project, it has to be noted that the authors used a controversial fit for their study. Even though a cancer prevention association represents a higher fit for a tobacco company than the chosen low fit (an environmental association), this cause rather emphasizes the negative consequences of smoking cigarettes than showing a sincere interest in changing the business practice (Elving, 2013). Hence, it appears that this high fit CSR activity rather increases than reduces consumers' suspicion supporting Yoon et al.'s (2006) argument. Yet, due to this chosen controversial fit, the hypothesis that a low fit CSR activity best

reduces suspicion becomes inconclusive. This leads to the assumption that, in the case of companies operating in bad reputation industries, a high fit CSR and, respectively, a high fit sustainability initiative reduces consumers' suspicion, which in turn prompts consumers to attribute positive motives behind companies' engagement. According to Ellen et. al (2006), it is these *values-driven* and *strategic* motives which lead to favorable consumer responses making companies' efforts worthwhile. Following the same argument, a low fit CSR and, respectively, a low fit sustainability program does not reduce suspicion, which leads consumers to engage in a more complex attributional processing preventing them from attributing positive motives. Thus, consumers appear to attribute *egoistic* and *stakeholder-driven* motives to companies' engagement leading to unfavorable consumer responses. This reasoning results in the following hypotheses:

*Hypothesis 1:* In the case of companies operating in industries with a bad reputation regarding sustainability, (a) *values-driven* and (b) *strategic* attributions will be significantly higher for a high fit than a low fit between a company's sustainability initiatives and a company's core business.

*Hypothesis 2:* In the case of companies operating in industries with a bad reputation regarding sustainability, (a) *egoistic* and (b) *stakeholder-driven* attributions will be significantly lower for a high fit than a low fit between a company's sustainability initiatives and a company's core business.

### 2.3 Consumer Responses

Since CSR activities may have positive effects on consumer responses when companies succeed in provoking *values-driven* and *strategic* attributions, this should also be true for consumers' trust in a company, its reputation and image, thus changing consumers' negative perceptions of companies operating in industries with bad reputation.

### **Consumer Trust**

According to Pivato et al. (2008), trust can be generally defined as "an expectation that the trustee is willing to keep promise and to fulfill obligations." Consumers' trust in a company and its products is a key variable for creating and preserving long-term relationships between companies and customers, as consumer trust positively influences consumer loyalty leading to positive consumer responses (i.e. purchase intentions) and finally to corporate success (Bibb & Kourdi, 2004; Morgan & Hunt 1994; Vlachos et al., 2009). Despite this central role, few studies have examined the effect of CSR activities on consumer trust. Kennedy et al.'s study (2001) was one of the first investigating the relationship between a company's perceived level of ethics and consumer trust. Their results indicate that consumers' perception of a company being ethical creates a trust-based relationship based on the belief that the company's discourse and actions are honest and credible. Swaen and Chumpitaz (2008) build on this argument and provide support that consumers' perceptions of a company's CSR activities positively influence consumers' trust in this company. According to Pivato et al. (2008), this trust then in turn influences consumers' subsequent actions, showing that trust serves as a link between CSR perceptions and purchasing intentions. Furthermore, Vlachos et al. (2009) confirm that consumer trust mediates the effect of consumers' attributions of companies' motives for engaging in CSR on consumers' behavioral responses (i.e. patronage and recommendation intentions). Hereby, only companies' CSR activities perceived as being values-driven and strategic have a positive effect on consumer trust. This leads to the assumption that CSR practices and, respectively, sustainability initiatives of companies in bad reputation industries will only increase consumers' trust when being associated with values-driven and strategic attributions.

### Corporate Reputation and Corporate Image

While academics and practitioners confirm a company's strong reputation and image as an important success factor, there is no agreement on whether those two concepts are synonymous or different from each other. However, Gotsi and Wilson (2001) argue that the majority of researchers suggest that "corporate reputations are largely dependent on the everyday images that people form of an organization", and hence regard corporate reputation as the sum of all stakeholders' established corporate images. Hereby, corporate image can be defined as a person's "perception" (Carlson, 1963), mental "picture" of a company (Bristol, 1960) or further as "evaluations, feelings and attitudes toward a company" (Barich & Kotler, 1991).

Since stakeholders routinely rely on companies' reputations for making investment decisions, career decisions and product choices, favorable reputations can provide a competitive advantage (Balmer, 2009; Dowling, 1986). However, these positive reputations are hard to build and easy to lose (Gotsi & Wilson, 2001). Although Fombrun and Shanley (1990) as well as Turban and Greening (1997) early demonstrated that a company's contributions to social welfare positively influences its reputation, CSR has only recently been acknowledged as one of the key factors determining corporate reputation (Worcester, 2009). Stanaland et al. (2011) support this positively correlated relationship between consumers' evaluation of a company's CSR activities and perceived corporate reputation. Hereby, they further identify that corporate reputation mitigates the perceived risk that a customer may experience in buying and using a firm's products and thus influences consumers' purchase decisions.

Similar to corporate reputation, corporate image is seen as a competitive advantage. Menon and Menon (1997) early provided support that companies which engage in environmental activities generate a positive image, as consumers would reward companies for trying to reduce their environmental footprint. Brown and Dacin (1997) go further and demonstrate that a company's CSR efforts have a positive influence on its corporate image (i.e. corporate evaluation), which in turn influences consumers' evaluation of the company's new product offerings. Hereby, CSR information is seen as being critical to a company's image, as it provides consumers with insights into the company's value system (Turban & Greening, 1997), "soul" (Chappell, 1993) or "character" (Brown & Dacin, 1997). Sen and Bhattacharya (2001) confirm this positively correlated relationship between CSR initiatives and a company's image (i.e. company evaluation) and state even further that this relationship is mediated by consumers' perception of selfcompany congruence and moderated by their support for the CSR domain.

Yoon et al. (2006) show the positive relationship between sincere motives and corporate image (i.e. company evaluation), which suggests that companies' CSR activities and, respectively, sustainability initiatives will only improve companies' image when being associated with *values-driven* and *strategic* motives. Since corporate image can be regarded as being part of corporate reputation, the same assumptions apply to corporate reputation. Based on these main arguments the following hypotheses can be formulated:

*Hypothesis 3:* When consumers perceive sustainability practices as (a) *values-driven* and (b) *strategic*, consumer trust, corporate reputation and corporate image will increase, while they will decrease for (c) *egoistic* and (d) *stakeholder-driven* attributions.

*Hypothesis 4*: Consumers' attributions (*values-driven*, *strategic*, *egoistic* and *stakeholder-driven*) will mediate the relationship between the fit of the sustainability initiatives and consumer trust, corporate reputation and corporate image. These four developed hypotheses result in the following research model (see. Figure 1), whose aim is to investigate this work project's research questions.

