THE STRATEGIC RELEVANCE OF CSR IMPLEMENTATION

FOR STARTUPS OPERATING IN THE
SPORTS APPAREL INDUSTRY

INVESTIGATING THE BENEFITS OF CSR IMPLEMENTATION FROM A CONSUMER PERSPECTIVE

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Executive summary

Corporate Social Responsibility (CSR) has gained increased awareness over the last decade. CSR as a concept refers to going above and beyond what is required and contributing to society, while facilitating long-term success. Organizations are becoming increasingly aware of the importance of fulfilling societal expectations to enhance business performance. The concept of CSR has mainly been focused on shareholder value and profit maximization. However, this research aims at exploring CSR from a consumer perspective as there is limited research regarding stakeholder perception of CSR initiatives.

The purpose of this research is to explore the potential impact of CSR implementation. The focus is on the Nordic countries as they are among the frontrunners on the matter of CSR and sustainability. Denmark was the first Nordic country to introduce specific CSR policies and has received attention from other countries in terms of effective co-operation between the government, enterprises and the public. However, Iceland is considered to be falling behind the other Nordic nations in terms of implementation and awareness of CSR, although the topic has recently become more common. Therefore, this research examines these two Nordic countries specifically to reveal whether perception and behavior in terms of CSR implementation differs between Iceland and Denmark.

Given the competitive nature of the sports apparel industry as well as the limited research concerning CSR relevance for startups, this was chosen as the context for this research. Since the 1990s the sports apparel industry has received severe criticism for lack of sustainability practices which can ruin a company's reputation. Therefore, it was considered relevant to explore whether strategic CSR initiatives truly affect consumer perception.

This research seeks to discover the strategic relevance of CSR implementation from a consumer perspective in order to understand the true motives for startups to undertake such strategic initiatives when seeking potential consumers. For that reason, a conceptual framework was developed to investigate whether CSR initiatives have a direct effect on purchase intention as well as an indirect effect on purchase intention through the variables perceived value and word-of-mouth.

With the aim of obtaining information from a consumer perspective, the data collection followed a quantitative approach. More specifically, a structured online questionnaire which made it possible to statistically analyze the data to reach a conclusion on the matter. The results from this research demonstrated that startups in the sports apparel industry will benefit from implementing CSR initiatives into their core business strategies. CSR was found to have a direct positive effect on both perceived value and word-of-mouth engagement. Indicating an indirect effect on purchase intention, as the aforementioned variables showed a direct effect on purchase intention.

Consequently, the current research contributes to existing literature in this field as well as managerial implications. Given the limited guidance for entrepreneurs in terms of CSR implementation, this research provides information in terms of motives and benefits to aid survival of startups in this particular industry. Moreover, providing beneficial managerial perspective in terms of differentiation and promotion to attract consumers.

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1. Introduction

Do 'selfless good deeds' really exist or is there an ulterior motive

behind every righteous act?

Corporate Social Responsibility (CSR) is a widely used concept and has been studied by scholars for decades. It certainly follows an evolutionary process with gradual development in its theory. The definition of this concept may be traced back to 1953 and has been evolving ever since (Bowen, 2013). However, it is only in recent years that companies have begun to realize the importance of CSR initiatives and the associated benefits.

The early definitions focus on shareholder value and maximizing organizational profits while simultaneously benefitting society, as the main motivation is business growth. Many scholars have developed their understanding of the concept based on the CSR pyramid, developed by Carroll (1991). The pyramid consists of four levels: economic, legal, ethical and philanthropic. Later definitions emphasize the importance of going above and beyond shareholder focus and acknowledging responsibilities towards the environment and community, as contribution to society. In the last decade, literature has focused on the impact of CSR on specific areas of performance, while also addressing how organizations can generate shared value through the implementation of CSR (Latapí Agudelo et al., 2019).

Currently, many organizations apply ethical and social standards to their core businesses and consider CSR a necessary instrument to define their role in society (Lindgreen & Swaen, 2010). Governments in many countries have introduced CSR policies encouraging companies to operate on a more sustainable level. Furthermore, business associations and committees have emerged with the sole purpose to educate and assist entrepreneurs with the implementation of CSR strategies (Festa – Festa, n.d.; Midttun et al., 2015)

In addition, it has been questioned whether the strategic relevance of CSR is primarily implied for established organizations or startups. CSR initiatives are rarely considered an important aspect for startups to facilitate survival and enhanced performance. However, history has shown that going beyond profit maximization and avoiding corporate scandal and skepticism by engaging in CSR initiatives benefits in long-term success (Du et al., 2010; Porter & Kramer, 2006).

1.1 Delimitations

The focus in this research is on the Nordic countries, since Strand et al. (2015) discovered that these countries are seen as global leaders in CSR and sustainability, inspiring other countries to follow their lead. Among the Nordic countries, Denmark was the to introduce specific government policies in terms of CSR (Midttun et al., 2015; Strand et al., 2015). However, CSR initiatives in Iceland are considered being quite limited as a result of less CSR awareness by the public than in the other Nordic countries. Thus, the two countries, Iceland and Denmark, will be the primary focus of this research, examining the difference in consumer perception of CSR between these countries.

Additionally, this research will mainly be focused at the sports apparel market, which is a rapidly growing market due to increased awareness of quality of life and health benefits. This particular industry has gained a lot of attention for poor CSR initiatives, namely the Nike scandal in the 1990s in which they were criticized of using sweatshops and unethical manufacturing (Greenhouse, 1997; Nilsen, 2013) affecting the company's brand image. Additionally, the sport apparel industry like many others is facing challenges in relation to globalization, requiring specific strategic initiatives to gain competitive advantage. Moreover, the inhabitants of the Nordic nations are amongst the most active in Europe regarding average hours spent exercising weekly, indicating awareness and interest on the matter ("Weekly exercise habits of Europeans", 2014).

Furthermore, the startup ecosystem has been growing in recent years as the appeal for innovation increases (Szmigiera, 2019; Weiblen & Chesbrough, 2015) and enhanced government initiatives encourage entrepreneurship. All the Nordic countries rank high on the Global Innovation Index indicating an entrepreneurial environment in those countries ("Global Innovation Index 2019", 2019). The principles for startups are similar to established companies. However, little is known about implementation of CSR initiatives in the early stages of a company's development from a consumer perspective due to relatively limited research regarding startups. Thus, research is needed to establish the motivations for implementing CSR initiatives at the early stages to gain competitive advantage and awareness.

1.2   Problem statement and Research question

As previously stated, CSR initiative can be seen as a great asset for companies due to rising environmental consciousness and increased awareness regarding well-being of the community. Companies are becoming increasingly aware of the importance of going beyond requirements and fulfilling expectations and desires of the community to enhance welfare and gain competitive advantage in the rapidly changing world.

Following globalization and increased online presence, the sports apparel industry is facing bigger challenges, making it more difficult to compete in the market. Moreover, undertaking strategic initiatives is pivotal in this rapidly growing industry due to the number of competitors. Furthermore, a large number of startups have been established in this industry over the past years due to the lucrative nature of the market as well as the growing interest in entrepreneurship and innovation (Orbis | Company Information across the Globe | BvD, n.d.). It can be challenging for startups to survive in today's environment and these challenges must be acknowledged from the beginning to prevent failure by recognizing existing trends and issues in the market. Additionally, attracting potential investors and consumers is essential in the early stages of the development as startups face significant challenges in terms of weak financial resources. Moreover, although there is high demand for sports apparel the product offerings in the market are quite homogeneous, making it even more difficult for startups in this industry to attract consumers. Implying that startups operating in the sports apparel industry must focus on differentiation in order to stay productive and competitive.

The current research strives to provide knowledge for entrepreneurs in the sports apparel industry that determines the motivation for engaging in CSR initiatives and how to seize opportunities accordingly. More specifically, to understand whether Corporate Social Responsibility is strategically relevant for sports apparel startups. Extensive research has been conducted on CSR initiatives for larger companies, yet there is limited research on the subject regarding relevance for startups and from a consumer perspective.

Having established the grounds for this research, the following research question was proposed to successfully address the problem at hand:

"Is it beneficial for sports apparel startups to implement CSR initiatives into their core business strategies in their early stages?"

This research will conclude on findings and analysis based on quantitative primary data collection combined with theoretical secondary data collection. Building on the main research question, four sub questions have been formulated in order to gain more insights into the area of research. The following questions take into account consumer perspective and country effects.

"Do companies' CSR initiatives have a direct and/or indirect effect on purchase intention?"
"Do companies' CSR initiatives have an effect on perceived value?"
"Do companies' CSR initiatives have a direct and/or indirect effect on word of mouth?"
"Is there a difference in perception and behavior regarding CSR between Iceland and Denmark?"

1.3   Research structure

Introduction: This section provides an overview of the motives for this research, including representation of the delimitations that define the relevance and scope of the research. In addition, the research question is disclosed based on the problem identification, followed by formulated sub questions that will guide the research.

Literature review: This section aims at providing a comprehensive examination of existing literature in terms of the relevant concepts for this research. The topic of CSR will be thoroughly explained and traced back to its origin providing a description of the evolution of various definitions that have emerged from the concept. Followed by a detailed description of the concepts disclosed in the delimitation and the interconnection that creates the foundation for the research.

Theoretical framework: This section aims to increase understanding of the theoretical models that contribute to the conceptual framework developed in this research. A detailed explanation of each framework will be presented along with critique of the frameworks and alternative theories that were strongly considered during the process. This builds a foundation for measurements in terms of further analysis.

Development of the hypotheses: This section presents the conceptual framework developed from existing literature along with the six hypotheses developed from the framework. The hypotheses aim at predicting the relationship between the variables and provide testable measures to further answer the research question.

Methodology: In this section the research philosophy and approach are thoroughly explained to enable a critical evaluation of the overall validity and reliability consistent throughout the research. The current research follows a deductive reasoning relying on the developed hypotheses to reach a specific and logical conclusion. Moreover, a positivist approach to epistemology as knowledge is derived from scientific facts and objectivist approach to ontology where reality is formed by established and logical structures.

Method: This section aims at describing the processes and techniques utilized to uncover new information in the data collection for further analysis. The research design and data collection method are thoroughly explained, as well as classification of primary and secondary data used

in this research. Furthermore, this section explains the execution of the pilot study, validity and reliability of the data collection, as well as the final questionnaire design.

Analysis: This section explains the data analysis methods in detail. The descriptive statistics of the findings are presented, while taking into account noticeable differences between countries and gender effect. This is followed by a detailed description of the factor analysis conducted in the statistical software SPSS in order to simplify the measurements of the statistical testing. Furthermore, a comprehensive statistical analysis is performed using SmartPLS to either reject or accept the previously developed hypotheses. Lastly, the findings from the primary data collection are summarized to provide a wholesome overview of the most important discoveries and results from the analysis.

Theoretical Perspectives: This section aims at contributing to previous literature with findings from the current research. In addition, pinpointing different views on certain aspects and verifying previous studies in this field.

Managerial perspectives: This section aims at providing managers of sports apparel startups with recommendations and suggestions on the subject. More specifically, providing entrepreneurs in the sports apparel industry with valuable information in terms of beneficial CSR implementation.

Conclusion: This section summarizes and provides an overview of the overall research while addressing the problem at hand and answering the research question.

Limitation: The limitations of this research are presented and thoroughly discussed in order to reach a credible conclusion. Moreover, enhancing understanding of the findings and interpretation of the validity.

Future research: This section covers future research which can be derived from this study by acknowledging limitations and inspiration that surfaced during the process. Further suggesting aspects which can enhance the findings and further contribute to both theoretical and managerial implications in this field.

2. Literature review

2.1 Defining CSR

In recent years, there has been rising awareness among the public on social and environmental issues as well as government legislation on the matter. Consequently, Corporate Social Responsibility initiatives have become more common for businesses today (Mendibil et al., 2007). CSR has been widely studied in multiple contexts and many researchers have attempted to establish an understanding of CSR by developing definitions based on previous literature and studies. Previous definitions have in common that organizations have a moral obligation to citizens of the community (Porter & Kramer, 2006; Wan-Jan, 2006) and are mostly intact with the European Commission's definition of CSR, "*a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis*" (The European Commission, 2011, p. 2). They further developed their definition to contribute to global consistency as "*the responsibility of enterprises for their impacts on society and outlines what an enterprise should do to meet that responsibility*" (The European Commission, 2011, p. 1).

Many scholars have developed their understanding and definitions based on Carroll's (1979) conceptual model of CSR, dividing social responsibilities into four categories; economic, legal, ethical and philanthropic. His ideas of the first two categories, economic and legal responsibilities are quite straightforward in a sense for research agendas. However, the ethical and philanthropic factors require more examination and evaluation in regard to Corporate Social Responsibilities which has led to more narrow definitions, going beyond the first two aspects (Carroll, 1979; McWilliams et al., 2006).

The most commonly developed definitions entail the interdependence between corporations and society, emphasizing responsible business practices by addressing the obligations a business has to society based on ethical values, legal requirements, environmental issues and impact on stakeholders. The stakeholders consist of employees, customers, business partners, investors, suppliers, vendors, the government and the community (Kotler & Lee, 2005; Lantos, 2001; McWilliams et al., 2006).

CSR can be seen as relatively complex based on the nature of the context as it combines ecology, society and economy (Sheehy, 2015). There are studies that focus on CSR as a business strategy maximizing shareholder value, observing CSR as a tool to achieve or enhance profitability. On the contrary, other studies argue the ethical stance of CSR discussing the mutual connection between the environment and the company, where profitability will support the development of social responsibility and the moral duty to serve the community beyond laws and regulations (Wan-Jan, 2006).

Porter and Kramer (2006) discuss the strategic CSR perspective to discover opportunities, innovation and competitive advantage for businesses, while at the same time benefiting society. Firstly, they mention the moral obligation, succeeding while following ethical values and being respectful towards the public and the natural environment, including geographical and ecological factors (Porter & Kramer, 2006). Secondly, they discuss sustainability in relation to the environment and the community, "s*ustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs*" (International Institute for Sustainable Development, n.d., para. 2). Thirdly, the notion of license to operate is based on legal requirements and regulations. Lastly, reputation can be seen as a primary business motivator for CSR initiatives, including improving brand image and increasing value (Porter & Kramer, 2006).

Chawak and Dutta (2014), discuss that the main motivational factors for businesses to engage in CSR which include, making money, saving costs, increased consumer engagement, attracting employees, enabling better branding and encouraging innovation. However, these factors can rather be seen as motivational rewards as the concept goes beyond business growth, shareholders and owners (Porter & Kramer, 2006).

In 1984, Freeman adds to the importance of CSR initiatives through the stakeholder theory, which is based on shareholders not being the primary focus but that business activities affect other factors such as employees, environment and the society, acknowledging the mutually important responsibilities and obligations towards society and shareholders (Freeman, 2010). Thus, the stakeholder theory indicates that CSR can be defined based on serving the needs of

stakeholders including a variety of business actions (Freeman, 2010), that is, going beyond shareholder focus by looking after the environment, investing in the community, improving employee relations while maintaining profitability (Wan-Jan, 2006).

In addition to the previous discussion, strategic CSR and the stakeholder theory are supported by defining CSR initiatives based on Creating Shared Value (CSV). Many companies are focused on optimizing short-term financial performance instead of focusing on long-term success (Porter & Kramer, 2011). The concept of CSV indicates creating policies and operation practices that increase the company's long-term competitiveness, while simultaneously offering economic and social benefits to the local community (Porter & Kramer, 2011). The interdependence between success and social welfare is recognized by identifying and expanding the relationship between the company and society. Successful value creation reflects differentiation resulting in a positive attitude towards stakeholders (Porter & Kramer, 2006).

This topic of CSR is becoming increasingly relevant in the rapidly changing business world following globalization and the increased awareness when it comes to the well-being of the community, where consumers increasingly require and expect companies to contribute to society (Carroll, 1991; Ko et al., 2012). Moreover, companies are becoming aware of the importance of being socially responsible to stay productive and competitive while managing their profit, risks and reputation (Lefebvre & Lefebvre, 2012; McWilliams & Siegel, 2001).

The lack of a universally agreed definition of CSR makes it essential to define the concept for a specific context to avoid biased development and implementation of the concept. This is important as CSR is a concept truly dependent on the context having different meanings to different organizations (Wan-Jan, 2006). Thus, the current research is inspired by Carroll's (1991) appreciation of going above and beyond what is required of society, combined with Freeman's (2010) stakeholder theory, exploring the subject from a consumer perspective.

2.1.1 Evolution of CSR definitions

Corporate Social Responsibility (CSR) has grown rapidly over the last decades. The concept has been widely discussed and can be traced in its widest sense back for many centuries (Carroll, 1999). One of the oldest definitions of the concept as we know it today was introduced by Howard Bowen in 1953. He explained the social responsibility of businessmen as an obligation for businessmen to make decisions, pursue policies and follow lines of action in terms of values of the society (Bowen, 2013). Furthermore, other researchers in the 60s agreed with that statement. William C. Frederick (1960) defined the concept in a similar way, that businessmen should manage their business in a way that it would fulfill the expectations of the community to enhance total socio-economic welfare.

In the 70s, the definitions of CSR proliferated and became clearer and more specific but up until then it was rather vague. Moreover, CSR began to be viewed as being beneficial for companies by adding value and profitability to businesses. Johnson (1971) said that CSR is a way for businesses to add profit by carrying out social programs. Furthermore, Davis (1973) states that a firm is not being socially responsible if it only abides by the law. He argued that businesses must go beyond the minimum requirements of the law and integrate social values in their decision making in order to be socially responsible (Davis, 1973). Carroll (1979) concluded that CSR consists of four parts: economic, legal, ethical and voluntary/philanthropic. Moreover, Peter Drucker (1984) argued that social responsibility implied turning social problems into an economic opportunity, product capacity, human competence, well-paid jobs and finally wealth.

In the 1990s, there were only a few additional suggestions made to the definition of CSR. However, in 1991 Donna J. Wood made contributions to the treatment of CSR. She took Carroll's previously discussed four parts of CSR and identified how these domains relate to the CSR principle on an institutional, organizational and individual level (Carroll, 1999). Furthermore, Carroll contributed to his previous findings of the four components of CSR and created the Pyramid of CSR (Carroll, 1991). The aim was to create a useful approach to CSR for executives (Carroll, 1999). By the end of the century, the idea of CSR became a very familiar concept for all members of society, from corporations to the individual customer

(Lee, 2008). Smith (2001) discovered that CSR concerns an even broader set of stakeholders than earlier. He then explained a new and more specific definition of CSR, the concept refers to

> the obligations of the firm to its stakeholders, people affected by corporate policies and practices. These obligations go beyond legal requirements and the firm's duties to its shareholders. Fulfillment of these obligations is intended to minimize any harm and maximize the long-run beneficial impact of the firm on society (Smith, 2001, p142).

The 2000's shed light on the strategic relevance of CSR. It was assumed that organizations could improve their competitiveness through a holistic implementation of CSR generating shared value (Latapí Agudelo et al., 2019). McWilliams et al. (2006) define CSR as "*situations where the firm goes beyond compliance and engages in actions that appear to further some social good, beyond the interests of the firm and that which is required by law*" (p. 4).

In the last decade, most literature regarding CSR has aimed at studying the impact of CSR on specific areas of performance, while also focusing on how companies can generate shared value through implementation of CSR (Latapí Agudelo et al., 2019). Today, many organizations consider CSR an essential tool to define their roles in the society by applying ethical and social standards to their core businesses. Thus, the concept has moved from ideology to reality (Lindgreen & Swaen, 2010).

2.2 CSR communication

Du et al. (2010) argue that CSR activities provide intangible assets for companies generating favorable stakeholder attitudes by creating a certain brand image that further leads to tangible assets for the company in the long run. However, awareness and motives for CSR engagement can hinder the benefits for companies implementing CSR initiatives. Consumer awareness regarding company's CSR activities has been found to be relatively low (Du et al., 2010) which can make it challenging for companies to maximize business benefits from these activities. McWilliams and Siegel (2001) found that consumers that are aware of the companies CSR initiatives are likely to have positive purchase intention when exposed to

those activities as those who are not aware of this additional social feature will most likely make a purchase decision based on pricing.

Beyond awareness, overcoming stakeholder skepticism can be particularly challenging for companies as progressively promoting CSR efforts can have a negative effect on consumer perception (Du et al., 2010). Stakeholder attributions may lead to negative insinuations when they suspect ulterior motives for companies' CSR efforts, leading to less favorable stakeholder perception and behavior towards the company (Du et al., 2010; Fein & Hilton, 1994). Thus, it is crucial for companies to reveal their true motives underlying their CSR activities to avoid skepticism and negative stakeholder reactions (Fein & Hilton, 1994). Additionally, for effective communication of CSR initiatives, companies must go beyond awareness of social and environmental initiatives and build consumer relationships by creating emotional responses towards their corporate image (Okazaki, 2011). Consumers tend to pay more attention to CSR initiatives that directly affect them rather than initiatives that affect the employees of the firm, ultimately affecting the level of consumer involvement regarding specific initiatives (Okazaki, 2011).

For markets where product offerings are quite similar, CSR differentiation can be pivotal to gain competitive advantage. However, for a successful CSR differentiation it is clear that consumers must be aware of these initiatives during the decision-making process (McWilliams & Siegel, 2001). Companies that are active in CSR create a certain reputation, facilitating reliability and quality. Such differentiated attributes are considered to provide consumers with trustworthiness and high quality, allowing companies to charge a premium price (McWilliams & Siegel, 2001).

These reasonings highlight the need for effective and efficient communication strategies for approaching stakeholders. Advertising CSR initiatives aids awareness, although this must be well thought out to avoid skepticism and suspicion of ulterior motives (Fein & Hilton, 1994; McWilliams & Siegel, 2001). Striving to exceed customer requirements and identify expectations and desires from a consumer perspective is essential for business related benefits (Carroll, 1979). These interactions must reflect meaningful implications for

consumers to effectively promote the desired company image and reputation (Okazaki, 2011).

2.3 Startups

2.3.1 Defining startups

Various definitions of startups have developed in recent years. One definition of the concept is that they are something "*new, active and independent*" (Luger & Koo, 2005, p. 1). According to Investopedia, startups "*are founded by one or more entrepreneurs who want to develop a product or service for which they believe there is a demand*" (Grant, 2020, para. 1). More specifically, they begin with high cost and limited revenue and are looking for investors (Grant, 2020). Startups can be very diverse but they all share some of the same features. They have little to no history, are normally younger than 10 years, have highly innovative business models and techniques and are also a major source of job creation. However, they generate little revenue, negative cash flow and are highly dependent on funding from investors (Damodaran, 2009; Kollmann et al., 2016; Luger & Koo, 2005).

2.3.2 History

The concept of startups as it is known today can be traced back to 1975, where the Chicago Defender first introduced the word *startup* ("Startup, n.," n.d.). The Silicon Valley companies are believed to be the first startups, since they have similar business ecosystem to those of startups. However, the term startup had not been invented at that time (Engel, 2015; Kenney, 1999; Klepper, 2001). The body of literature concerning startups offer mostly information about startups in the high-tech industry. This does not come as a surprise, since a large part of startups operate in the technology sector ("Global Startup Ecosystem Report", 2019) With the dot-com bubble and new technology development, startups operating in the software industry have been prevalent, providing services such as Google, Facebook, Instagram and Apple (Bosch et al., 2013; Feinleib, 2012).

Moreover, startups have been thriving in recent years with various foundations that promote innovation, government initiatives regarding innovation, business schools worldwide teaching entrepreneurship and holding startup competitions (Szmigiera, 2019; Weiblen & Chesbrough, 2015).

2.3.3 Life cycle

According to Kedia and Aceto (2015), a startup life cycle consists of five stages (See Appendix 1). First is the *pre-seed stage*, where the company is established, a team is formed, and the product/service is developed. Financing in this stage is often limited to the founders themselves, friends and families. The startup moves on to the *seed stage* when the product is ready. The founders begin to look for investors and potential customers and test the business model. In this stage the cash flow is still negative (Kedia & Aceto, 2015). When the startup begins to generate income and increase sales the company enters the *early growth* stage. The investors might be interested in boosting the growth of the company and increasing their investments. The fourth stage is called *later rounds* when the startup is presumably starting to make profit. The Investors' role in this stage is only to support expansion into new markets. The final stage is *Initial public offering (IPO)*, which is often used as an exit strategy for investors (Kedia & Aceto, 2015).

2.3.4 Challenges

Startups can face various challenges during their life cycle as with most newly established businesses. Around 90%, or 9 out of 10 startups fail due to overlooking key aspects of the business process and consumer needs, in addition to premature scaling resulting in increased cost and lost focus on the overall business (Krommenhoek, 2018; Patel, 2015) It is important that founders are aware of challenges from the beginning to be prepared and practice appropriate measures to prevent a failure.

Startups usually face a lack of financing and rely mostly on personal connections and investors in the seed- and early growth state. This can be challenging for newly established startups, since it is expensive to launch a new business and bring a product to market (Lingelbach et al., 2012; Salamzadeh & Kawamorita, 2015). Another clear challenge is the founders lack of experience and knowledge about the business world, namely for those founders who are taking their first step into entrepreneurship (Poposka, K. et al., 2016). According to Lingelbach et al. (2012), a lack of trust with prospective customers is one of the main challenges a startup faces. When entering an established or emerging market it can be challenging to break the entry barriers and form a relationship with future and potential customers. Additionally, Boeker (1988) states that one of the reasons startups fail is due to underestimating the effect

of environmental elements such as limitations in the market, existing trends and legal issues (as cited in Salamzadeh & Kawamorita Kesim, 2015).

2.4 Role of CSR for startups

The body of literature of applying CSR to businesses is excessive particularly in larger firms. However, in the case of startups the existing research is relatively limited. The literature used for the current research will be solely based on Small and Medium-sized Enterprises (SMEs) and startups, since this study focuses on the application of CSR for startups. Startups focus mostly on their internal stakeholders such as their employees, customers and suppliers even though startups have similar principles as large companies regarding ethics, environment and society (Lahdesmaki, 2005; Lefebvre & Lefebvre, 2012).

Startups are more often than not created with the purpose of generating new jobs and developing new products where CSR is usually not a focus point (Retolaza et al., 2009). However, some researchers conclude that CSR could be an important component in the initial strategy of a startup to enable them to survive, enhancing their social, economic and environmental performance (Retolaza et al., 2009). They further argue that: *"CSR could be an important part of business start-up and through the establishment of specific strategies and instruments beyond the parameters of CSR, more start-ups might survive"* (Retolaza et al., 2009, p. 324). Lefebvre and Lefebvre (2012) further support this statement by concluding that startups should attempt to integrate CSR into their strategy in order to gain competitive advantage, since it has been proven that CSR positively affects a company's performance in terms of finance, value and customer retention.

Consumer perception of CSR activities is constantly improving as environmental consciousness has been rising in the last decades. These initiatives have even started to become a factor of influence when it comes to consumers buying behavior (Lin & Niu, 2018; Todeschini et al., 2017). Furthermore, consumers could expand their knowledge with companies' CSR initiatives. For example, fashion startups implementing CSR into their strategy can raise awareness about the negative sides of the textile industry and introduce consumers to the benefits of sustainable fashion (Todeschini et al., 2017).

Conversely, not all scholars agree on the matter. De Lange (2017) concluded that investors refrain from investing in startups that have another focus than solely being profitable, whereas they seem to be more interested in businesses that are socially responsible and are less concerned with environmental consciousness. Although, the investors only seem to like the free benefits that socially conscious companies can provide, they do not see it as of value to the company (de Lange, 2017).

2.5 The Nordic countries; CSR and startups

2.5.1 Nordic context CSR

The Nordic countries in general have been seen as global leaders in CSR and sustainability (Strand et al., 2015). With Sweden, Norway, Iceland and Denmark taking the first four places in the sustainable competitive index ranking and Finland the 6th place ("The Global Sustainable Competitiveness Index", 2019). In a study conducted by Strand, Freeman and Hockert (2015), they examined various CSR and sustainability performance measurements in Nordic countries. They discovered that these countries lead the world in strong CSR and sustainability performances while serving as an inspiration in this field for other countries in the world (Strand et al., 2015). A brief history of the CSR government initiative and the current situation for the above-mentioned countries will be discussed in the following text, with a focus on the two countries selected for this study; Denmark and Iceland.

In 1993, the Danish Minister of Social affairs launched a campaign concerning organizational involvement in solving national employment-related problems as the mission was to reduce unemployment in the country (Metaxas & Tsavdaridou, 2010; Midttun et al., 2015). The CSR policies were promoted through the campaign, which made Denmark the first Nordic country to introduce CSR policies (Midttun et al., 2015). In 2006, the "People and Profit" guide was published by the Danish Commerce and Companies Agency. The purpose of this was to offer knowledge to businesses worldwide about the benefits of CSR activities and consequently inspire managers to integrate CSR in their strategy (Metaxas & Tsavdaridou, 2010). A research by Metaxas and Tsavdaridou (2010) concludes that the co-operation in Denmark between the government, enterprises and the public has resulted in development of a synchronized system for CSR issues.

In 1998, the government of Norway introduced "KOMpakt", which in 2006 was changed to "The Consultative Body for CSR". At first the mission was to strengthen respect for human rights in the country through increased communication between the human rights groups, Norwegian industry and the Norwegian public administration. Later it was revised to be more similar to the UN Global Compact's principles, with special focus on international issues regarding CSR decision-making (KOMpakt, 2012; Midttun et al., 2015). The government of Sweden introduced the Swedish Partnership for Global Responsibility in 2002 to strengthen companies' work on environmental protection, human rights and labor standards with the principles of the UN Global compact and OECD guidelines in mind (Midttun et al., 2015).

The Finnish government has been somewhat skeptical of CSR policies, regardless they have adopted some CSR policies in recent years due to the growing importance of CSR in the country's organizations (Loikkanen, Hyytinen, & Koivusalo, 2007 as cited in Midttun et al., 2015). In 2001, the government introduced MONIKA – "the Committee on International Investment and Multinational Enterprises" which later became a committee which resembled the aforementioned Norway's KOMpakt: a committee of ministries, stakeholders, trade unions and non-profit organizations (Habisch et al., 2005; Midttun et al., 2015).

In Iceland, the CSR policies and government initiatives have been more limited compared to the other Nordic countries. Icelandic companies work by environmental and social standards in line with the other Nordic countries, meaning that they pay taxes and abide to the rules and regulations. However, only a limited amount of voluntary initiatives have been put into place by Icelandic companies (Visser & Tolhurst, 2010). Although, the subject of CSR is becoming more common and the public has become more aware of the importance of CSR, pushing companies to implement CSR activities in their businesses (Rubianes, 2016). Festa, a not-for-profit organization founded by six large enterprises in Iceland was established in 2011. This organization is a member of the UN Global Compact and CSR Europe, which are both European Social Responsibility Centers. Festa's mission is to increase the knowledge of CSR amongst the public and companies in Iceland and enhance the ability of companies to adapt socially responsible practices (*Festa – Festa*, n.d.).

2.5.2   Nordic context startups

Denmark has had relatively high startup rates in the past years, but the companies have not shown sufficient growth. As a result, the entrepreneurship policies in Denmark now emphasize addressing startup activity in the country and helping newly established companies grow (Napier et al., 2013). The centralized and private organization FFE-YE was established in 2010. Its mission was to launch a national knowledge center for entrepreneurship training and education, as well as strengthening national initiatives for promoting entrepreneurships in the country (Chiu, 2013). The foundation further encourages innovativeness and ensures that the ability to be inventive as a fundamental element for all educational levels ("About the Foundation", n.d.).

The Ministry of Trade and Industry is responsible for entrepreneurship in Norway while coordinating with the Government's Innovation policy. Innovation Norway is one of the most important tools for the Government's Innovation policy. The association has the mission to help startups in the country grow and remove global barriers, enabling them to expand internationally (Napier et al., 2013; *Start Ups*, n.d.). Sweden also has an entrepreneurship policy with the ministry supervising several national programs and funds while also giving guidelines to agencies that have implemented the entrepreneurs' programs (Napier et al., 2013). In Finland, the role of startups and entrepreneurship has been very important for politicians in the country in the last two decades especially after the fall of Nokia. The fall of the company created a gap in the market for entrepreneurship, which was highly influential to the currently thriving startup ecosystem in the country (Napier et al., 2013; Wallin et al., 2016).

In Iceland, there is no specific policy for entrepreneurship or entrepreneurial education. However, "The Entrepreneurial Student Competition (ESC)" is held annually. The competition is for elementary schools and its purpose is to encourage students to be innovative and prepared for the business world (Chiu, 2013). Several organizations in the country have been established to stimulate and enable entrepreneurship. The *Association for Startups* (*Samtök sprotafyrirtækja)* was founded in 2004 and currently has 34 registered companies. Their purpose is to work in the interest of startups and their policies in Iceland as well as promoting growth for the startup ecosystem (Samtök iðnaðarins n.d.). The *Innovation Center Iceland* was

founded in 2007 and belongs to the Ministry of Industry and Innovation. The organization provides entrepreneurs with guidance and assistance for establishing a company, product ideas and support in creating business plans. Moreover, the organization also helps these startups with funding (Íslands, n.d.). Iceland is steadily progressing in the right direction despite being behind the other Nordic nations in startup policies and have begun focused training for teachers on the matter (Chiu, 2013).

As indicated, the startup ecosystem is currently growing and is becoming increasingly relevant with government initiatives and regulations to encourage entrepreneurship. The Nordic countries all ranked relatively high in the Global Innovation Index in 2019. More specifically, Sweden is placed in the second place, while Finland and Denmark take the 7th and 8th place. Norway and Iceland take the 19th and 20th place out of 129 countries on the list ("Global Innovation Index 2019", 2019.).

As previously discussed, this study focuses on the two Nordic countries; Denmark and Iceland. Denmark was the first Nordic country to introduce CSR policies in 1993 while Iceland is still relatively new to CSR activities compared to the other Nordic nations. Furthermore, a limited amount of research has been done regarding CSR activities in Iceland. Therefore, it is of interest to compare those two countries in terms of CSR and consumer perception on the matter.

2.6 The Sports Apparel Industry

The sports apparel industry is interesting to investigate as the market was valued at $167.7 billion in 2018 and the compound annual growth is considered to be 5.1%, amounting to $248.1 billion in 2026 (Allied Market Research, n.d.). This fast-growing market is presumed to be a result of increased awareness of a healthy lifestyle and health benefits of fitness activities (Allied Market Research, n.d.). The sports apparel industry is attractive considering its rapidly growing global presence and the fact that sportswear reflects not only apparel for sports activities but also for daily life driving sports fashion trends (Lim et al., 2016). Athleisure wear is part of the industry's growth as casual comfortable clothing is designed to be suitable for both exercise and everyday wear which is becoming increasingly popular (Allied Market

Research, n.d.; Lim et al., 2016) The competition to gain market share intensifies each year due to the fragmented nature of the industry.

The critical challenges that marketers are facing today are related to the globalization of markets. It is increasingly important for companies to undertake strategic initiatives to gain competitive advantages as a result of this rapidly growing market worldwide and the number of competitors (Ko et al., 2012). Considering the online presence and easy access to many similar companies, similar products and prices, organizational strategic initiatives may enable profitability by differentiation in such a competitive market (Hull & Rothenberg, 2008; Koszewska, 2010). It is difficult for startups to challenge the top brands in sportswear, such as Nike, Adidas and Under Armor with strong financial resources but a slice of this lucrative market can be significant (Palmer, 2019). In order to be able to compete in such a saturated market with a growing demand indicates the need for creativity, innovation and differentiated initiatives to increase visibility (Hull & Rothenberg, 2008; Koszewska, 2010). Thus, startups should take advantage of changing consumer trends and increased interest in wellbeing to participate in the market by developing unique business and marketing strategies and including implementation of CSR activities.

The textile and sports apparel industry are commonly associated with social and environmental issues. In the 1990s, the sports apparel industry received severe criticism for essential factors of CSR regarding fast fashion (Bhardwaj & Fairhurst, 2010). Fast fashion requires ownership of multiple stores worldwide, fast production, variety of the latest fashion trends and a rapid distribution system and a supply chain to gain competitive advantage in the market. The negative concerns of this industry regard environmental and ethical factors (Bhardwaj & Fairhurst, 2010; Hobson, 2013; Tokatli, 2007). The industry is being subjected to environmentally unfriendly practices since the products are of low quality and have a short lifetime, resulting in quick disposal of the product from consumers. Moreover, fast fashion has been subjected to unsustainability and unethical working conditions, including the use of child labor (Bhardwaj & Fairhurst, 2010; Hobson, 2013; Tokatli, 2007). Since then, this industry has been receiving increased attention regarding improvements in sustainability standards, and negative discussions about corporate practice can easily emerge in today's tech-savvy society (Bartley & Child, 2014; Emmelhainz & Adams, 1999). In the 1990s, Nike,

one of the world's largest sportswear manufacturers was accused of unethical manufacturing and using sweatshops which had an immense impact on their brand image (Greenhouse, 1997; Nilsen, 2013). This discussion led to the company having to review its practices and working conditions. The company updated their CSR reports and certain rules were set regarding the minimum age of workers, increased education and transparency to name a few ("Human Rights and Labor Compliance Standards", n.d.). Companies can use the policy to reduce, eliminate or respond to negative media coverage. Therefore, the concept of CSR is a real incentive for companies to place greater emphasis on staff facilities, follow responsible governance and focus on environmental issues (Carroll, 1991).