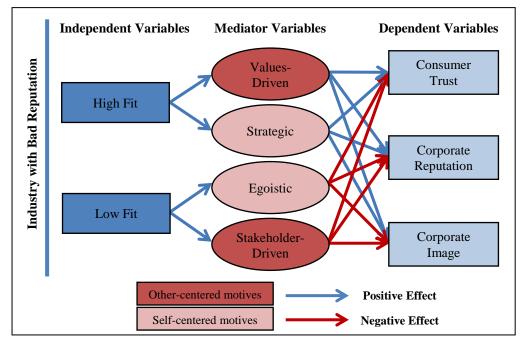


Figure 1: Research model of the work project

### 3. Methodology

### 3.1 Pre-Survey

To identify the industry with the worst reputation regarding sustainability, an online pre-survey was sent out to 120 participants. Thereof, 51 valid answers (42.5% response rate) were collected constituting the final sample. Hereby, respondents were asked to rate 15 different industries<sup>2</sup> according to their perception of their engagement toward sustainability on a 7-point Likert-type scale ranging from 1=Extremely unsustainable to 7=Extremely sustainable. The results show that consumers perceive all industries as being rather unsustainable with a total mean of all industries of 3.68. Having tested the statistical significance of the lowest mean value of 2.14 (p<.01; see appendix 1), the oil and gas industry has been identified as the industry with the worst reputation.

<sup>&</sup>lt;sup>2</sup> Industries were chosen from oekom research's (2012a) sustainability industry ranking: Automobile, Chemicals, Construction, Consumer Electronics, Financials & Commercial Banks, Food & Beverages, Household Products, Insurance, IT & Computer, Machinery, Oil & Gas, Pharmaceuticals, Real Estate, Telecommunication and Utilities.

### **3.2 Expert Interview**

Four face-to-face interviews with CSR and sustainability experts were conducted in order to define appropriate high and low fit sustainability programs (including economic, social and environmental initiatives). Hereby, the experts verified two created newspaper articles with a brief description of a fictitious oil and gas company (Bisgol) followed by a high and respectively low fit sustainability program (see appendices 2 and 3), which were designed according to the industry's main sustainability challenges (IPIECA, 2010; oekom research, 2012b).

### 3.3 Main Survey

To determine whether the fit of the sustainability initiatives with the company's core business differentially affects consumers' attributions and, likewise, consumers' responses, two online surveys, one with the high and one with the low fit sustainability program, were sent out to 723 (364, high fit; 359, low fit) participants. Thereof, 299 valid responses (148, 40.66% response rate, high fit; 151, 42.06% response rate, low fit) were collected constituting the final sample. The majority of the participants were 26 to 34 years old (49.3%, high fit; 47.7%, low fit) and most of them had a Master's degree (53.4%, high fit; 47.0%, low fit). The sample was almost gender balanced (59.5% male, high fit; 57.0% male, low fit) and internationally composed with the majority being German (68.9%, high fit; 64.9%, low fit).

Participants of both surveys were first confronted with the correspondent newspaper article and then asked to answer the same questions for each variable along with demographic items. Hereby, all mediator and dependent variables were measured in a 5-point Likert-type scale ranging from 1=Strongly disagree to 5=Strongly agree. *Consumers' Attributions* were rated in a 16 questions scale developed by Ellen et al. (2006). Hereby,

Results 17

each sub-scale was measured by five (values-driven), four (egoistic and stakeholderdriven) or three (strategic) items. Sample questions include "Bisgol is making these initiatives because they feel morally obligated to help" (values-driven), "they hope to increase profits by making this offer" (strategic), "they want it as a tax write-off" (egoistic) and "they feel their customers expect it" (stakeholder-driven). Scale reliability for values-driven attributions is  $\alpha$ =.71 for the high fit initiatives ( $\alpha$ =.76, low fit), for strategic it is  $\alpha = .71$  ( $\alpha = .70$ , low fit), for *egoistic* it is  $\alpha = .56$  ( $\alpha = .67$ , low fit) and for *stakeholder-driven* it is  $\alpha$ =.55 ( $\alpha$ =.66, low fit).<sup>3</sup> *Consumer Trust* was rated in a six questions scale designed by Swaen and Chumpitaz (2008). A sample item contains "Bisgol is honest with its customers" and reliability is  $\alpha = .72$  for the high fit program ( $\alpha = .78$ , low fit). Corporate Reputation was rated in a 15 questions scale developed by Walsh et al. (2009). A sample question includes "Bisgol is concerned about its customers" and reliability is  $\alpha = .79$  for the high fit survey ( $\alpha = .90$ , low fit). Corporate Image was rated using a three questions scale adapted from Andreassen and Lindestad (1998). A sample item contains "I perceive Bisgol as customer oriented" and reliability is  $\alpha$ =.48 for the high fit initiatives ( $\alpha$ =.67, low fit). All questions can be seen in appendices 2 and 3 and the composition of each variable is shown in appendix 4.

### 4. Results

To test hypotheses 1 and 2, if the fit of the sustainability initiatives with a company's core business differentially affects consumers' attributions, an analysis of variance (ANOVA) was run on the two groups (high vs. low fit; see table 1). As predicted, the means of *values-driven* and *strategic* attributions are significantly higher for the high than the low fit program, confirming hypothesis 1 a) and b). While the mean of *egoistic* 

<sup>&</sup>lt;sup>3</sup> In order to improve reliability of the scales, the items V4 and ST3 were deleted for the high fit and the question E2 was deleted for the low fit survey (cf. appendix 4).

attributions is significantly lower for the high than the low fit initiatives, which supports hypothesis 2 a), the mean of *stakeholder-driven* attributions is significantly higher for the high than the low fit program. Thus, hypothesis 2 b) cannot be confirmed.

	Survey	Ν	Μ	SD	Sig.
Values-driven	High fit	148	3.20	.72	$.004^{**}$
	Low fit	151	2.95	.75	
Strategic	High fit	148	3.64	.77	.009**
	Low fit	151	3.40	.78	
Egoistic	High fit	148	3.41	.61	.001**
-	Low fit	151	3.69	.80	
Stakeholder-driven	High fit	148	3.56	.56	$.017^{*}$
	Low fit	151	3.39	.68	

*Table 1:* Results of the ANOVA for Consumers' Attributions; with Sample Sizes, Means, Standard Deviations and Statistical Significance. Note:  $p < .05^*$ ,  $p < .01^{**}$ 

Next, a bivariate correlation was used to assess the relationship between consumers' attributions and consumers' responses (hypothesis 3). For better measuring the direct effects for the high and low fit group, the analysis was conducted separately (see appendices 5 and 6). As expected, *values-driven* attributions have a significant positive relationship with consumer trust (R=.49, high fit; R=.54, low fit), corporate reputation (R=.63, high fit; R=.65, low fit) and corporate image (R=.42, high fit; R=.59, low fit) for both the high and low fit survey, supporting hypothesis 3 a). In contrast to the established assumption, *strategic* attributions do not show a significant positive relationship with consumer responses, besides some positive effect on corporate reputation in the low fit group (R=.17). Thus, hypothesis 3 b) cannot be confirmed. As predicted, *egoistic* attributions have a significant negative relationship with consumer trust (R=-.30, high fit; R=-.35, low fit), corporate reputation (R=-.30, high fit; R=-.35, low fit), corporate reputation (R=-.30, high fit; R=-.35, low fit), corporate reputation (R=-.30, high fit; R=-.44, low fit) and corporate image (R=-.16, high fit; R=-.39, low fit) for both the high and low fit survey, providing support for hypothesis 3 c). As opposed to the drawn assumption, *stakehold-er-driven* attributions do not show a significant negative relationship with consumer for hypothesis 3 c).

responses, but some positive influence on corporate reputation in the high fit group (R=.22). Hence, hypothesis 3 d) cannot be confirmed. The linear regression analysis supports these findings, as *values-driven* and *egoistic* attributions show the only significant results for both the high and low fit survey. Hereby, *values-driven* attributions have the strongest influence on consumer responses, explaining 24% of the variance in consumer trust in the high fit group (29%, low fit), 40% of the variance in corporate reputation (42%, low fit) and 18% of the variance in corporate image (35%, low fit).

To test hypothesis 4, whether consumers' attributions mediate the relationship between the fit of the sustainability program with consumer responses, a Sobel-Test following Preacher and Leonardelli's procedure (2013) was conducted. Hereby, all variables (independent (IV), mediator (MV) and dependent (DV)) need to be significantly correlated as a prerequisite. Since only *values-driven* and *egoistic* attributions are significantly correlated with all three consumer responses for both the high and low fit survey, regressions for just those two variables were run to enter the relevant data into the Sobel-Test equation (see tables 2 and 3). Results show that both *values-driven* and *egoistic* attributions significantly mediate the effect of the fit of the initiatives on consumer trust, corporate reputation and corporate image in the high and low fit group (p<.01; see appendix 7), providing partial support for hypothesis 4.

Predictors / Outcomes	Values-driven				Egoistic	
	В	SE	Sig.	В	SE	Sig.
High fit	0.25	0.09	$0.004^{**}$	-0.28	0.08	0.001**
Low fit	-0.25	0.09	$0.004^{**}$	0.28	0.08	$0.001^{**}$

**Table 2:** Results of the Regression Analysis for the Sobel-Test: IV on MV; with Unstandardized Coefficient B, Standard Error and Statistical Significance.  $p < .05^*$ ,  $p < .01^{**}$ 

Predictors / Outcomes	Con	sumer	Trust	Corp. Reputation			Corporate Image		
	В	SE	Sig.	В	SE	Sig.	В	SE	Sig.
Values-driven & High fit	0.33	0.03	$0.000^{**}$	0.41	0.03	$0.000^{**}$	0.43	0.04	$0.000^{**}$
Values-driven & Low fit	0.33	0.03	$0.000^{**}$	0.41	0.03	$0.000^{**}$	0.43	0.04	$0.000^{**}$
Egoistic & High fit	-0.22	0.04	$0.000^{**}$	-0.26	0.04	$0.000^{**}$	-0.26		$0.000^{**}$
Egoistic & Low fit	-0.22	0.04	$0.000^{**}$	-0.26	0.04	$0.000^{**}$	-0.26	0.05	$0.000^{**}$

**Table 3:** Results of the Regression Analysis for the Sobel-Test: IV and MV on DV; with Unstandardized Coefficient B, Standard Error and Statistical Significance.  $p<.05^*$ ,  $p<.01^{**}$ 

### 5. Discussion

The results of this work project suggest that companies operating in industries with a bad reputation regarding sustainability can change consumers' negative perceptions and responses (i.e. consumer trust, corporate reputation and image) through pursuing sustainability initiatives which have a high fit with their core business. Apparently, high fit bprograms lead consumers to believe that the company is motivated by *values-driven*, *strategic* and, contrary to previous established assumptions, *stakeholder-driven* attributions, whereas low fit initiatives are associated with *egoistic* attributions. It is these provoked *values-driven* attributions, which show a positive and, likewise, the strongest effect on consumers' responses. Yet, *egoistic* attributions negatively influence consumer trust, corporate reputation and image. As opposed to the previous drawn assumptions, consumers' responses are not significantly affected by *strategic* and *stakeholder-driven* attributions. Moreover, the results indicate that the effect of the fit of the cause with companies' core business on consumer responses is mediated by *values-driven* and *egoistic* attributions, highlighting their key role in consumers' responses to sustainability initiatives. These results lead to important theoretical and practical implications.

### 5.1 Theoretical Implications

This research provides empirically tested insight into how specific sustainability practices (covering economic, social and environmental initiatives) influence consumers' responses rendering their investments effective. This work project investigates in particular companies operating in bad reputation industries and thus its validity for businesses in industries with good or neutral reputation has to be tested. Nevertheless, it provides support for Ellen et al.'s research (2006) that the effectiveness of a sustainability program is influenced by the motives consumers attribute to companies' efforts. Further, in line with Fein's work (1996), this research confirms that this attributional process can be manipulated through the fit of the cause with the company's core business.

Moreover, this work project extends the CSR literature by investigating how consumers' responses to companies' sustainability activities are affected by industry reputation. In case of companies operating in industries with a bad reputation, consumers are particularly suspicious when businesses engage in sustainability issues (Du & Vieira, 2012; Yoon et al., 2006). Yet, this study provides support that a high fit sustainability program reduces suspicion, allowing consumers to attribute *values-driven*, *strategic* and *stakeholder-driven* motives. In contrast to previous studies (Ellen et al., 2006; Vlachos et al., 2009), consumers view *strategic* and *stakeholder-driven* attributions neither negatively nor positively. This might arise from the fact that these companies are constantly under pressure from stakeholders and that only through meeting their expectations companies can gain legitimacy (Du & Vieira, 2012). However, *values-driven* attributions are identified as having a positive and the strongest effect on consumers' responses rendering sustainability investments effective, even in bad reputation industries.

### 5.2 Practical Implications

The results of this work project suggest to managers, operating in industries with a bad reputation, that they should design sustainability programs with a high fit to their core business in order to achieve positive consumer responses. Designing high fit programs implies the strategic alignment of sustainability issues with the businesses' corporate strategy (cf. Laszlo, 2008). Only through this strategic approach, consumers are likely to attribute *values-driven* motives, whereas *egoistic* attributions can be prevented, which both mediate the effect of sustainability initiatives on consumer responses. Further research has to be done about how companies can best communicate their sincere and benevolent intention provoking additional *values-driven* attributions without causing credibility doubts.

### 5.3 Limitations and Future Research Suggestions

Despite the strong implications of this work project, there are several limitations that need to be acknowledged. First, the study's sample size may be considered too small and not being representative enough. Thus, although the characteristics of the sample were chosen on purpose due to the complexity of the study's research aim, the generalizability of the results has to be carefully tested. Second, as the study was conducted only for the oil and gas industry, the results may not be applicable to other bad reputation industries. This limitation might further be bolstered by the fact that the oil and gas industry is regarded as a controversial industry, being constantly criticized for violating societal expectations and its unsustainable business model (Du & Vieira, 2012; Laszlo, 2008). To minimize this effect, the high fit program included initiatives for finding alternative energy sources that are considered as being more sustainable. Another limitation of this work project is the scale reliability of egoistic and stakeholder-driven attributions, as well as corporate image for both the high and the low fit group. As they do not reach the recommended threshold of .70 (Nunnally, 1978), results might not be applicable. Future studies should try to address these issues by having a larger and more representative sample, collecting data from multiple bad reputation industries, pretesting and improving the scale reliability of the before mentioned items.