This research aims at investigating the importance of CSR initiatives for sports apparel startups. As stated above, the Nordic countries have all implemented initiatives for entrepreneurship, whether it is regarding special education on the matter or associations to help them grow (Chiu, 2013; Napier et al., 2013). The Nordic countries offer great growth opportunities in the sports apparel industry based on their focus on quality of life and healthy lifestyle, as they score the highest in Europe for weekly exercise habits ("Weekly exercise habits of Europeans", 2014). Additionally, as these countries are considered to be among the CSR front-runners. The chosen countries for this research are Denmark and Iceland, based on their CSR history. Moreover, over the last ten years 146 sports apparel/equipment startups have emerged in Denmark (Orbis | Company Information across the Globe | BvD, n.d.), while Iceland has reported 46 startups in this industry from the year 2011 ("Fjöldi Skráðra Fyrirtækja Og Félaga Eftir Atvinnugreinum 2008-2019", n.d.), indicating a relevant research topic.

3. Theoretical Framework

3.1 Pyramid of CSR

As mentioned earlier, extensive studies and research have been conducted on CSR and most of it have been built around Archie B. Carroll's pyramid of Corporate Social Responsibility, which is considered one of the most recognized models of CSR perception. Considering the various definitions and views of Corporate Social Responsibility based on previous research, Carroll recognized the need to categorize and prioritize the components by elaborating how distinct aspects of CSR can be articulated and interrelated (Carroll, 1979). Carroll's four-part conceptualization consists of economical, legal, ethical and discretionary responsibilities (Carroll, 1979), which was later redefined as philanthropic responsibilities (Carroll, 1991).

In 1991, Carroll introduced the pyramid of Corporate Social Responsibility based upon the four-part perspective, addressing the business obligations where the bottom part of the pyramid (economic) is considered the most fundamental obligation and a foundation for the other categories. The pyramid indicates that social responsibilities include going above and beyond what is required by society, as well as operating according to societal expectations and desires (Carroll, 1991). The framework is intended for corporations to acknowledge various corporate responsibilities and to assist them in identifying reasons for business actions, while at the same time emphasizing the role of ethical and philanthropic considerations that might be overlooked (Carroll, 1979; Carroll, 1991). The structure of the framework addresses each category separately (See Figure 1). However, Carroll states that corporations should view the pyramid as a whole in order to simultaneously fulfil all four categories of responsibilities (Carroll, 1991).

Carroll's Pyramid of Corporate Social Responsibilities
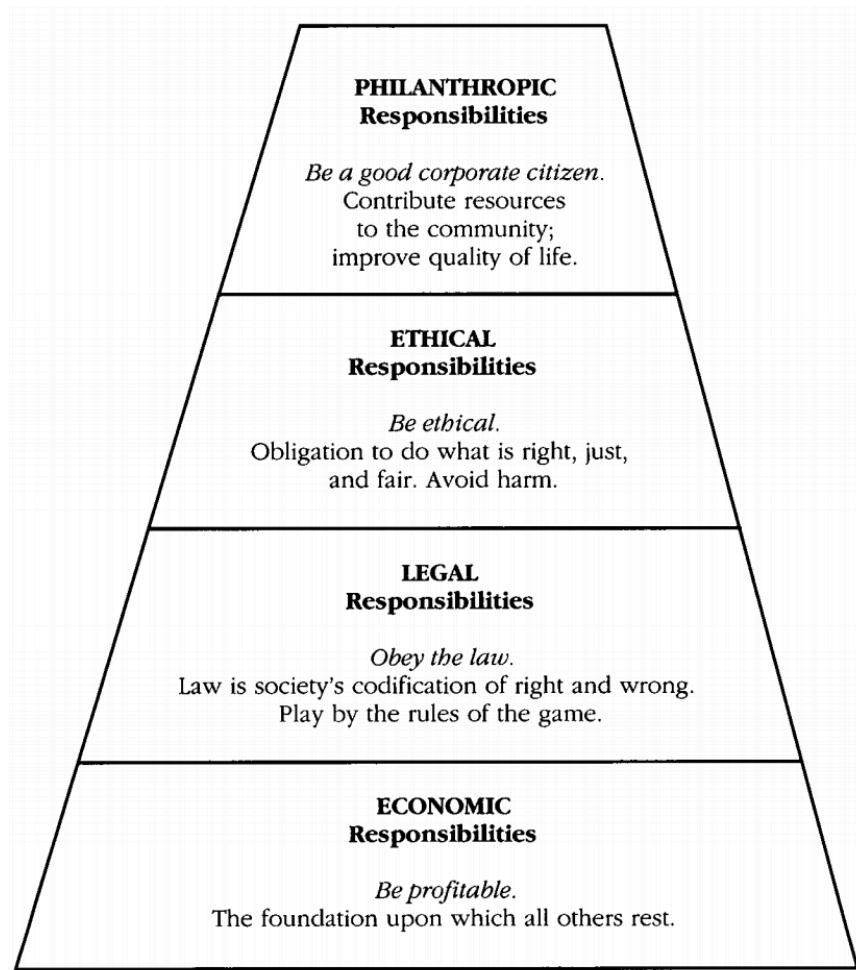
Figure 1: The pyramid of Corporate Social Responsibility (Carroll, 1991)

3.1.1 Economic responsibilities

Economic responsibilities are the base of the framework which is necessary to manage other responsibilities and for a company to survive. The importance of maximizing profits in a consistent manner, maintaining a competitive position and a high level of operating efficiency are the main components of economic responsibility (Carroll, 1991). According to Carroll (1979):

> The first and foremost social responsibility of business is economic in nature. Before anything else, the business institution is the basic economic unit in our society. As such it has a responsibility to produce goods and services that society wants and to sell

them at a profit. All other business roles are predicated on this fundamental assumption (Carroll, 1979, p. 500).

3.1.2 Legal responsibilities

Economic responsibilities are further expected to comply with legal requirements and government regulations. That is, operating at a minimum level of acceptable behavior while fulfilling economic obligations (Carroll, 1998). The legal responsibilities are the next layer of the pyramid, expected to coexist and be met simultaneously with the economic mission (Carroll, 1979). They "*reflect a view of 'codified ethics' in the sense that they embody basic notions of fair operations as established by our lawmakers*" (Carroll, 1991, p. 41). Implying that legal responsibilities are required by society similar to economic responsibilities. Carroll addresses the importance of businesses obeying the law, as "*law is society's codification of right and wrong*" (Carroll, 1991, p. 42).

3.1.3 Ethical responsibilities

In addition to the ethical norms required by society, the economic and legal responsibilities, businesses are expected to go above and beyond mere obligations by identifying ethical behavior and moral norms adopted by society that have not been codified into law in order to achieve corporate goals (Carroll 1991). That is respecting stakeholders' moral rights consistent with expectations of consumers, employees, shareholders and the community (Carroll, 1991).

Laws by their very nature may be inadequate in a sense by not effectively addressing all the social issues and for lacking ethical thinking, as laws are not considered to reflect the protection needed of various stakeholder groups, incorporating the latest developments and trends (Carroll, 1998). Emphasizing the importance of the third layer of the pyramid, organizations' "*obligation to do what is right, just, and fair*" and to avoid harm (Carroll, 1991, p. 42). As discussed, the ethical responsibilities are not required nor are part of legal consequences. However, the willingness of corporations to go beyond requirements affects the perception and image of the company. Furthermore, corporations can develop rules and

ideas based on social norms which can further lead to the possibility of a foundation for legal implications (Carroll, 1991).

3.1.4   Philanthropic responsibilities

Philanthropic responsibilities are the top layer of the pyramid and are considered a desired level, being less important than previously discussed responsibilities as philanthropic contributions are not required or expected of society. Philanthropy is "*commonly believed to be a desire to help humankind through acts of charity, whether done by private citizens, foundations, or corporations*" (Carroll, 1998, p. 5). Philanthropic responsibilities refer to societal desires of firms to contribute their resources to the community in a voluntary manner in order to improve quality of life. Societal expectations of firms engaging in acts to promote human welfare is not considered in an ethical or moral sense, but as a way for corporations to give back to stakeholders by being a "*good corporate citizen*" (Carroll, 1991, p. 42). Moreover, philanthropic responsibilities do not only refer to charitable donations, but also aim at improving "*quality of life*" for employees and their families (Carroll, 1991, p. 41,42).

3.2   Critique of Carroll's framework

Carroll was one of the first to acknowledge the importance of other social responsibilities of corporations that go above and beyond profit maximization which led to his development the pyramid of Corporate Social Responsibility. Thus, the framework and his definition have been widely used in academic literature. However, as with other models and frameworks, Carroll's pyramid is not without limitations. Visser (2006) investigated the accuracy and relevance of Carroll's CSR pyramid considering non-American reasoning, particularly in Africa. The findings suggest that the framework may not be appropriate for understanding CSR in general, discussing important issues regarding prioritizing appropriate determination of cross-cultural context. Thus, indicating the need for flexibility instead of standardized approaches for multinational corporations. Apart from the fact that the framework is created in an American context, other researchers have studied the varying degree of value importance. The framework has been redesigned in several ways. This includes changing the structure of the categories, adding environmental responsibilities as a separate category and even combining the top two layers (ethical and philanthropic) due to the similarity of these categories (Baden,

2016; Yakovleva & Vazquez-Brust, 2012; Zabin, 2013). Additionally, Carroll's framework is a descriptive explanation of corporations' responsibilities but lacks to determine the activities needed which can be confusing for corporations (Carroll, 1979).

3.3 PERVAL framework

Duchessi (2002) states that the most important goal for every company is to deliver real value to consumers. However, perception of real value is subjective and can differ between consumers. The concept of *Consumer perceived value* has been widely researched and has various definitions in the literature. It has been described as an emotional bond between a consumer and a producer following a purchase of a product or service (Butz & Goodstein, 1996). Thus, an overall evaluation of the utility of the product is based on what the customer receives and what the company provides (Butz & Goodstein, 1996; Zeithaml, 1988). Furthermore, the concept considers the customer's perception before purchase, the evaluation during the transaction, and finally the assessment after they receive the product (Li & Green, 2011). Therefore, perceived value is hard to measure, as each customer experience and perception may differ (Li & Green, 2011).

Sweeney and Soutar (2001) saw the need for a specific measurement scale that could be used in various purchase situations. Consequently, they developed a conceptual framework named PERVAL, which is used to measure consumer perceived value. Sweeney and Soutar's (2001) PERVAL scale was inspired by the theoretical framework of Sheth et al. (1991) where they suggested a five-dimensional scale for perceived value (social-, emotional-, functional-, epistemic- and conditional value). These researchers say that functional value consists of attributes such as reliability, duration and price (Seth et al., 1991). Sweeney and Soutar (2001) argue that reliability and duration are attributes concerning quality and should not be categorized with the price dimension (Sweeney & Soutar, 2001). This argument was further supported by Grace and Weaven (2011). The PERVAL scale separates these dimensions and contains 19-item measurements that fall under four value dimensions (Sweeney & Soutar, 2001).

Development of the scale

The PERVAL scale was developed and tested within the retailing concept. That is, how consumers evaluate the physical and tangible features of products before making a purchase decision, as well as evaluation of the product after purchase (Sweeney & Soutar, 2001). The scale was developed in three stages. The first two stages focused on evaluating the pre-purchase stage of the customers, while the third stage evaluated perceived value after purchase (Sweeney & Soutar, 2001).

Their research consisted of the evaluations of a number of people regarding factors that might influence perceived value. The items were reduced to nineteen after conducting principle component analysis. An exploratory factor analysis was then used to classify the items into factors, which revealed the final four dimensions that made up the PERVAL scale, which showed high reliability, discriminant validity and correlation (Sweeney & Soutar, 2001).

> Emotional value – *"the utility derived from the feelings or affective states that a product generates" (p. 211)*.

> Social value (enhancement of social self-concept) – *"the utility derived from the product's ability to enhance social self-concept" (p. 211)*.

> Functional value (price/value for money) – *"the utility derived from the product due to the reduction of its perceived short term and longer term costs" (p. 211)*.

> Functional value (performance/quality) – *"the utility derived from the perceived quality and expected performance of the product" (p. 211)*.

The thorough research of customers' pre- and post-purchase perceived value resulted in the 19-item PERVAL scale, which can be seen in Appendix 2. The PERVAL framework is considered to be a practical tool to understand consumer choices and can be measured using a Likert scale. The multiple value dimension not only explains how the consumers assess the products in terms of functionality but also how emotional- and social values play an important role in the consumer's decision-making process (Sweeney & Soutar, 2001).

3.4 Critique and extensions of the PERVAL framework

The PERVAL framework has been recognized as one of the most effective tools to empirically investigate consumer perceived value (Chi & Kilduff, 2011). However, some scholars have made alterations to the framework. Grace and Weaven (2011) did not find validity for the social value dimension and subsequently dropped it from their altered framework, while also adding two dimensions; investment risk and relationship satisfaction. Chandel and Bansal (2014) also added a dimension to the framework with the novelty value, which included statements about how adventurous and authentic the purchase was. Interestingly, Sweeney and Soutar (2001), concluded in their research that this aspect was not important when classifying the value dimensions. While some scholars found the need to add more dimensions to the framework, others found the need to shorten it in order for it to be better fitted for a questionnaire. Walsh et al. (2014) managed to shorten the 19-item PERVAL scale to an 8-item and 12-item scale, by eliminating a few statements in each dimension. They concluded that both the 8-item and 12-item scales provided a robust version of the original scale, however the 12-item scale has a slightly higher validity and reliability outcome (Walsh et al., 2014).

As discussed, the PERVAL scale is a measurement of consumer perceived value for tangible products. Petrick (2002) saw the need to measure consumer perceived value of intangible products such as service, and subsequently developed a multi-dimensional scale named SERV-PERVAL. The scale was developed using existing literature and research regarding consumer perceived value, including the PERVAL scale (Sweeney & Soutar, 2001). The method used to develop this scale was quite similar to Sweeney and Soutar's approach, by testing a number of perceived value factors on consumer, in this case in the service industry. After validity measures, which entailed evaluation of the factors from expert judges, the scale resulted in a 25-item measurement spread through five dimensions; quality, emotional response, monetary price, behavioral price and reputation (Petrick, 2002).

3.5 Alternative theories

When determining the most suitable approach to measure perceived value in regard to CSR initiatives, other models and theories were considered. A framework that was strongly considered was the Value Chain. This framework is commonly used for analyzing competitive positions in regard to value (Porter & Kramer, 2011). Value is defined as benefits related to cost, what buyers are willing to pay for the product or the service provided by the company (Porter, 1998; Porter & Kramer, 2011). However, this framework introduces a way to analyze the source of a firm's competitive advantage by examining all of the company's activities and how they interact with each other. This was considered to be outside the scope of this research, as the value chain focuses on inbound logistics, which involves optimizing processes and overall efficiency of businesses (Porter & Kramer, 2011). Thus, the PERVAL framework was considered a more suitable indicator of perceived value from a consumer perspective, addressing the subject of the current research.

Additionally, the theoretical approach to Creating Shared Value (CSV) was thoroughly investigated based on the connection between value and CSR. Porter and Kramer (2011) claim that creating shared value encourages innovation and growth, where companies are focused on creating *"the right kind of profit"* (p. 17). That is a profit that will not only benefit the company but also the whole community. However, after extensive research, the authors concluded that CSV does not apply to the current research, as Beschorner and Hajduk (2017) identified the outdated version of CSR associated with CSV. Porter and Kramer categorize CSR as something purely philanthropic that is disconnected from the core business instead of the most recent definition of the concept (Beschorner & Hajduk, 2017). The critics claim that the whole concept of CSV is reliant on the fact that CSR is a philanthropic practice in most companies, when the reality is that most companies are far more advanced in their CSR activities (Beschorner & Hajduk, 2017). Crane et al. (2014), contribute to the argumentation regarding the CSR interpretation associated with the CSV strategy, as the concept ignores the tensions between social and economic goals.

4. Development of hypotheses

CSR and perceived value

As previously discussed, the implementation of Corporate Social Responsibility has many benefits for a company. Research has shown that the implementation of CSR can be a great factor to improve brand image and increase the total value of the company. By doing so, the company can gain and sustain competitive advantage (Lefebvre & Lefebvre, 2012; Porter & Kramer, 2006). Porter and Kramer (2011) argue that by creating shared value (CSV), companies will be focused on creating "*the right kind of profits*" (p. 17), that is not only beneficial for the company but also the community. The concept CSR indicates creating policies and operational practices that increase the company's long-term competitiveness, while simultaneously offering economic and social benefits to the local community (Porter & Kramer, 2011). Indicating that, companies must meet the needs of society in order to create greater value. Furthermore, Li and Green (2011) support the argument that companies can gain competitive advantage by delivering superior-desired value to consumers.

Startups face various challenges in their early stages, regarding entering an established or emerging market (Lingelbach et al., 2012). They need to gain consumers' trust and offer more desirable value than their competitors. Implementation of CSR could push them into the right direction, focusing on aspects that are often underestimated but pivotal for startups to survive (Lingelbach et al., 2012). Moreover, startups might benefit in the long run by engaging in initiatives that are appealing to potential consumers, since environmental consciousness has gained tremendous attention in recent years (Mendibil et al., 2007). The implementation of CSR could therefore help startups break the barriers they face when entering a market, by operating on a socially responsible level, whilst providing superior value for the consumers (Lingelbach et al., 2012; Li & Green, 2001). Thus, the authors believe that implementation of CSR for sports apparel startups can increase consumer perceived value based on the dimensions of the PERVAL framework. That leads to the development of the first hypothesis:

> *H1: Corporate Social Responsibility initiatives in sports apparel startups will positively influence consumer perceived value*

Word-of-mouth (WOM)

The concept word-of-mouth (WOM) has existed for many years, and the power of its impact has been studied in multiple ways leading to several definitions. Arndt (1967) defined WOM as "*oral, person-to-person communication between a receiver and a communicator whom the receiver perceives as non-commercial, concerning a brand, a product, or a service*" (p. 5). Traditional word of mouth refers to the information flow from person to person and acts as informal advertisement about companies, brands, products and services (Brown & Reingen, 1987). Furthermore, previous research has aimed at addressing the important role of word-of-mouth acting as a credible information source influencing brand attitude, consumer perspective, consumer decision making and behavior (Brown & Reingen, 1987). Building on the credibility of this non-commercial advertisement, East et al. (2008) define WOM as "*informal advice passed between consumers. It is usually interactive, swift, and lacking in commercial bias*" (East et al., 2008, p. 215).

It can be challenging for companies to communicate their CSR motives and activities as their publicly stated motives may trigger skepticism and lead to negative reactions towards their CSR activities (Du et al., 2010; Fein & Hilton, 1994). Indicating that the credibility of the CSR message must be enhanced to reduce suspicion of ulterior motives. Therefore, the power and reach of informal communication, such as word-of-mouth should not be underestimated (Du et al., 2010). Consumers tend to engage in word-of-mouth based on companies' initiatives that affect them directly to some degree, as well as consumer feelings towards the company or brand (Okazaki, 2011). Today's socially conscious environment entails that consumers are becoming increasingly aware of organizational responsibilities towards the community. That is going beyond shareholder focus, being solely motivated by profit maximization and business growth (Carroll, 1991). These reasonings may lead to increased consumer communication, or engagement in word-of-mouth. Thus, the following hypothesis has been suggested:

H2: Corporate Social Responsibility initiatives in sports apparel startups will positively influence Word-of-Mouth

Previous research suggests that consumers intend to engage in word-of-mouth depending on perceived quality and value. Studies have also shown that satisfied customers, or those who have a strong attachment to a product or organization find their relationship with the company more valuable and are much more likely to recommend the product or service to others (McKee et al., 2006). Furthermore, perceived value has been found to provide incentive to present loyalty by engaging in positive word-of-mouth. Therefore, consumers' commitment to a company is strongly related to value, leading to the willingness to recommend others to be loyal (Dick & Basu, 1994; Hansen et al., 2008). On the contrary, dissatisfied customers or those who find the relationship less valuable are far more likely to interact in a negative discussion about the company and may even warn others about their unsatisfactory experience (Dick & Basu, 1994; Hansen et al., 2008).

Consumers are increasingly willing to share experiences, evaluations and opinions of a company or brand after having purchased a product due to the anonymous and interactive nature of electronic word-of-mouth (Goldsmith & Horowitz, 2006). Previous research has found that consumers do not solely express positive experiences with companies but also negative encounters (Dick & Basu, 1994; Hansen et al., 2008). Moreover, consumers tend to engage in word-of-mouth when encountering notable emotional experiences (Dick & Basu, 1994). One can argue, if a company exceeds consumers' expectations of the dimensions previously described in the PERVAL framework, it is more likely that consumers will spread the word to others about their interactions with said company. That leads to the development of the third hypothesis:

H3: Consumer perceived value in sports apparel startups will positively influence word-of-mouth

Purchase intention

Academic literature has focused on purchase intention and the decision-making process for decades (Chang & Wildt, 1994; Ertemel & Ammoure, 2016). One definition of the concept of consumer decision making or buying behavior is: *"the process by which individuals search for, select, purchase, use and dispose of goods and services to satisfy required needs"* (Ertemel & Ammoure, 2016, p. 81).

Marketers and managers therefore need to consider what elements of a product are most important in the consumers' decision-making process and use the most significant features to influence the purchase intention of potential customers (Chang & Wildt, 1994). This is especially important for emerging startups, since it is vital to know what attribute of a product matters the most to potential customers. It is important to drive purchase intention in order to build a strong customer base, since startups in general have limited relationships with customers in their early stages (Lingelbach et al., 2012).

As previously discussed, consumer perceived value is an overall assessment of the function of the product before and after purchase (Zeithaml, 1988). Chang and Wildt (1994) state that if a customer perceives a product valuable, the possibility of actual purchase is higher. Thus, the following hypothesis has been suggested:

H4: Consumer perceived value in sports apparel startups will positively influence purchase intention

Previous studies have focused on word-of-mouth as an effective marketing tool, as it has been found to have an impact on brand loyalty, brand image, as well as purchase intention (Brown & Reingen, 1987). In addition, electronic word-of-mouth (eWOM) can be seen as an augmentation of traditional WOM. Electronic word-of-mouth refers to opinions and descriptions of brands, products and services which are posted online. Although the anonymous nature of eWOM may result in less credibility, consumers increasingly seek information including opinions and evaluations from a consumer perspective online, as these interactions are always available (Goldsmith & Horowitz, 2006; Hall, 2018).

The growth in online channel communication makes it quicker and easier for consumers to gather information during the decision-making process (Hall, 2018). Previous studies have shown the impact of WOM on consumer purchase intention. Moreover, online reviews are considered a key element in influencing consumer purchase intention (Park et al., 2007). Kaemingk (2019) found that 93% of consumers are influenced by online reviews when considering a purchase, which is consistent with the nature of the communication method, being more credible and reliable than advertisements disclosed for commercial purposes. Indicating the great impact of WOM communication (Bickart & Schindler, 2001). Thus, the following hypothesis has be proposed in the context of sports apparel startups:

H5: Word-of-Mouth will positively influence purchase intention

In addition, Corporate Social Responsibility has been investigated in regard to whether it affects consumers' decision-making process. Stanwick (1998) studied the effects of CSR on financial performance and established that there was a positive relationship between Corporate Social Performance (CSP) and sales and profitability. However, most previous studies have concluded an indirect effect of CSR actions on purchase intentions. For instance, that CSR activities have a positive effect on corporate image, reputation and awareness, leading to positive purchase intentions (McWilliams et al., 2006; Okazaki, 2011; Porter & Kramer, 2006). Moreover, identifying CSR as a moderating variable influencing purchase intention (David et al., 2009).

Additionally, studies have shown that consumers tend to positively evaluate companies engaging in CSR initiatives, affecting their purchase intention (Du et al., 2010). Experiments have shown that organizations' environmental and philanthropic responsibilities have had a positive effect on purchase intention (Mohr & Webb, 2005). The researchers found the need to investigate the direct effect in regard to startups operating in the sports apparel industry, since previous research shows a strong indirect relationship between CSR and purchase intention (David et al., 2009), facilitating the following hypothesis:

H6: Corporate Social Responsibility initiatives in sports apparel startups will positively influence purchase intention

4.1 Conceptual framework

A conceptual framework was developed based on the proposed hypotheses. The framework shows the variables examined and their interconnections (See Figure 2). The goal was to create a visual structure for the hypotheses, offering a clear and consistent overview. The framework below illustrates both indirect and direct effects of Corporate Social Responsibility on purchase intention and word-of-mouth, as well as the direct effect on perceived value. The conceptual framework will be "kept in mind" when analyzing the results from the current research in order to reach a comprehensive solution.
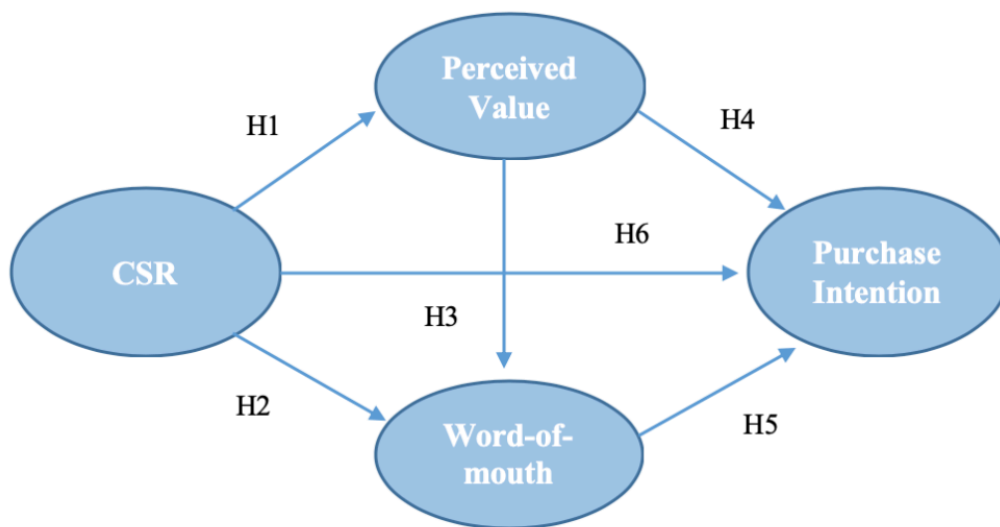
Figure 2: Conceptual framework created by the authors

5. Methodology

5.1 Research philosophy

It is crucial to define the philosophical view that underlines the research at hand, since these assumptions will determine the research strategy and methods used to conduct the research (Saunders et al., 2009). Philosophy of science determines the way knowledge is developed and interpreted, while guiding the reasoning in the study and supporting consistency throughout the research. Research philosophy can be divided into ontology and epistemology (Malhotra et al., 2017).

Ontology refers to the nature of reality and "*raises questions of the assumptions researchers have about the way the world operates and the commitment held to particular views*" (Saunders et al., 2009, p. 108). The subjectivist approach to ontology refers to subjective beliefs about reality based on perceptions and is influenced by social actors, while the objectivist approach to ontology relates to reality being constructed by established structures and logic (Bryman, 2012; Saunders et al., 2009). Saunders et al. (2009) further describes objectivism in a way that "*social entities exist in reality external to social actors concerned with their existence*" (p. 110).

Epistemology refers to the nature of knowledge and how knowledge is confirmed to be true (Saunders et al., 2012). Epistemology is associated with the question of "*what is (or should be) regarded as acceptable knowledge in a discipline*" (Bryman, 2012, p.2 7). Positivism relates to the 'resources researcher', one who collects data and analyzes it based on facts. Positivism has an objective scientific stance as it is less biased than the 'feeling researcher', which relates to interpretivism. The interpretivist view is more subjective in nature (Saunders et al., 2009).

The objectivists perspective, positivism, views reality as a concrete process and structure, conducting quantitative research and hypothesis testing (Bryman, 2012; Holden & Lynch, 2004). However, the subjectivist perspective, interpretivism, views reality as a social construction and projection of human imagination, relying on in-depth interviews and other qualitative methods for knowledge creation (Bryman, 2012; Holden & Lynch, 2004).

This research adopts an objectivist approach to ontology which is directly linked with positivist epistemology. The objective is to create knowledge about consumer perception and behavior in relation to Corporate Social Responsibility by examining relationships between different variables. The authors are looking for concrete results in order to test the hypotheses presented. Furthermore, the authors also consider it important to verify the data using statistical analysis in order to truly examine the outcome of the research.

5.2   Research Approach

Now as the philosophical nature of the research has been established, the research approach must be explained. The two main methods of reasoning in regard to the approach are considered being deductive and inductive. The inductive approach emphasizes observations rather than identifying theoretical frameworks (Malhotra et al., 2017). Researchers adopting inductive reasoning develop their theory based on observations from participants with a broad identification and exploration of a particular context. Thus, a conclusion is reached without complete evidence, implying the elaborate nature of the reasoning where data is analyzed in an unstructured manner to gain important insights and patterns (Malhotra et al., 2017). The interpretivist nature of the inductive reasoning entails qualitative data collection where the researcher is part of the process as there is relatively little existing knowledge regarding the topic at hand (Malhotra et al., 2017; Saunders et al., 2012).

On the contrary, the deductive approach seeks to develop hypotheses based on established theories. Theories are tested according to whether the hypotheses are accepted or rejected (Malhotra et al., 2017). The deductive approach is a highly structured approach that aims at collecting large samples of quantitative data to ensure validity and attempt to generalize conclusions (Saunders et al., 2012). Deductive reasoning allows the researchers to reach a conclusion based on facts that are measurable and have been agreed upon (Malhotra et al., 2017).

The current research adopts a deductive research approach, which correlates with the positivist view on epistemology (Malhotra et al., 2017). The researchers have developed a conceptual framework expressing the hypotheses by identifying specific variables to measure. Furthermore, the structured data collection process is designed to enable analysis in line with previously established theoretical frameworks (Malhotra et al., 2017; Saunders et al., 2012). Moreover, measuring the importance of the four-part CSR framework and the relevance of the PERVAL scale and further the relationship between the behavioral variables.

This approach was found to be the most beneficial as it provides a structured method to identify consumer behavior and their perception in regard to Corporate Social Responsibility with specific statistical techniques. Thus, the objective scientific stance of this study allows for a conclusion using the theories mentioned, developing consistent measurements and establishing reliability and validity (Malhotra et al., 2017).

6. Method

6.1 Research Design classification

Research design refers to the foundation for conducting the project, the necessary procedures and measures to obtain the information needed to solve the problem at hand. It is important to formulate a clear plan based on specific research objectives while considering inevitable constraints such as location, time and budget in order to facilitate an effective and efficient research process. This also significantly affects the reliability of the findings and results (Saunders et al., 2012).

The research design can be classified as exploratory or conclusive. The chosen method is based on the purpose of the research (Malhotra et al., 2017; Saunders et al., 2009). Exploratory research design aims at exploring the nature of marketing phenomena that is not easily measured and is characterized as flexible and unstructured, using small samples to provide insights and understanding. Qualitative techniques are the most common for an exploratory design by conducting interviews and unstructured observations. The aim is to dig into unknown problem areas by collecting in-depth information with small samples, where the investigation focus may constantly evolve with new insights and discoveries (Malhotra et al., 2017). Exploratory research is characterized as flexible and adaptable to change, providing detailed and creative insights to clarify and aid understanding of the problem at hand. For this research, the exploration consists of external secondary data, searching previous literature to obtain background information to formulate hypotheses for further investigation and quantification (Malhotra et al., 2017).

Conclusive design is used to measure and describe a clearly defined marketing phenomena by testing specific hypotheses and examining relationships between variables (Malhotra et al., 2017). The conclusive research design is more formal and structured than exploratory, with larger samples, and can be further classified as descriptive research and causal research (Malhotra et al., 2017). Descriptive research intends to describe market characteristics or functions based on formulated research questions or hypotheses, determining relationships between variables, while causal research seeks to obtain evidence and explain cause-and-effect relationships (Malhotra et al., 2017). The current research follows a conclusive

descriptive research design in terms of primary data collection, as the purpose is to examine the relationships between the variables in the conceptual framework and test the previously developed hypotheses.

6.2   Data collection method

Consistent with the research philosophy and research approach, a quantitative data collection method was chosen, in order to test the previously developed hypotheses and to identify statistical relationships. There are several techniques that can be used for quantitative data collection such as face-to-face surveys, telephone surveys and online questionnaires (Malhotra et al., 2017). The online questionnaire method was found to be most beneficial for the purpose of this research in order to investigate participants' perception on Corporate Social Responsibility and their behavior. The chosen method has advantages due to timeframe and budget constraints. Collecting data through an online questionnaire can be done relatively quickly as opposed to alternative survey methods, as well as qualitative methods (Malhotra et al., 2017). Sharing the questionnaire online aids at acquiring a large number of participants in a cheap way (Malhotra et al., 2017).

Besides the advantages of being less costly and more time efficient, the method ensures a consistent form of measurement by removing interviewer bias (Malhotra et al., 2017). The participant never meets the observer and cannot be manipulated in the study by being asked leading questions, which reduces variability and inconsistency of the results (Malhotra et al., 2017; Saunders et al., 2009). Furthermore, an online questionnaire offers a quality advantage in regard to both response and data analysis. The available design features make it more appealing and interesting to participants, providing personalized responses that are ready for analysis. An online questionnaire can create a positive experience, where participants are largely in control of the setting. Circumstances where participants feel comfortable when responding is vital to provoke correct and honest answers (Malhotra et al., 2017).

The survey method entails a structured data collection that presents fixed response questions in a prearranged order. The advantages of this method include obtaining consistent data that is easily managed. As well as coding, analysis and interpretation of data collected using this

method is quite simple (Malhotra et al., 2017). However, the disadvantages of conducting an online survey were acknowledged, including technical problems, and self-selecting sampling frames. The technical problems arise from poor software design and mobile device restraint, which is minimized in this research with the chosen software that ensures reliability and compatibility with mobile devices (Malhotra et al., 2017). Furthermore, the self-selecting sample issue is tackled beforehand, as the first question of the survey functions as a screening question in order to filter out irrelevant responses and will be further elaborated in section 6.5. Nonetheless, the researchers are aware of the limitation that participants might be unable or unwilling to provide the desired information, providing inaccurate answers, resulting in loss of validity (Malhotra et al., 2017).

Semi-structured face-to-face interviews were strongly considered for developing in-depth understanding of the topic at hand. Allowing participants to express themselves freely and increasing the possibility of revealing unexpected issues (Malhotra et al., 2017). However, the COVID-19 pandemic outbreak resulted in some setbacks in regard to conducting qualitative research. COVID-19 has been spreading worldwide resulting in social distancing requirements to prevent the spread of this contagious disease. The Danish Health authority has been following rules and regulations, monitoring the situation closely with recommendations for the public (Sundhedsstyrelsen, 2020). Copenhagen Business School changed the guidelines, accordingly, allowing for purely theoretical data collection or redesigning data collection to avoid all physical interactions. As for semi-structured interviews, the setting and environment is important for a successful conversation without delays and distractions, providing the respondent with a relaxed and comfortable atmosphere (Malhotra et al., 2017). Therefore, taking into account the pandemic, an online questionnaire was found to be sufficient for primary data collection and statistical analysis, combined with solely theoretical secondary data collection.

6.3   Primary and secondary data

Both primary and secondary data was required to address the problem at hand. Secondary data is defined as "*data collected for some purpose other than the problem at hand*" (Malhotra et al., 2017, pp. 45,46). Secondary data may be further classified as internal and

external. Internal secondary data refers to information available within the organization, while external secondary data refers to sources that originate outside an organization (Malhotra et al., 2017). The current research will rely on external secondary data such as published material and online databases, as this research is not being conducted for a specific organization. Platforms used to collect secondary data include Google search, Google Scholar and CBS Library Database (Malhotra et al., 2017). Only published articles and academic literature were used, and the selection was based on the number of citations and author credibility in order to ensure reliability and validity of the secondary data. Secondary data offered vital background information for the researchers to uncover potential opportunities and key variables to measure. Thus, providing more insight when interpreting the primary data, as secondary data is considered a prerequisite to primary data collection (Malhotra et al., 2017). However, the limitations to external secondary data are acknowledged. It is crucial for researchers to pay attention to accuracy and relevance in regard to secondary data collection, as external data sources may be collected for another purpose than the problem at hand and may already have been subjectively interpreted (Malhotra et al., 2017; Saunders et al., 2009). Thus, these limitations were not ignored in the current research and external secondary data collection was attended with great care in regard to appropriateness for the problem at hand.

Primary data is defined as *"data originated by a researcher for the specific purpose of addressing the problem at hand"* (Malhotra et al., 2017, p. 92). Primary data can be further categorized into qualitative and quantitative approaches. The secondary data worked as a foundation for the design of the primary data collection of the current research. The primary data provides valuable information of the topic at hand and facilitates a way to either accept or reject the hypotheses developed from the available external secondary data (Malhotra et al., 2017). The primary data collection consisted of a quantitative online questionnaire that provides favorable and relevant information for analyzing consumer perception and their behavior regarding CSR initiatives (Malhotra et al., 2017). The reliability and validity of the primary data collection will be further elaborated in the next section, as well as the structured questionnaire design.

6.4 Reliability and validity

A pilot survey was sent to a group of nine people in order to test the validity and reliability of the questionnaire, as well as to minimize misinterpretation of the questions. All participants of the test group were Icelandic, between the age of 23 and 56, and currently enrolled in universities or had completed either a Bachelor's or Master's degree in various fields. Participants were asked to read thoroughly through the questionnaire and share their suggestions for any improvements. All the feedback from the test group was taken into consideration and resulted in modifications of some of the questions as well as rephrasing and corrections.