Beyond these limitations future research should identify other factors influencing consumers' attributions about the motives of companies' engagement toward sustainability, such as the effect of the information source or advertising, and their relative importance. Moreover, as this work project only investigated internal consumer responses (i.e. consumer trust, corporate reputation and image), future research should also examine how consumers' attributions influence behavioral consumer responses. Examining in-role and extra-roles behavior might support the impact of sustainability programs on the bottom-line. Hereby, studies should also investigate whether this effect on behavior-al responses might even be mediated or moderated by internal responses, gaining a more explicit insight into consumers' responses toward sustainability. Further, the effect of consumers' personal support for sustainability should be included in this research.

### 6. Conclusion

This work project investigates how specific sustainability practices (including economic, social and environmental initiatives) influence consumers' responses. Based on attribution theory, the study reveals consumers' attributions about the motives underlying companies' participation in sustainability efforts as a key driver of the effectiveness of sustainability initiatives. Moreover, this research confirms that this attributional process can be manipulated through the fit of the cause with companies' core business. Furthermore, this study investigates how these consumers' attributions and, likewise consumers' responses are influenced by the bad reputation of an industry in which companies are operating. The results suggest that companies operating in bad reputation industries should design high fit sustainability initiatives, which provoke *values-driven* motives and in turn lead to positive consumer responses (i.e. consumer trust, corporate reputation and image), rendering their sustainability investments effective.

### 7. References

- Andreassen, T. W.; Lindestad, B. 1998. Customer loyalty and complex services. The impact of corporate image on quality, customer satisfaction and loyalty for customers with varying degrees of service expertise. *International Journal of Service Industry Management*, 9(1): 7–23.
- **Balmer, J. M.** 2009. Corporate marketing: apocalypse, advent and epiphany. *Management Decision*, 47(4): 544–572.
- Barich, H.; Kotler, P. 1991. A framework for marketing image management. *Sloan Management Review*, 32: 94–104.
- Becker-Olsen, K. L.; Cudmore, A. B.; Hill, R. P. 2006. The Impact of Perceived Corporate Social Responsibility on Consumer Behavior. *Journal of Business Research*, 59(1): 46–53.
- **Bibb, S.; Kourdi, J.** 2004. *Trust matters for organisational and personal success*. New York: Palgrave Macmillan.
- **Blackburn, W. R.** 2007. *The sustainability handbook. The complete management guide to achieving social, economic and environmental responsibility.* London: Earthscan.
- Bristol, L. H. Jr. 1960. Why Develop Your Corporate Image? New York: Charles Scribner's Sons.
- Brown, T. J.; Dacin, P. A. 1997. The Company and the Product: Corporate Associations and Consumer Product Responses. *Journal of Marketing*, 61: 68–84.
- Carlson, R. O. 1963. "The Nature of Corporate Images." In *The Corporation and Its Publics*, ed. Riley, J. W. Jr., 24-47. New York: John Wiley & Sons.
- Carroll, A. B. 1999. Corporate Social Responsibility. Evolution of a Definitional Construct. Business & Society, 38(3): 268–295.
- **Chappell, T.** 1993. *The Soul of a Business: Managing for Profit and the Common Good*. New York: Bantam Books.
- Choi, S.; Ng, A. 2011. Environmental and Economic Dimensions of Sustainability and Price Effects on Consumer Responses. *Journal of Business Ethics*, 104: 269–282.
- **Commission of the European Communities.** 2001. Promoting a European Framework for Corporate Social Responsibility. Brussels. Available online at: http://eur-lex.europa.eu/LexUriServ/site/en/com/2001/com2001\_0366en01.pdf, checked on: 29/11/2013.
- Cone, C. L.; Feldman, M. A.; DaSilva A. T. 2003. Causes and Effects. *Harvard Business Review*, 81: 95–101.
- Creyer, E. H.; Ross, W. T. 1997. The influence of firm behavior of purchase motive: Do consumers really care about business ethics? *Journal of Consumer Marketing*, 14: 421-432.
- **DesJardins, J. R.** 2009. "Sustainable Business: Environmental Responsibilities and Business Opportunities." In *Ethical theory and business*, ed. Beauchamp, T. L.; Bowie, N. L.; Arnold, D. G., 409-115. Boston: Pearson Education.
- Dowling, G. R. 1986. Managing your corporate images. Industrial Marketing Management, 15: 109–115.
- **Drumwright, M. E.** 1996. Company Advertising With a Social Dimension: The Role of Noneconomic Criteria. *Journal of Marketing*, 60: 71–87.
- **Du, S.; Vieira, E. T.** 2012. Striving for Legitimacy Through Corporate Social Responsibility: Insights from Oil Companies. *Journal of Business Ethics*, 110(4): 413–427.
- Elkington, J. 1998. Cannibals with forks. The triple bottom line of 21st century business. Oxford: Capstone.
- Ellen, P. S.; Webb, D. J.; Mohr, L. A. 2006. Building Corporate Associations: Consumer Attributions for Corporate Socially Responsible Programs. *Journal of the Academy of Marketing Science*, 34: 147– 157.
- Elving, W. J. 2013. Scepticism and corporate social responsibility communications: the influence of fit and reputation. *Journal of Marketing Communications*, 19(4): 277–292.

- Fein, S. 1996. Effects of Suspicion on Attributional Thinking and the Correspondence Bias. *Journal of Personality and Social Psychology*, 70(6): 1164–1184.
- Fein, S.; Hilton, J. L.; Miller, D. T. 1990. Suspicion of ulterior motivation and the correspondence bias. Journal of Personality and Social Psychology, 58: 753–764.
- Fombrun, C.; Shanley, M. 1990. What's in a name? Reputation building and corporate strategy. Academy of Management Journal, 33(2): 233–258.
- Forehand, M. R.; Grier, S. 2003. When is Honesty the Best Policy? The Effect of Stated Company Intent on Consumer Skepticism. *Journal of Consumer Psychology*, 13(3): 349–356.
- Freeman, R. E. 1984. Strategic management. A stakeholder approach. Boston: Pitman.
- Friedman, M. 1970. The Social Responsibility of Business is to Increase its Profits. *The New York Times Magazine*, 13/09/1970.
- Gilbert, D. T.; Jones, E. E. 1986. Perceiver-induced constraint: Interpretations of self-generated reality. Journal of Personality and Social Psychology, 50(2): 269–280.
- Gotsi, M.; Wilson, A. M. 2001. Corporate reputation: seeking a definition. *Corporate Communications: An International Journal*, 6(1): 24–30.
- Handelman, J. M.; Arnold, S. J. 1999. The Role of Marketing Actions With a Social Dimension: Appeals to the Institutional Environment. *Journal of Marketing*, 63: 33–48.
- Hartman, L.; DesJardins, J. R. 2007. Business ethics. Decision-making for personal integrity and social responsibility. New York: McGraw-Hill/Irwin.
- Hilton, J. L.; Fein, S.; Miller, D. T. 1993. Suspicion and dispositional inference. *Personality and Social Psychology Bulletin*, 19: 501–512.
- Hoeffler, S.; Keller, K. L. 2002. Building Brand Equity Through Corporate Societal Marketing. *Journal* of Public Policy and Marketing, 21(1): 78–89.
- **IPIECA.** 2010. Oil and gas industry guidance on voluntary sustainability reporting. Available online at: http://www.ipieca.org/publication/oil-and-gas-industry-guidance-voluntary-sustainability-reporting-2010-update, checked on: 01/12/2013.
- Jha, A. K. 2009. The growing importance of CSR. Available online at: http://ezinearticles.com/?The-Growing-Importance-of-CSR&id=4787936, checked on: 29/11/2013.
- Jones, E. E. 1979. The rocky road from acts to dispositions. American Psychologist, 34: 107–117.
- Kaptein, M.; Wempe, J. 2002. The *balanced company*. *A theory of corporate integrity*. Oxford, New York: Oxford University Press.
- Kennedy, M. S.; Ferrell, L. K.; LeClair, D. T. 2001. Consumers' trust of salesperson and manufacturer: an empirical study. *Journal of Business Research*, 51(1): 73–86.
- Lafferty, B. A.; Goldsmith, R. E. 1999. Corporate Credibility's Role in Consumers' Attitudes and Purchase Intentions When a High Versus Low Credibility Endorser is Used in The Ad. *Journal of Business Research*, 44: 109–116.
- Laszlo, C. 2008. Sustainable value. How the world's leading companies are doing well by doing good. Sheffield, UK, Stanford, Calif: Greenleaf; Stanford University Press.
- Lev, B.; Petrovits, C.; Radhakrishnan, S. 2010. Is doing good good for you? How corporate charitable contributions enhance revenue growth. *Strategic Management Journal*, 31(2): 182–200.
- Lingle, J. H.; Ostrom, T. M. 1979. Retrieval selectivity in memory-based impression judgments. *Journal of Personality and Social Psychology*, 37: 180–194.
- Menon, A.; Menon, A. 1997. Enviropreneurial Marketing Strategy: the emergence of corporate environmentalism as marketing strategy. *Journal of Marketing*, 61(1): 51–67.
- Morgan, R. M.; Hunt, S. D. 1994. The Commitment-Trust Theory of Relationship Marketing. *Journal* of Marketing, 58(3): 20–38.
- Morrison, J. 2009. International business. Challenges in a changing world. New York: Palgrave Macmillan.
- Nunnally, J. C. 1978. Psychometric Theory. New York: McGraw-Hill.

- O'Riordan, L.; Fairbrass, J. 2008. Corporate Social Responsibility CSR. Models and Theories in Stakeholder Dialogue. *Journal of Business Ethics*, 83: 745–758.
- **oekom research.** 2012a. oekom Corporate Responsibility Review. Taking stock of sustainability performance in corporate management and capital investment. Available online at: http://www.oekom-research.com/homepage/english/oekom\_CR\_Review\_2012\_en.pdf, checked on: 29/11/2013.
- oekom research. 2012b. oekom Industry Focus: Oil & Gas. Available online at: http://www.oekomresearch.com/homepage/english/oekom\_Industry\_Focus\_O&G\_2012\_en.pdf, checked on: 01/12/2013.
- Osterhus, T. L. 1997. Pro-social consumer influence strategies: When and how do they work? *Journal of Marketing*, 61: 16–29.
- Pivato, S.; Misani, N.; Tencati, A. 2008. The impact of corporate social responsibility on consumer trust: the case of organic food. *Business Ethics: A European Review*, 17(1): 3–12.
- Porter, M. E.; Kramer, M. R. 2006. Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility. *Harvard Business Review*, December: 78-92.
- Pratto, F.; John, O. P. 1991. Automatic vigilance: The attention-grabbing power of negative social information. *Journal of Personality and Social Psychology*, 61: 380–391.
- **Preacher, K. J.; Leonardelli, G. J.** 2013. Calculation for the Sobel test: An interactive calculation tool for mediation tests. Available online at: http://quantpsy.org/sobel/sobel.htm, checked on: 05/12/2013.
- **Ross, L.** 1977. The intuitive psychologist and his shortcomings: Distortions in the attribution process. *Advances in experimental social psychology*, 10: 173-220.
- Sen, S.; Bhattacharya, B. B. 2001. Does doing good always lead to doing better? Consumer reactions to corporate social responsibility. *Journal of Marketing Research*, 38: 225–243.
- Skowronski, J. J.; Carlston, D. E. 1989. Negativity and extremity biases in impression formation: A review of explanation. *Psychological Bulletin*, 105: 131–142.
- Smith, C. 1994. The New Corporate Philanthropy. Harvard Business Review, 72: 105–116.
- Smith, C. 2003. Corporate Social Responsibility: Whether or How? *California Management Review*, 45(4): 52–76.
- Stanaland, A. J.; Lwin, M. O.; Murphy, P. E. 2011. Consumer Perceptions of the Antecedents and Consequences of Corporate Social Responsibility. *Journal of Business Ethics*, 102(1): 47–55.
- Swaen, V.; Chumpitaz, R. C. 2008. Impact of Corporate Social Responsibility on consumer trust. Recherche et Applications en Marketing, 23(4): 7–31.
- Trope, Y. 2000. Processing alternative explanations of behavior correction or integration. *Journal of Personality and Social Psychology*, 79: 344–354.
- Turban, D. B.; Greening, D. W. 1997. Corporate social performance and organizational attractiveness to prospective employees. *Academy of Management Journal*, 40: 658–672.
- **United Nations.** 1987. *World Commission on Environment and Development: Our Common Future*. Oxford: Oxford University Press.
- Varadarajan, P. R.; Menon, A. 1988. Cause-Related Marketing: A Coalignment of Marketing Strategy and Corporate Philanthropy. *Journal of Marketing*, 52(3): 58–74.
- Vlachos, P. A.; Tsamakos, A.; Vrechopoulos, A. P.; Avramidis, P. K. 2009. Corporate social responsibility: attributions, loyalty, and the mediating role of trust. *Journal of the Academic Marketing Science*, 37(2): 170–180.
- Walsh, G.; Beatty, S. E.; Shiu, E. M. 2009. The customer-based corporate reputation scale: Replication and short form. *Journal of Business Research*, 62: 924–930.
- Webb, D. J.; Mohr, L. A. 1998. A Typology of Consumer Responses to Cause-Related Marketing: From Skeptics to Socially Concerned. *Journal of Public Policy and Marketing*, 17: 226–238.
- Worcester, Sir R. 2009. Reflections on corporate reputations. Management Decision, 47(4): 557–589.
- Yoon, Y.; Gürhan-Canli, Z.; Schwarz, N. 2006. The Effect of Corporate Social Responsibility (CSR) Activities on Companies With Bad Reputations. *Journal of Consumer Psychology*, 4(16): 377–390.