As the questionnaire was developed and inspired by available secondary data, the questions were both created by the researchers as well as adapted from existing literature that had already been tested for reliability and validity (Carroll, 1999; Goyette et al., 2010; Petrick 2002; Pomering & Dolnicar, 2009; Sweeney & Soutar, 2001). However, alterations were made to some questions from previous literature and modified accordingly to the research topic regarding startups in the sports apparel industry, as well as being shortened or enhanced where relevant for this study. Moreover, the 19-item PERVAL scale was reduced to an 8-item scale in order to better fit the questionnaire. The reduction was considered valid based on Walsh et al. (2014) alteration to the PERVAL scale which implied sufficient validity and reliability. Tailoring the questionnaire was considered necessary to gather accurate information for the purpose of the research. Thus, further testing was needed to ensure the reliability and validity following the adjustments.

The data gathered from the test group's responses was exported to Excel from the chosen survey platform, Qualtrics. The responses to each question were given values. For the Likert scale questions, the option "Strongly agree" was given the value of 1, while the option "Strongly disagree" was given the value of 5. For the dichotomous questions, the option "Yes" was given the value of 1, the option "No" was given the value of 2 and the option "Uncertain" was given the value of 3. After coding, all the data was exported into the software IBM SPSS® Statistics.

A Cronbach Alpha test was performed to test the reliability and validity of the questionnaire. It is important to test these components before sharing the survey since the validity is defined by *"how well the study captures the measure of interest, high reliability means that a measurement is reproducible over time, in different settings and by different raters"* (Zapf et al., 2016, p. 1). Cronbach Alpha is a measurement test developed by Lee Cronbach in 1951. It is used to check the internal consistency (i.e. the validity and reliability) of a scale before a test or a questionnaire can be employed for research (Tavakol & Dennick, 2011). The Cronbach Alpha is expressed as a number between 0 and 1. For example when the alpha is 0.8, it can be interpreted that the test is 80% reliable (Brown, 2002). The higher the alpha is, the lower the error variance is. When an alpha value is high, the internal consistency of a test does not always indicate a higher value, as the alpha is also affected by the length of the test and the correlation between variables. Implying that surveys that consist of an insufficient number of questions can display a lower value of Cronbach Alpha (Tavakol & Dennick, 2011).

Cronbach Alpha was performed on the ordinal variables in the questionnaire, since these questions are considered most important when interpreting the results and testing the hypotheses. Moreover, a Cronbach Alpha is most commonly used solely on ordinal variables such as Likert scale variables (Gadermann et al., 2012). Therefore, the authors considered it to be unsuitable to use the Cronbach Alpha test on the nominal variables. The Cronbach Alpha for the questionnaire was 0.846, which stands for 84,6% reliability (See Appendix 3). According to previous research, there is much debate regarding the acceptable value of Cronbach Alpha, yet a value above 0.6 is considered moderate. Thus, consistent throughout this research, a Cronbach Alpha level above 0.6 is considered acceptable (Taber, 2018).

6.5   Questionnaire design

This section aims at describing the design of the online questionnaire in order to clarify its objectives and the execution of the survey, followed by a thorough description of the types of questions used. At the beginning of the survey, participants were informed about the reasoning for this survey, the estimated time to complete the survey as well as the fact that answers would be treated strictly confidential. This was done in order to maximize response rate and to build mutual trust regarding sensitive information (Malhotra et al., 2017).

The online survey tool Qualtrics was used to create the questionnaire before sharing it on Facebook. Facebook was considered an appropriate platform to reach a large number of participants in a quick and efficient way. The survey was shared with friends and families on the researchers Facebook pages, as well as in groups related to sports and specific groups intended for collecting responses for online questionnaires. The structured design of the questionnaire included multiple choice options, open-ended questions, dichotomous options, as well as 5-point Likert scales depending on the purpose of each question. The questionnaire was divided into six parts depending on the developed hypotheses.

The first question of the questionnaire was "*What is your current country of residence?*", with the option: Denmark, Iceland and Other. This was used as a screening question in order to filter out irrelevant responses, as the purpose of the study was to investigate the difference between Iceland and Denmark. As mentioned earlier, the survey was shared on Facebook, both in Icelandic and Danish groups. However, the survey was also shared on the researchers' Facebook page which resulted with a few unpredictable responses from other countries.

The next five questions concerned the participants' demographic profiles, in order to analyze characteristics in relation to their perception and behavior. Participants were asked to state their nationality, occupation, age, gender and monthly income. This information makes it simpler to categorize and analyze the results by identifying possible correlations between consumer perception of CSR and their behavior. Additionally, participants were asked about their workout habits as the research aims at investigating the sports apparel industry, with questions concerning sports clothing or sports apparel startups.

The next part entailed general information regarding participants' knowledge of the term Corporate Social Responsibility. They were also asked "*How important or unimportant is it to you that companies operate on a socially responsible level?*". These questions indicate general awareness of the term and are beneficial to cross-tabulate with other responses such as the demographic profile. Moreover, it makes it possible to measure how knowledge and importance differ between the two countries investigated; Iceland and Denmark.

The next section starts with a short text describing the term Corporate Social Responsibility, followed by an explanation of the four components of the CSR pyramid (Economic, Legal, Ethical and Philanthropic). The description provided participants with relevant information to proceed with the questionnaire. This section aimed at addressing the first hypothesis, investigating whether CSR will positively affect consumer perceived value. Thus, these questions were based on the chosen theoretical frameworks. First, participants were asked to rank the four components of CSR from the most important to the least important value enhancing factors. Furthermore, in order to identify and understand whether sports apparel startups engaging in CSR affect consumer perceived value, participants were asked to what extent they agreed or disagreed with a few statements. The statements were equally divided based on the value dimensions from the PERVAL framework; emotional value, social value and the two functional value dimensions (quality and price). The PERVAL framework is considered to be a practical tool to understand consumer choices and can be measured using a Likert scale (Sweeney & Soutar, 2001). The multiple value dimensions not only explain how the consumers assess the products in terms of functionality, but also how emotional- and social values play an important role in the consumer's decision-making process (Sweeney & Soutar, 2001).

The next section aimed at investigating the second and third hypothesis, whether CSR and/or perceived value will positively influence word-of-mouth. The participants were asked to what extent they agree or disagree with statements concerning recommendation of a company to others based on the four components of the CSR theoretical framework. More specifically, whether participants would positively recommend to others an environmentally friendly company, a company that complies with government regulations, a company that aims at helping humankind through acts of charity and companies that provide quality products and long-term economic success. This was done to further investigate the importance of the CSR pyramid. The participants were also asked how a company's engagement in CSR affects the way they speak about the company. The responses from this question will indicate whether CSR activities lead to more positive or negative word-of-mouth, or no engagement in word-of-mouth. To investigate whether perceived value affects word-of-mouth, participants were asked to rank seven components regarding how likely or unlikely they are to recommend a product based on the PERVAL framework, and three additional options about companies'

reputation, positive experience and the accessibility of the product, inspired by Petrick's (2002) SERV-PERVAL framework. Lastly, the participants were asked whether their motives for engaging in word-of-mouth are based on negative or positive experiences.

The fifth section involved questions regarding the fourth and fifth hypotheses, whether perceived value and/or CSR initiatives will positively influence the participant's purchase intention. In order to identify what components have the most effect on the participants, they were asked whether they were more likely or unlikely to buy a product based on several statements. These statements were based on the PERVAL framework, as well as statements concerning online reviews, recommendations and reputation of the company. Moreover, participants were asked to select relevant aspects that have the most influence on their purchase intention. Additionally, participants were asked which information source has the most impact on their purchase intention as well as what kind of information they search for before purchasing sports apparel. This section also included dichotomous questions regarding whether the participant has ever bought sport apparel based on reviews and recommendations, as well as if negative discussions from other consumers has affected their purchase intention. Furthermore, in order to investigate the credibility of word-of-mouth, participants were asked how trustworthy or untrustworthy they find various information sources. Lastly, the participants were asked if recommendations or other company related information would affect their purchase decision regarding products with similar functional values.

The last section contained questions aimed at uncovering whether CSR has a direct impact on purchase intention. This section begun with a multiple-choice question, asking participants to indicate which statements apply to themselves. Followed by the question "*Do companies' CSR activities affect your purchase decision?*". By asking these questions, it can be understood more clearly whether participants buy sports apparel strictly based on companies' CSR activities or whether there are other factors that are more favorable indicators of purchase intention. Additionally, only participants that answered 'Yes' in the last question were faced with the follow-up question "*What is it that affects your decision?*". This question makes it possible to analyze ever further, which of the four CSR components have more of an effect on consumer purchase intention. Lastly, participants were asked "*If a company had a proven*

track record of poor CSR, would you be put off purchasing their products?". This is an important aspect to consider as the responses indicate whether negative discussions have a strong effect on consumer behavior and can further be used to cross-tabulate with the responses from the question regarding whether companies' CSR activities affect purchase intention. At the end of the questionnaire, participants were thanked for taking part in the survey. The complete questionnaire can be found in appendix 4.

6.5.1   Types of questions

The questionnaire consists mostly of closed-ended questions. These questions are considered easy to process and complete, while also providing a clarification on the meaning of the question for the participant (Bryman, 2012). When making a distinction between closed- and open-ended questions, closed-ended questions can be described the way that respondents are "*presented with a set of fixed alternatives from which they have to choose an appropriate answer*" (Bryman, 2012, p. 244), while open-ended questions require a written answer from the participant (Bryman, 2012). The questionnaire only consists of one open-ended questions where participants are asked to state their nationality. The scales used in this survey are both nominal and ordinal. Furthermore, the types of questions include Likert scale, dichotomous-, multiple choices- and rank order questions, which are further explained below.

Likert scale

Likert scale questions are used to *"measure the intensity of feelings about the area in question"* (Bryman, 2012, p. 154). The most common use of a Likert scale is to present the respondents with a series of statements, which they then evaluate (Bryman, 2012). The format for indicating level of agreement in this study is a 5-point Likert scale, going from either 'strongly agree' to 'strongly disagree', 'very likely' to 'very unlikely', or 'trustworthy to untrustworthy'. The middle of the scale represents the neutrality of the question asked, which takes the form of *neither or*. However, the author must be aware of several issues in relation to Likert scale questions. The items must be well phrased statements instead of questions and all the statements must relate to the same object (Bryman, 2012). All of these factors were considered when designing the questionnaire.

Dichotomous questions

Dichotomous questions typically request a 'yes' or 'no' value, but in some cases a middle response is added. Some scholars recommend including a middle response such as *'don't know'* or *'uncertain'*. The reason for this additional choice is so that undecided survey respondents or those who do not have an opinion, are not forced to construct an answer (Groothuis & Whitehead, 2002). Furthermore, scholars' debate whether the middle response should be analyzed with the data. Groothuis and Whitehead (2002) argue that all available data should be used in the analysis, since a loss of information can be misleading. In the case of this study, the option *'uncertain'* is used for undecided respondents and will be used in the analysis.

Multiple choice questions

Multiple choice questions require the participant to select one or more of the options given. When designing a multiple-choice question, the author must include all possible choices for the respondent, to avoid position bias (Malhotra et al., 2017). In this survey, the authors avoided this bias, by representing various options for the respondent. Moreover, the option *'other'* was added, in case the respondent did not find an appropriate answer for the question. When phrasing each question, it was clearly stated if the question required one or multiple answers.

Rank order questions

This study also provided respondents with two rank order questions. These questions give the respondent a set of items to rank based on preferences or importance. In this study, respondents were asked to 'drag and drop' the factors that they considered most important to least important, where '1' represented the highest value and '7' the lowest. These types of questions have been found to be effective and easy for the respondent to answer (Malhotra et al., 2017).

7. Analysis

This section seeks to process the primary data collected for the current research. The results from the questionnaire, including the demographic profile of the participants and their knowledge of the term Corporate Social Responsibility, will be presented. Presenting the results from the questionnaire with cross-tabulations and descriptive analysis is important for interpretation of the results, as well as creating a foundation for more advanced statistical analysis (Malhotra et al., 2017). A frequency distribution of all responses provides an overview of the collected data and results, that is "*the number of responses associated with different values of one variable to express these counts in percentage terms*" (Malhotra et al., 2017, p.560). In the current research the frequency distribution is displayed in both tables and figures, the tables present number of participants while figures express the counts in percentage terms of the total sample. Furthermore, the description of both tables and figures will be expressed in percentage terms. After having described each variable with frequency distribution, cross-tabulation can be used to describe two or more variables simultaneously, providing an understanding regarding how a certain variable relates to another (Malhotra et al., 2017). The coding of the data was carried out in the questionnaire software Qualtrics and in Microsoft Excel. Furthermore, in order to analyze the data from the questionnaire and test the hypotheses of this research, the statistical analysis programs IBM SPSS® Statistics, SmartPLS and Microsoft Excel were used.

This research will follow Malhotra et al. (2017) procedures of hypothesis testing, which consists of eight steps. The first step includes the formulating of the null hypothesis and the alternative hypothesis, which will be carried out in section 7.3.5. A suitable statistical technique and test statistic has to be determined as well as the level of significance α, which in this research will be 0.05. The next steps include determining the sample size and collection of the data, as well as determining the critical values related to the test statistics, which will divide the rejection and non-rejection area, subsequently comparing the test statistic outcome with the α. Finally, a statistical decision has to be made in order to either reject or fail to reject the null hypothesis and subsequently draw a conclusion (Malhotra et al., 2017). The results from the statistical testing will be further elaborated in section 7.2. and 7.3.

7.1 Findings

Demographics

The online questionnaire was open for respondents for two weeks, from March 23rd until April 7th, 2020. During this period, the total number of responses gathered from the questionnaire was 319. However, after excluding the irrelevant participants, using the screening question regarding country of residence, 303 responses were used for the analysis. As the survey was mainly shared in Icelandic and Danish Facebook groups, there were only 16 participants that were not residents of the previously mentioned countries. Thus, out of the 303 responses used for the analysis, there were 146 participants living in Denmark and 157 participants living in Iceland, which was not considered a bias, since the difference was insignificant. It is worth noting that country of residence does not indicate the participants' nationality but is used for the country comparison in the analysis. The nationality of participants can be seen in Appendix 5. In addition, more than two-thirds of the total participants, or 208 identified as female. The number of participants that identified as male was 94, and there was only one participant that preferred not to answer the gender question. The frequency distribution can be seen in Appendix 6, as well as a cross tabulation of gender and country of residence gender.

There was no age limit for participating in the questionnaire, and the majority of the total participants represented the age group from 18 to 34. More specifically, 38% were between 25 and 34, and 30% of the participants were between the age of 18 to 24. Only 9% of the participants represent the age group 35 to 44, and 11% of the participants constitute the age between 45 and 54, then 8% of the participants were between 55 and 64. Lastly, only 4% of the participants were either under 18, or 65 and older. The results indicated a heterogeneous sample, although this mainly applies to Danish participants, as the Icelandic participants indicate that the sample is more homogeneous. This is probably due to the fact that in order to gather responses from Danish participants, the questionnaire was shared with fellow students in Facebook groups intended for gathering participants for school project surveys. A cross tabulation of country of residence and age can be seen in Table 1.

	Country of residence		
Age	Denmark	Iceland	Total
Under 18	0	7	7
18-24	64	28	92
25-34	70	45	115
35-44	7	20	27
45-54	3	31	34
55-64	2	21	23
65 or older	0	5	5
Total	146	157	303

Table 1: Cross-tabulation; country of residence and age

In terms of primary occupation, there was almost an equal number of students and full-time employees, more specifically 47% of the participants were students and 41% were full time employees. Furthermore, 5% participants were part-time employees, 4% participants were unemployed, and 3% participants did not fall under any of the above-mentioned options. However, when cross tabulating occupation with country of residence, 57% of Icelandic participants were full time employees, while 27% were students. Then 23% of Danish participants were full time employees and 70% were students, which again relates to the above-mentioned response gathering method. The full overview of participants' occupation in terms of country of residence can be seen in Table 2. Furthermore, an overview of participants' income rate can be seen in Appendix 7, which was in line with the results concerning occupation. Additionally, participants were asked about their workout habits, and 83% of total participants workout every week, while only 17% never workout, an overview of participants workout habits in terms of weekly exercise can be seen in Appendix 8.

	Country of residence		
Occupation	Denmark	Iceland	Total
Student	102	39	141
Full time employee	34	90	124
Part time employee	4	12	16
Unemployed	4	9	13
Other	2	7	9
Total	146	157	303

Table 2: Cross-tabulation; country of residence and occupation

General knowledge of CSR

The total participants' knowledge of the term Corporate Social Responsibility indicated a quite homogenous sample. More specifically, 22% did not know what it was and 13% had heard the term, but did not know exactly what it meant, while 23% had a basic understanding about the concept. Furthermore, 30% were familiar with CSR topics and 12% were well versed in CSR concepts (See Appendix 9).

Most participants considered it important for companies to operate on a socially responsible level, which applied to both Icelandic and Danish participants as the ranking was quite similar between both countries. The results indicated that 73% consider it either extremely or very important, 23% responded to moderately important and only 4% considered it slightly important or not at all important that companies operate on a socially responsible level (See Appendix 10). Additionally, knowledge of the term CSR was not found to have an impact on importance. The cross-tabulation of knowledge and importance in terms of CSR can be seen in Table 3.

How important or unimportant is it to you that companies operate on a socially responsible level?	What is your knowledge of the term CSR?				
	I don't know what it is	I have heard the term, but I don't know exactly what it means	I have basic understanding about the concept	I am familiar with CSR topic	I am well versed in CSR concept
Extremely important	15	12	14	27	17
Very important	33	12	34	41	16
Moderately important	13	11	21	20	4
Slightly important	1	3	1	4	0
Not at all important	4	0	0	0	0

Table 3: Cross-tabulation; Knowledge and Importance in terms of CSR

Conceptual Framework variables

According to the responses, ethical and legal responsibilities have similar importance to participants. However, ethical responsibilities were generally ranked as the most important value-enhancing factor, followed by legal and economic responsibilities, and philanthropic ranked as the least important (See Appendix 11).

Furthermore, participants consider sports apparel startups engaging in CSR offer more functional value rather than emotional- and social value. The majority of the participants indicated that companies engaging in CSR activities offer an acceptable standard of quality as well as provide consistent quality, as only 6.6% were neutral and 1% disagreed. Moreover, 88% of total participants considered companies operating on a socially responsible level offer value for money and reasonably priced products, where neutral participants were 10% and only 2% disagreed. According to the responses, sports apparel startups engaging in CSR activities were considered to provide emotional value, as only around 2% disagreed with that statement. However, in terms of social value only 33% of total participants considered wearing sports clothing from a socially responsible company would help them feel more acceptable or make a good impression on others, as 51% were neutral and 16% either disagreed or strongly disagreed. The frequency distribution can be seen in Table 4.

Value Dimensions	Strongly agree	Agree	Neither or	Disagree	Strongly disagree
Enjoy it	77	145	76	4	1
Feel good	86	131	79	6	1
Acceptable	21	67	155	47	13
Impression	19	94	155	27	8
Quality standard	164	115	21	3	0
Consistent quality	161	121	19	2	0
Value for money	143	129	25	5	1
Reasonably priced	128	134	36	5	0

Table 4: Frequency distribution; Perceived value

The majority of the participants would positively recommend to others, companies engaging in all of the four responsibilities; economic, legal, ethical and philanthropic. The frequency distribution can be seen in Table 5. This was further supported with the responses from the question, "*How does a company engaging in CSR affect the way you talk about the company?".* Where, nearly 74% of total participants would speak more positively about the company. Only around 12% considered companies' engagement in CSR would not change the way they talk about the company, while nearly 14% were uncertain. Only two participants would speak more negatively of a company that engages in CSR (See Appendix 12).

	Ethical	Legal	Philanthropic	Economic
Strongly agree	123	71	96	107
Agree	127	125	141	134
Neither or	49	89	58	57
Disagree	4	17	8	5
Strongly disagree	0	1	0	0

Table 5: Frequency distribution; positive recommendations based on the four CSR components

Participants were asked to rank seven factors, from the most important to the least important, in accordance with what they thought would inspire them to recommend a sports apparel company to others. An analysis of the question entailed adding up the scores for each factor. Participants who ranked a factor in the first place resulted in that factor receiving seven points, the second place received six points and so forth. As can be seen in Figure 3, the functional value of quality received the highest ranking overall, indicating that participants tend to recommend to others a company based on the quality of the product. Furthermore, the functional value of price and the emotional value ranked 3rd and 4th, while the social value received the lowest ranking. However, these four factors combined represent the perceived value dimensions, and made up for nearly 60% of the overall score. This further relates to the above-mentioned value factors that are affected by companies operating on a socially responsible level.

FACTORS INFLUENCING WORD-OF-MOUTH ENGAGEMENT

1805 — Quality
1699 — Positive experience
1492 — Price
1179 — Feelings
982 — Reputation
879 — Accessibility
448 — Social status
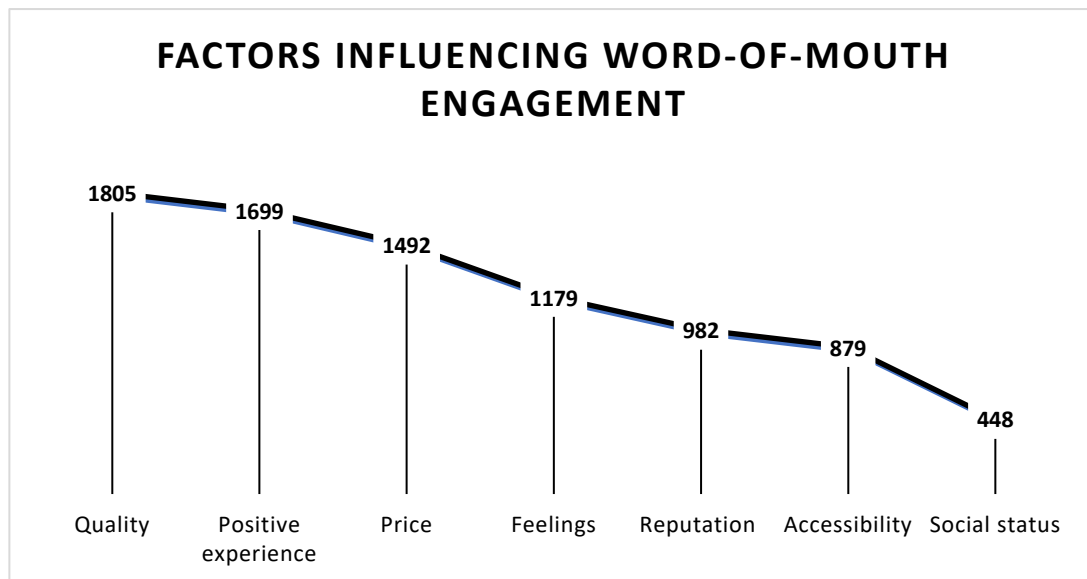
Figure 3: Ranking of factors that influence recommendations to others

Additionally, when participants were asked to choose a maximum of three factors on which their sports apparel purchase is mostly based on, the functional value dimensions (quality and price) were clearly the most influential factors. The frequency distribution of each factor can be seen in Figure 4. More specifically, almost 62% chose both functional value dimensions, and 98% of total participants selected either price or quality, where only 2% chose neither of the functional value dimensions. Indicating the importance of perceived value in regard to purchase intention (See Appendix 13).

When I buy sports clothing, it is mostly based on..

Reputation of the company — 9,85%
Reviews — 12,38%
Recommendations — 13,32%
Quality — 35,42%
Price — 29,03%
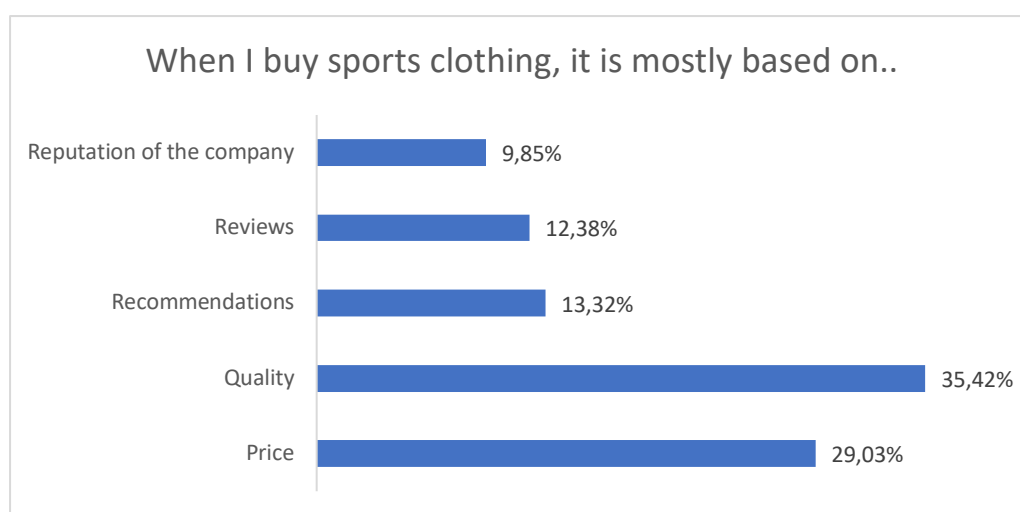
Figure 4: Frequency distribution; factors that influence purchase intention

Moreover, when exploring whether participants felt compelled to share with others, experiences with a company, the responses to both positive and negative experiences were rather similar. However, the results also showed that participants felt a bit more inclined to share a negative experience with a company. Around 71% of the total sample felt compelled to share a negative experience, while 62% felt compelled to share a positive experience with others. Furthermore, around 12% of participants did not feel obligated to share a positive experience, compared to nearly 9% that did not feel compelled to share negative experience, while the rest was neutral (See Appendix 14).

When asked how likely or unlikely participants were to purchase sports clothing based on consumer recommendations, around 82% of participants claimed they were very likely or likely to do so. Only around 3% claimed they were unlikely or very unlikely to purchase sports clothing based on recommendation, while around 15% were neutral (See Appendix 15).

Furthermore, participants were asked how likely or unlikely they were to purchase sports clothing based on various factors, presented in Figure 5. The participants mostly claimed they were very likely or likely to carry out purchase based on all of the factors; value, word-of-mouth and reputation.

Figure 5: Frequency distribution; additional factors that influence purchase intention

When looking at which information source, regarding value, had the greatest impact on participants purchase intentions, it was clear that online reviews and recommendations from friends and family mattered the most to participants. Interestingly, only a small number of participants claimed that they rely on influencers' opinions. Information from the company's website and code of ethics did not seem to have a great impact on intended purchase. The frequency distribution can be seen in Figure 6.
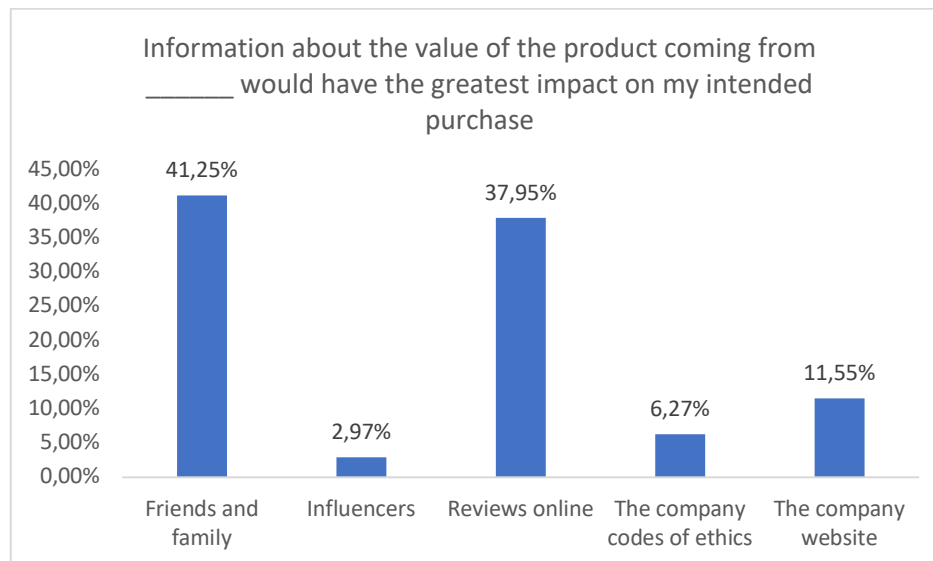
Figure 6: Frequency distribution; which information source has the most impact on purchase intention

Furthermore, when asked to state all relevant factors of what kind of information participants seek before making a purchase, the results showed that a majority of participants seek information about the price and the product. More specifically, roughly 83% search for information about the product and approximately 67% about the price. Around 30% of participants seek information about the company and the delivery time, while around 20% seek information about the image and reputation and the company's location prior to purchase. Consistent with the previous question on information seeking, the participants mostly base their purchase on the price and quality of the product (See Appendix 16).

In addition, nearly 75% of participants claimed they have purchased sports apparel based on recommendation, whether it came from friends, family or other consumers. However, 12.5% of participants did not recall doing so, and the same percentage was neutral (See Appendix 17). In addition, around 56% of participants had previously refrained from purchase of sports apparel based on negative discussions from other consumers, while 23% were uncertain on the matter (See Appendix 18).

Participants were also asked how trustworthy or untrustworthy they consider various information sources about a company. Information from friends and family seemed to be the most trustworthy source, followed by previous consumers' reviews online. Neither company advertisements nor influencers were considered a particularly trustworthy source according to participants. The frequency distribution can be seen in Table 6. Accordingly, when considering sports apparel with similar quality and price, 67% of participants claimed that they rely mostly on recommendations from other consumers before purchasing a product. Only 17% of participants would search for more company related information, while roughly 16% were uncertain (See Appendix 19).

	Friends and family	Online consumer reviews	Company or brand advertisements	Influencers
Very trustworthy	187	44	4	0
Somewhat trustworthy	99	195	54	37
Neither or	17	48	136	99
Somewhat untrustworthy	0	15	81	99
Very untrustworthy	0	1	28	68

Table 6: Frequency distribution; Information source trustworthiness

Participants were presented with six statements and were asked to indicate the ones that applied to them. 59% claimed they would pay more to buy a product from a socially responsible corporation, 30% would stay loyal to a company that engages in CSR activities and 27% of participants would rather buy from a socially responsible corporation, if the price and quality were similar. Moreover, nearly half of the participants seek for the highest quality when purchasing sports apparel. Additionally, 40% of participants take the time to carefully shop for sports apparel, while 19% claimed they were impulsive buyers (See Appendix 20).

Furthermore, participants were asked directly if a company's CSR activities affects their purchase decision, around 17% of participants claimed that it would, compared to 62% that claimed it would not have an effect. However, around 22% of participants were uncertain on the matter (See Appendix 21). Participants who answered "yes" in the previous question were asked to state the reason for this choice, which can be seen in Figure 7. As can be seen on the bar chart, the ethical reputation of the business seems to have the greatest effect when evaluating CSR activities, followed by the company's reputation.

If yes, what is it that affects your decision?

	The company's message and reputation	The company's charitable donations	The ethical reputation of the business	The company's economic performance	The company's legal compliance
	23,23%	18,06%	28,39%	16,13%	14,19%
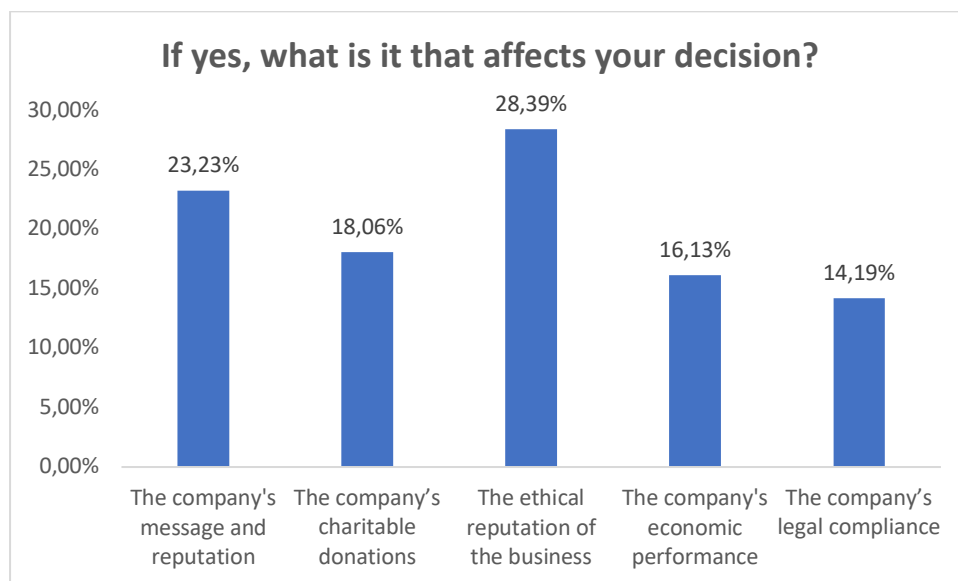
Figure 7: Frequency distribution; Reasons for CSR affecting purchase intention

Interestingly, when asked if participants would have knowledge about a company's poor CSR involvement, a majority, or 59% claimed that they would be put off purchasing their product. Only 13% claimed that it would not affect their purchase decision, while 28% were uncertain on the matter (See Appendix 22). Furthermore, the cross tabulation of the responses from this question and the question related to whether CSR initiatives affect purchase intention, suggested that negative word-of-mouth communication strongly affects purchase intention. More than half of the participants that that claimed that a proven track record of poor CSR would negatively affect their purchase intention, did not consider companies' CSR activities directly affect their purchase intention. The cross tabulation can be seen in Table 7.

If a company had a proven track record of poor CSR, would you be put off purchasing their products?	Do companies' CSR activities affect your purchase decision?			
	Yes	No	Uncertain	Total
Yes	42	101	36	179
No	4	31	5	40
Uncertain	5	55	24	84
Total	51	187	65	303

Table 7: Cross tabulation; CSR effect on Purchase Intention and track record of poor CSR effect on Purchase Intention

Country of residence effect

When exploring whether a country of residence had any effect on responses, there were mainly differences concerning behavior, rather than CSR and value perception. As discussed in the literature review, Iceland is not as far along with Corporate Social Responsibility as Denmark, indicating less awareness. The results from the questionnaire truly supported this, showing a drastic difference regarding knowledge of the term CSR in the countries. More than half of the Icelandic participants either did not know what CSR was or had heard the term but did not know exactly what it meant, while more than half of the Danish participants were either familiar or well versed in the CSR concept. The cross tabulation, comparing country of residence and knowledge of the term CSR can be seen in Figure 8.

Figure 8: Cross tabulation; Knowledge of the term CSR and country of residence

When investigating what kind of information participants seek before making a purchase decision, the main difference between countries was that participants living in Denmark generally search for information about the company. More specifically, 38% of participants living in Denmark claim to do so, compared to 24% of participants living in Iceland (See Appendix 23). When looking at what information source is considered most influential on participants' intended purchase, it was revealed that participants living in Denmark consider online reviews matter the most, while participants living in Iceland rely more on information coming from friends and family (See Figure 9).
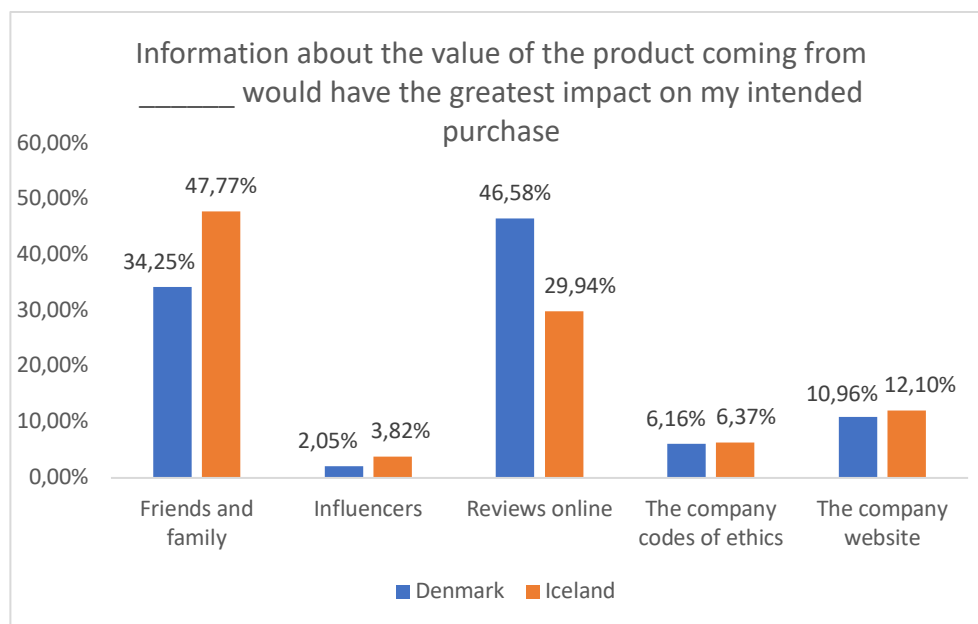
Figure 9: Cross tabulation; country of residence and the most influential information source

However, when asked if participants had ever refrained from purchase based on negative discussion, 62% of participants living in Denmark claimed to have done so, compared to roughly 50% in Iceland (See Appendix 24). When it comes to buying behavior, 46% of participants living in Denmark claimed that they take the time to carefully shop for a product, compared to 35% participants in Iceland. Furthermore, 22% of participants in Iceland claimed they were impulsive when purchasing sports apparel, compared to 15% in Denmark. Implying that participants living in Denmark are more inclined to take time to carefully shop for sports apparel, while participants living in Iceland are more impulsive when it comes to their spending habits. Moreover, 41% of participants in Iceland try to buy the highest quality of sports apparel, compared to 54% in Denmark. The comparison can be seen in Appendix 25.