### 8. Appendix

Teo Juan Anna				Freq.				м	CD	<b>C</b> !
Industry	1	2	3	4	5	6	7	Μ	SD	Sig.
Automobile	1	10	13	2	16	9	0	3.96	1.51	$.000^{**}$
Chemicals	5	24	10	5	3	3	1	2.80	1.43	.002**
Construction	0	8	18	8	12	5	0	3.76	1.26	$.000^{**}$
Consumer Electronics	0	19	9	5	14	4	0	3.51	1.43	$.000^{**}$
Financials & Commer- cial Banks	7	10	6	19	5	4	0	3.33	1.47	.000**
Food & Beverages	1	9	10	6	14	10	1	4.12	1.53	$.000^{**}$
Household Products	1	7	13	12	9	9	0	3.94	1.38	$.000^{**}$
Insurance	2	2	11	22	9	5	0	3.96	1.15	$.000^{**}$
IT & Computer	0	6	19	8	12	5	1	3.88	1.29	$.000^{**}$
Machinery	1	11	17	9	8	4	1	3.55	1.36	$.000^{**}$
Oil & Gas	20	18	6	4	0	2	1	2.14	1.40	-
Pharmaceuticals	5	8	13	7	9	8	1	3.69	1.64	$.000^{**}$
Real Estate	1	9	8	17	10	5	1	3.88	1.35	$.000^{**}$
Telecommunications	0	5	9	11	14	9	3	4.43	1.39	$.000^{**}$
Utilities	0	3	9	21	12	5	1	4.20	1.10	$.000^{**}$

Appendix 1: Statistical Results of the Pre-Survey

*Note: With Frequencies, Means, Standard Deviations and Statistical Significance of the t-Tests.*  $p<.05^*$ ,  $p<.01^{**}$ 

### Appendix 2: Main Survey 1 – High Fit

### **Corporate Strategies and Consumer Responses**

### Introduction

Dear participant,

my name is Sandra Oexle and I am a current Master's student in Management with a major in Marketing and Strategy at NOVA School of Business and Economics. Under the supervision of Professor Joana Story, I am writing my Master's Thesis investigating consumers' perception of organizations' initiatives.

I would really appreciate your participation by filling out this survey. If you like to participate, please read the following instructions carefully.

Thank you very much for your support!

Best regards, Sandra Oexle

### Procedure

At first, you will be given a brief description of the fictitious company Bisgol and their initiatives. Afterwards, you will be asked to answer various questions regarding your perception of this organization's initiatives.

The questionnaire consists of 7 questions and will take approximately **10 minutes or less**. Please try to answer all questions and if possible without any interruption in order to make an evaluation possible.

It is important that you read the initial company profile and their initiatives carefully and that you **answer the following questions based on the information you read**.

### Confidentiality

All data obtained from participants will be kept confidential and will only be reported in an aggregate format (by reporting only combined results and never reporting individual ones). All questionnaires will be concealed, and no one other than the primary investigator and assistant researcher listed below will have access to them. The data collected will be stored in the HIPPA-compliant, Qualtrics-secure database until it has been deleted by the primary investigator.

#### **Questions about the Research**

If you have any question regarding this study, feel free to contact me by E-Mail: sandra.oexle.2012@novasbe.pt or Prof. Joana Story (supervising professor) by E-Mail: joanastory@novasbe.pt.

### Business News Companies & Industries

#### Bisgol announces further investments to fight climate change

By Vanessa Lavelle; October 22, 2013



During yesterday's press conference Brian R. McConnon, the CEO of Bisgol, announced that their business is planning to make further considerable investments to fight climate change.

Bisgol, headquartered in London, UK, is one of the world's leading integrated oil and gas companies which operates in over 40 countries and employs nearly 45,000 people worldwide. The company provides its customers with fuel for transportation, energy for heat and light, lubricants and petrochemical products used to make everyday items as diverse as paints, clothes and packaging. Bisgol's business is divided in two business segments: The exploration and production, and the refining and marketing of crude oil and natural gas.

Bisgot's CEO Brian R. McConnon

According to Brian R. McConnon, Bisgol wants to take a leading role in preventing climate change. Therefore, the company set itself the target of reducing its total greenhouse gas emissions by 20% until 2020. Further, the oil and gas giant announced that it will not engage in the controversial techniques of hydraulic fracturing to extract shale gas or deep water oil and gas resources as long as their impact on the environment and society is unclear. The company will expand its investments in R&D and collaborate with various stakeholder groups with the aim of finding new, alternative low-carbon energy sources. Moreover, Bisgol's solar energy division aims at constituting 15% of the company's revenue streams until 2020.

Furthermore, Bisgol announced that it wants to apply its high health and safety working standards also to subcontractors improving significantly the working conditions also for employees working on the as dangerous regarded drilling platforms. In order to ensure not only the supply of qualified workers, but also to foster economic development of the communities in which Bisgol is doing business, the company hires at least 30% of its workforce from local communities providing those people with valuable skills.

**O** I have carefully read and understood the above description of Bisgol and their initiatives.

### Q1: To what extent do you agree with the following statements about Bisgol's initiatives on a scale from strongly disagree to strongly agree?

	Strongly Disagree	Disagree	Neither Disagree nor	Agree	Strongly Agree
			Agree		
they feel morally obligated to help.	0	O	0	0	0
they feel their customers expect it.	0	0	0	0	0
they want to get publicity.	0	0	0	0	0
they will keep more of their customers by making this offer.	0	0	0	0	0
they have a long-term interest in the com- munity.	0	О	0	0	0
they want it as a tax write-off.	0	0	0	0	0
they will get more customers by making this offer.	0	0	0	0	0
they feel their stakeholders expect it.	0	0	0	0	0
their owners or employees believe in this cause.	0	0	0	0	0
they want to make it easier for consumers who care about the cause to support it.	О	О	0	О	0
they are taking advantage of the cause to help their own business.	O	О	0	0	0
they feel society in general (i.e., consumers) expects it.	О	0	0	0	0
they are trying to give something back to the community.	О	0	0	0	0
they are taking advantage of the nonprofit organization to help their own business.	0	0	0	0	0
they feel their employees expect it.	0	0	0	0	0
they hope to increase profits by making this offer.	0	0	0	0	0

## Q2: To what extent do you agree with the following statements about Bisgol's initiatives on a scale from strongly disagree to strongly agree?

### Bisgol ...

	Strongly Disagree	Disagree	Neither Disagree nor	Agree	Strongly Agree
			Agree		
employs people who are concerned about	О	О	О	О	О
customer needs.					
seems to be a good company to work for.	О	0	О	0	О
tends to outperform competitors.	О	0	О	0	0
is a strong, reliable company.	О	0	О	0	0
seems to make an effort to create new jobs.	О	0	О	0	О
employs people who treat customers courte-	О	0	О	0	0
ously.					
seems to have excellent leadership.	0	0	0	0	0
seems to recognize and take advantage of	О	0	0	0	0
market opportunities.					
offers high quality products.	О	0	0	0	0
would reduce its profit to ensure a clean	О	0	О	0	О
environment.					
is concerned about its customers.	0	0	0	0	0
seems to treat its people well.	О	0	0	0	0
looks like it has strong prospects for future	О	0	0	0	0
growth.					
develops innovative products.	0	О	О	0	0
seems to be environmentally responsible.	0	0	0	О	0

## Q3: To what extent do you agree with the following statements about Bisgol's initiatives on a scale from strongly disagree to strongly agree?