Gender effect

Comparison of the variables in the questionnaire in terms of gender revealed that gender does not have much influence on the responses. The results showed similarity in percentage between responses in most of the questions. However, females seemed to be more likely than males to recommend a company involved in CSR, especially regarding the ethical, philanthropic and legal components of the CSR pyramid. More specifically, 89% of female participants would positively recommend a company based on the ethical factor, compared to approximately 69% of male respondents (See Appendix 26). Roughly 85% of female participants would recommend companies that help humankind through acts of charity, compared to nearly 63% of male participants (See Appendix 27). Furthermore, 68% of participants that identified as female would recommend a company based on the legal factor, compared to 59% of male participants (See Appendix 28). Moreover, the results indicate that female participants are more likely to perceive sports apparel startups, engaging in CSR activities, on a more emotional level than male participants. The emotional level was measured in regard to enjoyment and pleasure associated with wearing sports clothing from a sports apparel startup engaging in CSR activities. The gender comparison in terms of the emotional value dimension can be seen in Figure 10 and Figure 11.
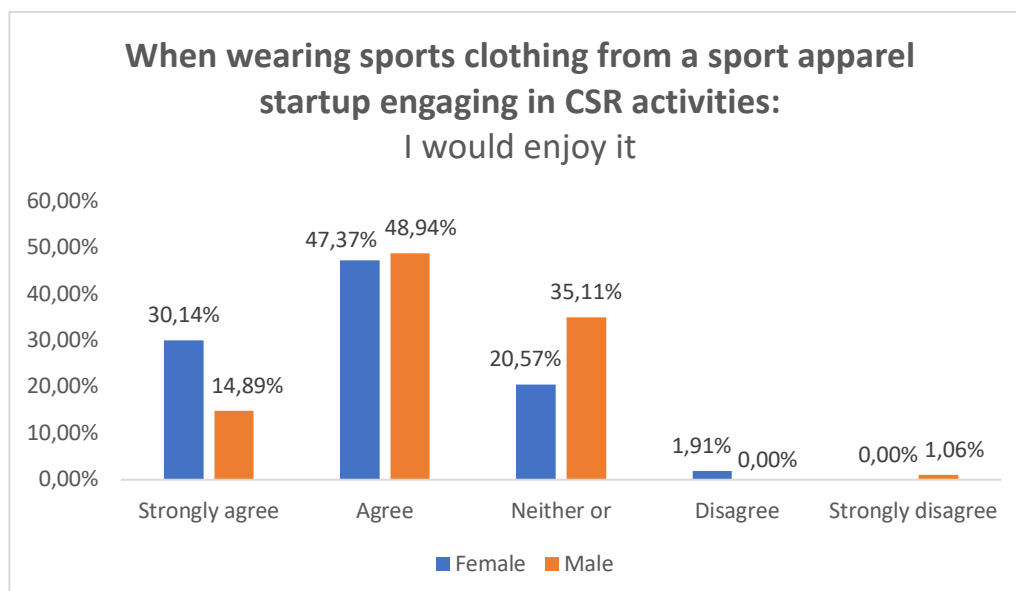
Figure 10: Cross tabulation; Enjoyment in terms of companies' CSR initiatives and gender
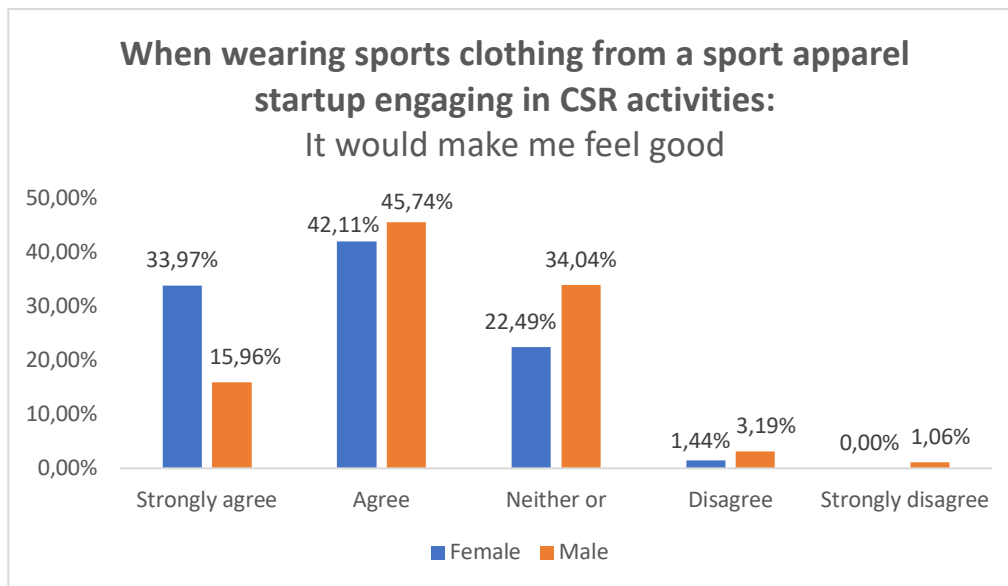
Figure 11: Cross tabulation; Pleasure in terms of companies' CSR initiatives and gender

7.2 Exploratory Factor Analysis (EFA)

This section focuses on statistically testing the results from the quantitative data collection in order to test the developed hypotheses and provide answers to the research questions. To begin with, the chosen software for analysis was SPSS due to availability and simplicity of the software. Moreover, the questionnaire was conducted via Qualtrics which provides the option to export the collected data straight into SPSS without having to prepare the data beforehand, preventing corrupted data ("Exporting Response Data," 2015). As mentioned earlier, this research follows a deductive approach, attempting to reach a conclusion based on measurable facts but not solely on observations. Thus, more advanced and complex statistical analysis is required to test the hypotheses (Malhotra et al., 2017).

A factor analysis was considered useful for the current research in order to test the quality of measurement items and to further support or reject the hypotheses. Factor analysis was used for reduction and summarization of collected data due to a large number of correlated variables (Malhotra et al., 2017). Reducing variables into fewer groups is useful to comprehend which questions directly measure the variables in the previously developed conceptual framework. Additionally, this type of analysis is commonly used to save time and make it easier for the researcher to interpret results (Yong & Pearce, 2013). Grouping variables into fewer factors made it possible to test the whole model using the software

SmartPLS and further accept or reject the developed hypotheses. Therefore, taking into consideration all 27 variables directly relating to *CSR, perceived value, word-of-mouth and purchase intention*, that were applicable for factor analysis. That is ordinal (Likert scale) and dichotomous variables (Yong & Pearce, 2013) (See Appendix 29). However, the additional nominal and ranking variables were not relevant for this testing. Therefore, these additional variables were used for further strengthening the argument of each hypothesis

A prerequisite for executing a successful factor analysis is conducting the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Bartlett's test of Sphericity. The KMO generates values from 0 to 1, where values below 0.5 are considered unacceptable (Kaiser & Rice, 1974). The KMO measure of sampling adequacy for the variables tested was 0.821, which is considered between meritorious and marvelous (Kaiser & Rice, 1974), indicating that a factor analysis might be useful for the current data. Bartlett's test of sphericity is used to confirm whether the dataset has patterned relationships amongst the variables with a significant level of, $p < 0.05$ (Yong & Pearce, 2013). For the variables measured in this research, Bartlett's test confirmed a significant level of 0.000, suggesting that the data was suitable for factor analysis (Yong & Pearce, 2013). The output from the KMO and Bartlett's test is shown in Table 8 below.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.821
Barlett's Test of Spericity	Approx. Chi-Square	2671.276
	df	351
	Sig.	.000

Table 8: KMO and Bartlett's Test

There are two main techniques for conducting a factor analysis: Confirmatory Factor Analysis (CFA) and EFA is a method used to uncover complex patterns and to identify underlying factor structures by exploring datasets with several variables and simplifying interrelated measures (Child, 2006; Yong & Pierce, 2013). CFA is used to verify the factor structure from EFA and to confirm the hypotheses the researcher has developed to answer the research questions, using path analysis diagrams (Child, 2006). In this research SPSS was be used to conduct exploratory factor analysis in order to reduce the variables and group them into factors, which later was used in the path model in SmartPLS to perform a confirmatory factor analysis in

order to confirm the hypotheses. According to Comrey and Lee (1992), a sample size of 300 is "*good*" when considering EFA. Thus, EFA was considered suitable for the current research as there were 303 collected responses. Additionally, the dataset consisted of several variables which can be difficult to interpret in terms of statistical testing of the hypotheses. Therefore, grouping variables from the questionnaire into descriptive categories or factors facilitated simplified interpretations for the researchers (Yong & Pierce, 2013).

The data was subjected to Principal Axis Factoring using SPSS. Principal Axis Factoring (PAF) is a data reduction technique that attempts to identify the underlying dimensions and estimate factors based on common variance amongst a set of different variables (Malhotra et al., 2017). Researchers conducting EFA almost always use rotation techniques (Henson & Roberts, 2006), to provide better interpretation since unrotated factors are ambiguous to interpret. Rotation is used "*to attain an optimal simple structure which attempts to have each variable load on as few factors as possible, but maximizes the number of high loadings on each variable*" (Rummel, 1970 as cited in Yong & Pierce, p. 84).

Rotation strategies can be broadly classified into two categories, that is orthogonal rotation and oblique rotation. Orthogonal rotation is used when data is assumed to be uncorrelated (Costello & Osborne, 2005). Orthogonally rotated factors remain uncorrelated, representing both loadings and correlations between variables and factors (Henson & Roberts, 2006). Varimax is the most commonly used orthogonal rotation method, which "*minimizes the number of variables that have high loadings on each factor and works to make small loadings even smaller*" (Yong & Pierce, 2013, p. 84). On the contrary, oblique rotation allows factors to be correlated, representing loadings and correlations between variables and factors separately (Costello & Osborne, 2005; Yong & Pierce, 2013). Based on established understanding and knowledge, most researchers choose orthogonal rotation as it provides more simplified and interpretable results (Costello & Osborne, 2005). Thus, the Varimax rotation was used for all the 27 variables, as the variables were assumed to be uncorrelated. The chosen rotation created a simple structure with easily interpretable results and clear loading patterns, a *Rotated Factor Matrix* which can be seen in Appendix 30.

The *communalities* output suggested which variables should be extracted based on low item loadings (Malhotra et al., 2017). It is relevant to eliminate variables with low communalities,

since the aim of factor analysis is to explain the variance through common factors (Yong & Pierce, 2013). According to Lingard and Rowlinson (2006), when analyzing behavioral or social data, loadings ranging between 0.3 and 0.5 indicate weak and moderate communalities. When performing principal axis factoring with Varimax rotation, a decision was made to suppress small coefficients to 0.3, since communalities should provide a minimum standard of 0.3 for PAF (Lingard & Rowlinson, 2006). Reasons for low communalities can be low reliability or that the variable is unrelated to other measured variables in the domain of interest, indicating that these variables should be avoided (Fabrigar et al., 1999). The *Communalities* output can be seen in Appendix 31.

The output *Total variance explained determines* the number of significant factors based on eigenvalues. Eigenvalues "*represent the total variance explained by each factor*" (Malhotra et al., 2017, p. 712), where large eigenvalues imply superior functions (Malhotra et al., 2017). The current exploratory factor analysis relied on the Kaiser criterion, determining the number of factors that should be retained based on eigenvalues that are greater than or equal to one (Kaiser, 1960). Factors with eigenvalues less than one explain less information than a single variable would have explained (Malhotra et al., 2017). Furthermore, the scree plot confirmed the appropriate number of factors, assuming that the variables were loading accurately on the proposed factors (Raubenheimer, 2004). The *initial and rotated eigenvalues* can be seen in Figure 12, indicating that there are eight 'meaningful' factors. The Extraction Sums of Squared Loadings and *scree plot* can be seen in Appendix 32 and 33.

Total Variance Explained					
	Initial Eigenvalues			Rotation Sums of Squared Loadings		
Factor	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.292	23.303	23.303	2.274	8.422	8.422
2	2.133	7.899	31.201	2.088	7.436	15.858
3	1.861	6.894	38.095	1.872	6.933	22.791
4	1.583	5.864	43.960	1.744	6.461	29.251
5	1.385	5.129	49.089	1.583	5.864	35.116
6	1.224	4.533	53.622	1.228	4.549	39.665
7	1.133	4.194	57.816	1.054	3.903	43.568
8	1.054	3.903	61.720	0.940	3.481	47.049

Figure 12: Total Variance Explained - Eigenvalues

Furthermore, it is called cross-loading when a variable loads at 0.32 or higher on two or more factors (Costello & Osborne, 2005). When considering such complex variables, researchers have two options. The first is to decide whether to exclude the variable if the interpretation is difficult, the second is retaining the variable assuming the reason is the latent nature of the variable and choosing a different significant loading cut-off (Yong & Pierce, 2013). In this research the cross-loading issue was resolved by choosing a different cut-off of 0.4 based on pragmatic reasoning, in order to avoid dropping the variables from the analysis.

When selecting items to include in the analysis, it is important to consider reliability and validity of measured variables. Reliability analysis was used to further test the internal consistency of the variables (Fabrigar et al., 1999). Cronbach's Alpha for each of the eight 'meaningful' factors generated in the Rotated Factor Matrix was measured and the reliability results are shown in Table 9. The results indicated acceptable values for reliability for the first six factors, as the acceptable Cronbach Alpha level consistent throughout this research is above 0.6. However, results for factor 7 and 8 indicated unacceptable values, that is 0.6 and lower. Additionally, factor 8 indicated an eigenvalue less than one after rotation, which is why these factors were eliminated. Factor 1 represented variables regarding *word-of-mouth*, factor 2 represented variables regarding *purchase intention*, while *perceived value* was divided into factors 3, 4, 5 and 6.

Cronbach's Alpha	
Factor 1	0.786
Factor 2	0.685
Factor 3	0.887
Factor 4	0.832
Factor 5	0.730
Factor 6	0.702
Factor 7	0.600
Factor 8	0.430

Table 9: Cronbach's Alpha - Eight factors

After excluding low coefficient variables and eliminating the factors with unacceptable Cronbach's Alpha values, the factor correlation matrix in Table 10 indicated correlation between factors, given that factors that exceed 0.32 or -0.32 are considered to be correlated (Tabachnick & Fidell, 2007). As discussed earlier, orthogonal rotation is used when data is

assumed to be uncorrelated, but oblique rotation allows correlation. Oblique rotation can even be used when factors are not significantly correlated (Fabrigar et al., 1999). Hence, orthogonal rotation technique may not be suitable. The output generated from oblique rotation is slightly more complex than orthogonal. However, oblique rotation is considered being theoretically more accurate as well as a more reproducible solution. Additionally, most literature supports the oblique rotation technique, although orthogonal is the most common in use amongst researchers (Costello & Osborne, 2005).

Factor Correlation Matrix					
Factor	**1**	**2**	**3**	**4**	**5**
1	1.000	-.233	-.326	.180	.425
2	-.233	1.000	.242	-.240	-.403
3	-.326	.242	1.000	-.150	-.233
4	.180	-.240	-.150	1.000	.161
5	.425	-.403	-.233	.161	1.000

Table 10: Factor Correlation Matrix

Now that the researchers had established increased understanding, the oblique rotation was considered more appropriate and relevant. Additionally, based on the theoretical purpose of this research, the oblique structure fit the sample data better than orthogonal. Thus, the second factor analysis was subjected to Principal Axis Factoring with Direct Oblimin (Oblique) rotation. There was one extra variable extracted based on the communalities output, due to variable loading being lower than 0.3, which is the same criteria as used in the first factor analysis (See Appendix 34). Resulting with a *Pattern Matrix* output, containing the item loadings and correlation between factors, suggesting five factors. The output can be seen in Table 11, where the items or questions are divided between the five factors.

Pattern Matrix					
	Factor				
	1	**2**	**3**	**4**	**5**
Q14.1			-.703		
Q14.2			-.768		
Q14.3			-.632		
Q14.4			-.529		
Q15.1		-.706			
Q15.2		-.881			
Q15.3		-.352		.570	
Q15.4				.754	
Q16.1	.653				
Q16.2	.764				
Q16.3	.781				
Q16.4	.492				
Q21.1					.337
Q21.5					.454
Q21.6					.712
Q21.7					.637

Table 11: Pattern Matrix

Furthermore, according to extensive research, each factor cannot contain fewer than three variables. A factor structure does not have a good fit to the data with fewer than three variables per factor, as such a factor is generally considered weak and unstable (Costello & Osborne, 2005). The most desirable factor structure has only a few complex variables, item loadings higher than 0.32 and at least three variables per factor (Yong & Pierce, 2013). The Pattern Matrix from the second factor analysis presented only two variables associated with Factor 2 and 4. Indicating that those two factors related to *perceived value* should be eliminated, concluding the exploratory factor analysis with variables divided into three factors.

The results from the detailed exploratory factor analysis suggested dividing the variables into three factors. Factor 1 refered to *Perceived value* with a Cronbach's Alpha of 0.786, Factor 2 refered to *Purchase intention* with a Cronbach's Alpha of 0.685, while Factor 3 related to *word-of-mouth* with a Cronbach's Alpha of 0.786 (Table 12). Furthermore, an overall Cronbach's Alpha test was performed on the three factors, which resulted in 0.823, which

greatly exceeds the acceptable value according to literature and the determined Cronbach Alpha level which is consistent throughout the current research (See Appendix 35).

Cronbach's Alpha	
Perceived value	0.786
Purchase intention	0.685
Word-of-mouth	0.786

Table 12: Cronbach's Alpa - Three factors

Now that the factor structure seems well confirmed as a result of EFA it is possible to proceed and apply CFA methods (Comrey and Lee, 1992). The exploratory factor analysis was further supported with measurements from SmartPLS, the conceptual framework was mapped in the software based on the three factors from the exploratory factor analysis. SmartPLS provides measurements such as testing reliability and validity with composite reliability and average variance extracted (AVE), as well as discriminant validity (Hair Jr et al., 2014). Furthermore, supported with evaluating outer loadings. Additionally, performing bootstrapping which is a technique that draws a large number of subsamples from the original data in order to estimate the parameters of the selected distribution. The bootstrapping procedure determines the significance level of the items in each factor and the p values to further accept or reject the hypotheses (Hair Jr et al., 2014). The conceptual framework presented in section 4.1 was drawn in SmartPLS. Subsequently, the factors from the exploratory factor analysis were placed in the statistical software. The independent variable CSR only had one indicator and had no need for Factor Analysis. The questions used can be seen in Appendix 36.

7.3   Confirmatory Factor Analysis

7.3.1   Structural Equation Modeling (SEM)

The Structural Equation Modeling (SEM) is a data- and multivariate analyzing model widely used by researchers and the evolution of the technique has been described as one of the most important developments in the social sciences field in recent years (Hair Jr et al., 2014). It allows researchers to "*simultaneously examine a series of interrelated dependence relationships between a set of constructs, represented by several variables (e.g., scales), while accounting for measurement error*" (Sarstedt et al., 2014, p. 105). Furthermore, SEM is

considered useful for developing and testing theories and hypotheses, which is relevant for the current research (Hair Jr et al., 2014).