	Strongly Disagree	Disagree	Neither Disagree nor	Agree	Strongly Agree
			Agree		
Bisgol is forthright in its dealing with custom-	0	0	0	0	0
ers.					
Bisgol's products give me a sense of security.	О	О	О	О	О
I perceive Bisgol as customer oriented.	0	0	О	0	0
Bisgol is honest with its customers.	0	0	О	0	0
Buying Bisgol's products is a quality guarantee.	0	0	О	0	0
I am satisfied with the way Bisgol presents	О	О	О	О	О
itself.					
Bisgol is interested in its customers.	О	О	О	О	О
I perceive others are speaking about Bisgol in a	О	0	О	0	О
positive way.					
I trust the quality of Bisgol's products.	0	0	0	0	0

### Q4: What is your gender?

- O Male
- O Female

### Q5: How old are you?

- O Under 18
- **O** 18-25
- **O** 26-34
- **O** 35-44
- **O** 45-54
- **O** 55-64
- O 65 or over

### Q6: What is the highest level of education you have completed?

- O Less than High School
- O High School / GED
- O College Degree / Bachelor's Degree
- O Master's Degree / Diploma
- **O** Doctoral Degree

### **Q7: What is your nationality?**

- **O** Austrian
- **O** Belgian
- **O** British
- **O** Danish
- O Dutch
- **O** Finnish
- O French
- O German
- O Greek
- **O** Irish
- **O** Italian
- **O** Norwegian
- O Polish
- **O** Portuguese
- O Russian
- **O** Spanish
- O Swedish
- O Swiss
- O Turkish
- **O** Other

### Appendix 3: Main Survey 2 – Low Fit

### **Corporate Strategies and Consumer Responses**

### Introduction

Dear participant,

my name is Sandra Oexle and I am a current Master's student in Management with a major in Marketing and Strategy at NOVA School of Business and Economics. Under the supervision of Professor Joana Story, I am writing my Master's Thesis investigating consumers'

perception of organizations' initiatives.

I would really appreciate your participation by filling out this survey. If you like to participate, please read the following instructions carefully.

Thank you very much for your support!

Best regards, Sandra Oexle

### Procedure

At first, you will be given a brief description of the fictitious company Bisgol and their initiatives. Afterwards, you will be asked to answer various questions regarding your perception of this organization's initiatives.

The questionnaire consists of 7 questions and will take approximately **10 minutes or less**. Please try to answer all questions and if possible without any interruption in order to make an evaluation possible.

It is important that you read the initial company profile and their initiatives carefully and that you **answer the following questions based on the information you read**.

### Confidentiality

All data obtained from participants will be kept confidential and will only be reported in an aggregate format (by reporting only combined results and never reporting individual ones). All questionnaires will be concealed, and no one other than the primary investigator and assistant researcher listed below will have access to them. The data collected will be stored in the HIPPA-compliant, Qualtrics-secure database until it has been deleted by the primary investigator.

### **Questions about the Research**

If you have any question regarding this study, feel free to contact me by E-Mail: sandra.oexle.2012@novasbe.pt or Prof. Joana Story (supervising professor) by E-Mail: joanastory@novasbe.pt.

### Business News Companies & Industries

#### Bisgol announces further investments to fight climate change

By Vanessa Lavelle; October 22, 2013



During yesterday's press conference Brian R. McConnon, the CEO of Bisgol, announced that their business is planning to make further considerable investments to fight climate change.

Bisgol, headquartered in London, UK, is one of the world's leading integrated oil and gas companies which operates in over 40 countries and employs nearly 45,000 people worldwide. The company provides its customers with fuel for transportation, energy for heat and light, lubricants and petrochemical products used to make everyday items as diverse as paints, clothes and packaging. Bisgol's business is divided in two business segments: The exploration and production, and the refining and marketing of crude oil and natural gas.

Bisgot's CEO Brian R. McConnon

According to Brian R. McConnon, Bisgol wants to take a leading role in preventing climate change. Therefore, the company wants to stop the deforestation of the Amazon rainforest through supporting the WWF, a non-governmental organization with the aim of preserving the natural environment, mainly with financial aid. Brian R. McConnon sees the deforestation of the rainforest as a major factor in global climate change: "Forests absorb and store carbon in their trees and soil, yet, if forests are cleared or disturbed, this carbon is released as carbon dioxide and other greenhouse gases." In order to further prevent the deforestation, Bisgol introduced recycled, eco-friendly printing and toilet paper throughout its whole organization.

Furthermore, Bisgol announced that it wants to collaborate with local non-governmental organizations with the aim of improving women's rights in Africa. Moreover, in order to foster economic development in Africa, the company wants to invest yearly 5% of their net income into two major initiatives: First, the provision of micro-credits primarily for women who want to open up an own business, and second, the prevention of HIV and Aids.

**O** I have carefully read and understood the above description of Bisgol and their initiatives.

### Q1: To what extent do you agree with the following statements about Bisgol's initiatives on a scale from strongly disagree to strongly agree?

	Strongly Disagree	Disagree	Neither Disagree nor Agree	Agree	Strongly Agree
they feel morally obligated to help.	0	0	Õ	0	0
they feel their customers expect it.	0	0	0	Ο	0
they want to get publicity.	0	0	0	0	0
they will keep more of their customers by making this offer.	О	0	О	0	0
they have a long-term interest in the com- munity.	О	О	0	0	0
they want it as a tax write-off.	0	0	0	0	0
they will get more customers by making this offer.	0	0	0	0	0
they feel their stakeholders expect it.	0	0	0	0	0
their owners or employees believe in this cause.	0	0	0	0	0
they want to make it easier for consumers who care about the cause to support it.	О	О	О	О	0
they are taking advantage of the cause to help their own business.	O	О	О	0	0
they feel society in general (i.e., consumers) expects it.	O	0	О	0	0
they are trying to give something back to the community.	О	0	0	0	0
they are taking advantage of the nonprofit organization to help their own business.	О	О	0	0	0
they feel their employees expect it.	0	О	0	О	0
they hope to increase profits by making this offer.	0	0	0	0	O

#### Bisgol is taking these initiatives because...

## Q2: To what extent do you agree with the following statements about Bisgol's initiatives on a scale from strongly disagree to strongly agree?

### Bisgol ...

Disgoi	Strongly Disagree	Disagree	Neither Disagree	Agree	Strongly Agree
			nor Agree		
employs people who are concerned about customer needs.	0	0	0	0	0
seems to be a good company to work for.	О	О	О	0	О
tends to outperform competitors.	О	О	О	О	0
is a strong, reliable company.	О	О	О	О	О
seems to make an effort to create new jobs.	О	О	О	О	0
employs people who treat customers courte-	О	О	О	0	О
ously.					
seems to have excellent leadership.	О	0	0	0	0
seems to recognize and take advantage of	О	0	О	0	О
market opportunities.					
offers high quality products.	0	0	Ο	0	0
would reduce its profit to ensure a clean	О	0	О	0	0
environment.					
is concerned about its customers.	0	0	Ο	0	0
seems to treat its people well.	0	0	Ο	0	0
looks like it has strong prospects for future	О	0	О	0	0
growth.					
develops innovative products.	О	0	0	0	0
seems to be environmentally responsible.	0	0	0	0	0

## Q3: To what extent do you agree with the following statements about Bisgol's initiatives on a scale from strongly disagree to strongly agree?

	Strongly Disagree	Disagree	Neither Disagree nor Agree	Agree	Strongly Agree
Bisgol is forthright in its dealing with custom-	О	О	О	О	О
ers.					
Bisgol's products give me a sense of security.	0	0	0	0	0
I perceive Bisgol as customer oriented.	0	0	0	0	0
Bisgol is honest with its customers.	0	0	0	0	0
Buying Bisgol's products is a quality guarantee.	0	0	О	0	0
I am satisfied with the way Bisgol presents	0	0	О	0	0
itself.					
Bisgol is interested in its customers.	О	О	0	О	Ο
I perceive others are speaking about Bisgol in a	О	0	О	О	О
positive way.					
I trust the quality of Bisgol's products.	О	О	О	О	0

### Q4: What is your gender?

- O Male
- O Female

### Q5: How old are you?

- O Under 18
- **O** 18-25
- **O** 26-34
- **O** 35-44
- **O** 45-54
- **O** 55-64
- O 65 or over

### Q6: What is the highest level of education you have completed?

- O Less than High School
- O High School / GED
- O College Degree / Bachelor's Degree
- O Master's Degree / Diploma
- **O** Doctoral Degree

### **Q7: What is your nationality?**

- **O** Austrian
- **O** Belgian
- **O** British
- **O** Danish
- O Dutch
- **O** Finnish
- O French
- O German
- O Greek
- **O** Irish
- O Italian
- O Norwegian
- O Polish
- O Portuguese
- O Russian
- **O** Spanish
- O Swedish
- O Swiss
- O Turkish
- **O** Other

Appendix 4: Composition of the variables

ATTRIBUTIONS (Q1)
Bisgol is taking these initiatives because
Values-driven
they feel morally obligated to help. (V1)
they have a long-term interest in the community. (V2)
their owners or employees believe in this cause. (V3)
they want to make it easier for consumers who care about the cause to support it. (V4)
they are trying to give something back to the community. (V5)
Strategic
they will keep more of their customers by making this offer. (ST1)
they will get more customers by making this offer. (ST2)
they hope to increase profits by making this offer. (ST3)
Egoistic
they want to get publicity (E1)
they want it as a tax write-off. (E2)
they are taking advantage of the cause to help their own business. (E3)
they are taking advantage of the nonprofit organization to help their own business. (E4)
Stakeholder-driven
they feel their customers expect it. (SH1)
they feel their stakeholders expect it. (SH2)
they feel society in general (i.e., consumers) expects it. (SH3)
they feel their employees expect it. (SH4)
CONSUMER TRUST (Q3)
· · · · · · · · · · · · · · · · · · ·
Bisgol is forthright in its dealing with customers. (T1) Bisgol is honest with its customers. (T2)
Bisgol is interested in its customers. (T3)
Bisgol's products give me a sense of security. (T4)
Buying Bisgol's products is a quality guarantee. (T5)
I trust the quality of Bisgol's products. (T6)
CORPORATE REPUTATION (Q2)
Bisgol employs people who are concerned about customer needs. (R1)
Bisgol employs people who treat customers courteously. (R2)
Bisgol is concerned about its customers. (R3)
Bisgol seems to be a good company to work for. (R4)
Bisgol seems to have excellent leadership. (R5)
Bisgol seems to treat its people well. (R6)
Bisgol tends to outperform competitors. (R7)
Bisgol seems to recognize and take advantage of market opportunities. (R8)
Bisgol looks like it has strong prospects for future growth. (R9)
Bisgol is a strong, reliable company. (R10)
Bisgol offers high quality products. (R11)
Bisgol develops innovative products. (R12)
Bisgol seems to make an effort to create new jobs. (R13)
Bisgol would reduce its profit to ensure a clean environment. (R14)
Bisgol seems to be environmentally responsible. (R15)
CORPORATE IMAGE (Q3)
I perceive Bisgol as customer oriented. (C1)
I am satisfied with the way Bisgol presents itself. (C2)
I perceive others are speaking about Bisgol in a positive way. (C3)

Variable	Μ	SD	1	2	3	4	5	6	7
1 Values-driven	3.20	.72	(.71)						
2 Strategic	3.64	.77	07	(.71)					
3 Egoistic	3.41	.61	40**	.26**	(.56)				
4 Stakeholder-driven	3.56	.56	.14	$.19^{*}$	.05	(.55)			
5 Consumer Trust	3.20	.47	.49**	03	30**	.12	(.72)		
6 Corporate Reputation	3.42	.40	.63**	.04	30**	$.22^{**}$	$.68^{**}$	(.79)	
7 Corporate Image	3.48	.54	.42**	.04	16*	.07	.69**	$.57^{**}$	(.48)

Appendix 5: Results of the bivariate Correlation Analysis for the High Fit Group

*Note: With Means, Standard Deviations, Scale Reliabilities and Inter-Correlations. p*<*.*05<sup>\*</sup>, *p*<*.*01<sup>\*\*</sup>

Appendix 6: Results of the bivariate Correlation Analysis for the Low Fit Group

Variable	Μ	SD	1	2	3	4	5	6	7
1 Values-driven	2.95	.75	(.76)						
2 Strategic	3.39	.68	.00	(.70)					
3 Egoistic	3.69	.80	49**	$.28^{**}$	(.67)				
4 Stakeholder-driven	3.40	.77	.03	.08	.21**	(.66)			
5 Consumer Trust	2.95	.47	.54**	.08	35**	06	(.78)		
6 Corporate Reputation	3.15	.54	.65**	$.17^{*}$	44**	11	.75**	(.90)	
7 Corporate Image	3.12	.69	.59**	.12	39**	03	.71**	.75**	(.67)

Note: With Means, Standard Deviations, Scale Reliabilities and Inter-Correlations. p<.05<sup>\*</sup>, p<.01<sup>\*\*</sup>

Appendix 7: Results of the Sobel-Test for Values-driven and Egoistic Attributions

	Survey	Consumer Trust	Corporate Reputation	Corporate Image
Values-driven	High fit	0.0036**	0.0041**	$0.0048^{**}$
	Low fit	0.0036**	$0.0041^{**}$	$0.0048^{**}$
Egoistic	High fit	$0.0028^{**}$	$0.0018^{**}$	0.0035**
	Low fit	$0.0028^{**}$	$0.0018^{**}$	0.0035**

*Note: With Statistical Significance of the Sobel-Tests.*  $p < .05^*$ ,  $p < .01^{**}$