There are two methods that can be used when performing SEM: Covariance-Based SEM (CB-SEM) and variance-based Partial Least Squares path modeling (PLS-SEM). The main distinction between these methods is that CB-SEM is a confirmatory approach and PLS-SEM a prediction-oriented variance based approach (Hair et al., 2012). CB-SEM is an approach that aims to minimize the difference between the covariance matrixes, while PLS-SEM aims to maximize the explained variance in the dependent variables (Hair et al., 2012). On the contrary, PLS-SEM is a *prediction-oriented variance based approach*, focusing on the dependent variables and aims at maximizing their explained variance (Hair et al., 2012). Both methods are widely used, although CB-SEM is a considerably older method. PLS-SEM has gained increased popularity over the years, especially in regard to the software SmartPLS, which allows researchers to compute the analysis in a user-friendly manner (Hair et al., 2012). In this research the chosen method was PLS-SEM and the analysis was conducted using SmartPLS. The following sub chapters will explain the procedure of PLS-SEM and reasoning for the choice of method.

Structural Equation Modeling using Partial Least Squares (PLS-SEM)

The Partial Least Squares modeling was initially developed by Wold in the 1980s, and runs much like multiple regression analysis (Hair et al., 2011). Fornell and Brookstein (1982) explain the approach as a repeated method that *"provides successive approximations for the estimates, subset by subset, of loadings and structural parameters"* (p. 441). Further described by Hair Jr et al. (2014) as a method that *"maximizes the explained variance of endogenous construct"* (p. 107).

One of the advantages of PLS-SEM is that the algorithm in the model can transform non-normal data. This allows researchers to analyze their data even though the sample size is small, and the data is not normally distributed (Hair Jr et al., 2014). Moreover, it is considered useful to test the relationship between constructs (the hypotheses) and analyze non-metric data (i.e. ordinal data). Furthermore, PLS-SEM allows researchers to distinguish the

relationships between items and constructs and categorize them into a reflective or formative measurement (Hair Jr et al., 2014).

The model consists of an inner and outer model. The inner model, often referred to as the structural model, shows the evaluating relationship between constructs (unobserved variables). The outer model (measurement model) evaluates the relationships between the indicator (manifest) variables and their construct (Hair Jr et al., 2014; Sarstedt et al., 2014). As described before, the indicators can be of formative or reflective measurements. When the indicators are formative, the arrow in the model points from the indicator to the constructs, while it is the other way around when the indicators are reflective (Sarstedt et al., 2014). In order to carry out the PLS-SEM, one must follow a multistep process by evaluating the model specification, as well as the inner and outer model. This process will be thoroughly explained in the following sections.

7.3.2   Model specification

The research model is based on the conceptual framework presented in chapter 3. The outer model is specified with the constructs and the relationship with the indicators (Hair Jr et al., 2017). Constructs that only act as independent variables, in this case *CSR*, are referred to as exogenous latent variables and are placed on the left side of the model and only have arrows pointed from them (Hair Jr et al., 2017). Constructs that are dependent variables, often called endogenous latent variables are on the right side and only have an arrow pointed towards them and are therefore explained by other constructs (Hair Jr et al., 2017). In this case that was *Purchase intention*. The other two variables were placed in the middle of the model, *Perceived value* and *Word of mouth*, operating both as independent and dependent variables and are considered endogenous, and can have arrows pointing both from and towards them (Hair Jr et al., 2017). The model can be seen in Figure 13.
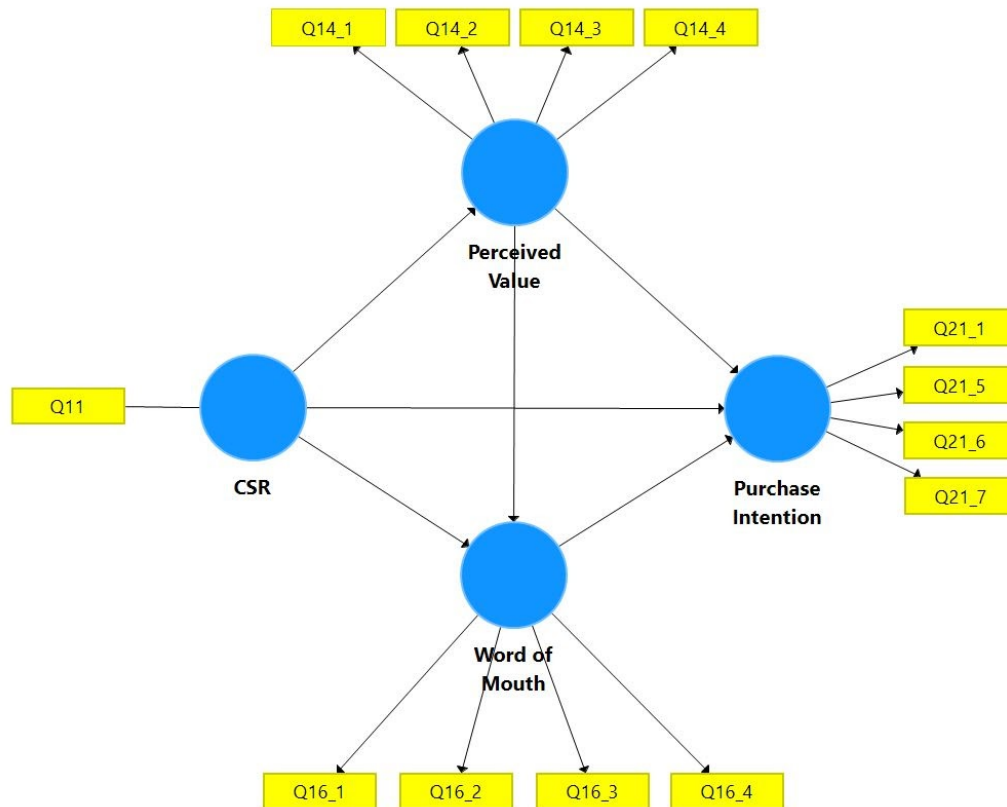
Figure 13: Path Model

7.3.3   Outer model evaluation

In order to evaluate the outer model, the researchers must distinguish the type of relationship between each construct and their indicators. SmartPLS does not distinguish the type of indicator measures, whether it is reflective or formative. When an indicator is reflective, the construct causes the measurement, hence the arrow is pointing from the construct to the indicators (Hair Jr et al., 2017). Furthermore, the indicators for each construct should be correlated and interchangeable. In other words, a single indicator can generally be left out without changing the meaning of the construct (Hair Jr et al., 2014; Hair Jr et al., 2017). In contrast, a formative indicator causes the construct. These indicators are not interchangeable since they determine the meaning of the construct (Hair Jr et al., 2014; Hair Jr et al., 2017).

The exogenous latent variable only had one indicator in the current analysis, since that was the only variable that was directly aimed at CSR. When a construct is only defined by one indicator, SmartPLS does not allow for specification of the measurement, whether it is formative or reflective (Sarstedt et al., 2014). However, since this indicator, *CSR*, caused the construct the authors believed the indicator was of a formative nature. The indicators for the

endogenous variables are correlated and interchangeable, and therefore believed to be reflective measures (Sarstedt et al., 2014). When assessing the reflective outer model, the reliability and validity must be verified, which requires carrying out composite reliability, convergent reliability and discriminant validity tests (Hair Jr et al., 2017).

Composite reliability

It is important to evaluate the constructs' measures of internal consistency reliability. A Cronbach's Alpha test has already been carried out in the exploratory factor analysis, but scholars argue that composite reliability is an even more appropriate measure of internal consistency reliability. Cronbach's Alpha does not assume that all indicator loadings are equal and it can underestimate the reliability since it is sensitive to the number of items in the scale (Hair Jr et al., 2014). When using composite reliability, the software SmartPLS is able to "*accommodate different indicator reliabilities, while also avoiding the underestimation associated with Cronbach's Alpha*" (Hair Jr et al., 2014, p. 111). A composite reliability test was therefore conducted on the outer model. When evaluating the outcome of the test, values of 0.6-0.7 are considered acceptable and values between 0.7-0.9 are considered satisfactory (Hair Jr et al., 2017). The results are shown in Table 13. The endogenous CSR variable had the value of 1.000, since this variable was explained by a single-item measurement. In those cases, the composite reliability is always 1.000, as the single indicator makes up the whole construct (Hair Jr et al., 2017).

Composite Reliability	
CSR	1.000
Perceived Value	0.862
Purchase Intention	0.809
Word-of-mouth	0.861

Table 13: Composite Reliability

Convergent validity

Indicator reliability

The individual item reliability is in other words the correlation between the indicators in the same construct (Hair Jr et al., 2017). When measuring the individual item reliability, items with a correlation of 0.7 or higher are considered significant items and items below the threshold value of 0.4-0.5 should be dropped. When the value is between 0.5-0.7 and the items do not increase value, a decision must be made whether they should be dropped (Hulland, 1999; Memon & Rahman, 2013). It is not uncommon for an item to be below the threshold of 0.7, especially when researchers add their own items or are using a newly developed scale. However, a low loading may occur when a question is poorly phrased, inappropriate or an improper transfer of an item of one context to another (Hulland, 1999).

As can be seen in Table 14, all values were above 0.6 and only three variables ranged from 0.645-0.7. The decision was made to keep those factors since they were considered value enhancing. Additionally, all the other variables indicated values above 0.7, implying significance (Memon & Rahman, 2013).

Individual Item Reliability (Outer Loadings)				
	CSR	**Perceived Value**	**Purchase Intention**	**Word of Mouth**
Q11	1.000			
Q14_1		0.862		
Q14_2		0.886		
Q14_3		0.712		
Q14_4		0.645		
Q16_1				0.846
Q16_2				0.738
Q16_3				0.871
Q16_4				0.651
Q21_1			0.662	
Q21_5			0.724	
Q21_6			0.713	
Q21_7			0.766	

Table 14: Individual Item Reliability (Outer Loadings)

Average variance extracted (AVE)

The average variance extracted (AVE) is a commonly used measure to establish convergent validity of the constructs. The AVE is similar to the communality of a construct (which was elaborated in section 7.2). An AVE value of 0.5 or higher indicates that *"the construct explains more than half of the variance of its indicators"* (Hair Jr et al., 2017, p. 138).

The results from the test can be seen in Table 15. The output indicated that AVE was higher than the threshold value of 0.5 for all constructs. It is important to acknowledge that AVE is not an appropriate measure of a single-item construct, in this case *CSR*, since the indicator's outer loading is fixed at 1.000 (Hair Jr et al., 2017).

Average variance extracted (AVE)	
Word-of-mouth	0.611
Purchase Intention	0.515
Perceived Value	0.613
CSR	1.000

Table 15: Average variance extracted (AVE)

Discriminant validity

Discriminant validity implies that each construct is unique and is not represented by other constructs in the model. The researchers look at the cross loadings to assess the validity of the indicators. An indicator's outer loading should not be higher than any of its cross-loadings or correlations (Hair Jr et al., 2017). As can be seen in Table 16, the outer loadings of each construct were greater than the cross-loadings, which suggested that discriminant validity had been established. Moreover, the lowest cross-loading value was 0.645 which is well above the cross-loading cut-off determined in the exploratory factor analysis.

Discriminant Validity – Cross Loadings				
	CSR	Perceived Value	Word of Mouth	Purchase Intention
Q11	1.000	0.368	0.390	0.212
Q14.1	0.333	0.862	0.348	0.312
Q14.2	0.330	0.886	0.393	0.380
Q14.3	0.258	0.712	0.299	0.180
Q14.4	0.211	0.645	0.252	0.164
Q16.1	0.390	0.453	0.846	0.372
Q16.2	0.232	0.239	0.738	0.230
Q16.3	0.348	0.375	0.871	0.347
Q16.4	0.204	0.172	0.651	0.383
Q21.1	0.168	0.203	0.317	0.662
Q21.5	0.214	0.266	0.320	0.724
Q21.6	0.118	0.238	0.249	0.713
Q21.7	0.107	0.288	0.340	0.766

Table 16: Discriminant Validity – Cross Loadings

Another way to measure discriminant validity is to conduct the Fornell-Larcker criterion. The test compares the square root of the AVE values with the variable correlations. In order to establish discriminant validity, the AVE value should be greater than its highest correlation with any other construct (Hair Jr et al., 2017). As can be seen in Table 17, the outer loadings of each construct were greater than the cross-loadings, suggesting that discriminant validity had been established.

Fornell-Larcker				
	CSR	Perceived Value	Purchase Intention	Word of Mouth
CSR	1.000			
Perceived Value	0.368	0.783		
Purchase Intention	0.212	0.349	0.717	
Word of Mouth	0.390	0.419	0.431	0.782

Table 17: Fornell-Larcker

7.3.4   Inner model evaluation

After reliability and validity of the outer model has been established, the inner model must be evaluated. PLS-SEM cannot be evaluated through a standard goodness of fit statistical testing, which applies to many other models (Hair Jr et al., 2014). The measures of a standard goodness of fit cannot be fully transferred to the PLS-SEM context, implying that other

measurements must be used. Therefore, the model is evaluated based on its predictive capabilities (Hair Jr et al., 2017). In order to establish the hypothesized relationship of the inner model, the assessment of the model's quality is "*based on its ability to predict the endogenous constructs*" (Hair Jr et al., 2014, p. 113). In this case the endogenous constructs were *Perceived Value, Word of Mouth* and *Purchase Intention.* The assessment consists of coefficient of determination (also known as R^2), cross-validated redundancy (Q^2), effect size (f^2) and path coefficients (Hair Jr et al., 2017), which will be further described in the following text.

The measures of a standard goodness of fit cannot be fully transferred to the PLS-SEM context, implying that other measurements must be used. Therefore, the model is evaluated based on its predictive capabilities (Hair Jr et al., 2017).

Coefficient of determination (R squared)

The R squared is the predictive accuracy measurement of the model, it represents the exogenous variables combined effect on the endogenous variables. The values range from 0-1, with the rough rule of thumb that 0.75 is a substantial level of predictive accuracy, 0.5 a moderate level and 0.25 a weak level (Hair Jr et al., 2014). However, scholars have different views of the preferred level of predictive accuracy. Cohen (1988) describes R squared values of 0.26 as substantial, 0.13 as moderate and 0.02 as weak levels of predictive accuracy, while Falk and Miller (1992) recommend that R squared values should be equal or greater than 0.1 (Cohen, 1988; Falk & Miller, 1992). The current research followed Cohen's approach to determine the level of predictive accuracy.

According to Cohen (1988), the level of predictive accuracy for *Purchase Intention* and *Word of Mouth* predicted a moderate to substantial level, while *Perceived Value* predicted a moderate level of predictive accuracy, the R squared values that predicted the level of accuracy can be seen in Table 18.

Coefficient of determination		
	R Square	**R Square Adjusted**
Perceived Value	0.135	0.132
Purchase Intention	0.220	0.212
Word of Mouth	0.240	0.235

Table 18: Coefficient of determination

Cross-validated redundancy (Q squared)

The Q squared is used to assess the inner model's predictive relevance. Hair Jr et al. (2014) further describes the process, that "*the measure builds on a sample reuse technique, which omits a part of the data matrix, estimates the model parameters and predicts the omitted part using the estimates*" (Hair Jr et al., 2014, p. 113). A Q squared value larger than 0 indicates the path model's predictive relevance for each construct (Hair Jr et al., 2014). For this model, all Q squared values were greater than 0. More specifically, the Q squared value for perceived value was 0.079, for purchase intention was 0.105 and for word-of-mouth was 0.137, indicating a predictive relevance (See Appendix 37).

Effect size

To evaluate each effect in the path model, the effect size by means of Cohen's (1988) f^2 is used. According to Henseler et al. (2009), the effect size is described as "*the increase in R^2 relative to the proportion of variance of the endogenous latent variable that remains unexplained*" (p. 304). Furthermore, f^2 values of 0.02 represents small effect, 0.15 a medium effect and 0.35 a large effect (Cohen, 1988). The test indicated a medium effect for CSR and perceived value, no effect for CSR and purchase intention, while there was small to medium effect for the rest (See Appendix 38).

Path coefficients

Path coefficients represent the hypothesized relationship linking the constructs together. In the model, the path coefficients are the arrows connecting each factor. The values can range from -1 to +1. When the coefficient is closer to +1, it represents a strong positive relationship, while coefficients closer to -1 indicate a strong negative relationship (Hair Jr et al., 2014). The

path coefficients of the six hypotheses are represented in Table 19 and Appendix 39 indicating a positive relationship.

Path Coefficients				
	CSR	Perceived Value	Purchase Intention	Word of Mouth
CSR		0.368	0.003	0.273
Perceived Value			0.204	0.318
Purchase Intention				
Word of Mouth			0.345	

Table 19: Path Coefficients

7.3.5   Hypothesis testing

In order to evaluate each hypothesis and the significance level of each indicator, the bootstrapping method was carried out. The parametric significance tests, for example in regression analysis, assume the data to be normally distributed (Hair Jr et al., 2017). As the PLS-SEM model does not assume the data to be normally distributed, the bootstrapping method was used to determine the significance level of the coefficients. The method uses a replacement technique which entails drawing a pre-determined number of subsamples from the original data, and consequently estimating the model with a larger population (Hair Jr et al., 2014; Hair Jr et al., 2017). Further, replacement means that "*each time an observation is drawn at random from the sampling population, it is returned to the sampling population before the next observation is drawn*" (Hair Jr et al., 2017, p. 170). It is recommended to use 5000 bootstrap samples. (Hair Jr et al., 2014).

A decision was made to conduct a one tailed t-test (p < 0.05), since the hypotheses were all phrased in a directional way, i.e. *this will positively influence that*. When explaining the p value, Hair Jr et al. (2017) articulates that "*the p value is the probability of erroneously rejecting a true null hypothesis*" (Hair Jr et al., 2017, p. 206). A p-value of 0.05 is usually the preferred value in marketing research (Hair Jr et al., 2017). The test was conducted with the bootstrapping method in SmartPLS, with 5.000 bootstrap samples as recommended. By looking at the t-values, the significance of each factor can be determined based on the standard error. The t-value at 0.05 significance level is 1.645, indicating that when the t-value

is greater than 1.645 (t > 1.645) the alternative hypothesis can be accepted with 95% confidence (Hair Jr et al., 2017). The results from the test are shown in Table 20 and a visual representation of the bootstrap model can be seen in Appendix 40.

Bootstrap Output SmartPLS					
	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
H1: CSR -> Perceived Value	0.368	0.370	0.051	7.150	0.000
H2: CSR -> Word of Mouth	0.273	0.272	0.056	4.860	0.000
H3: Perceived Value -> Word of Mouth	0.318	0.323	0.052	6.075	0.000
H4: Perceived Value -> Purchase Intention	0.204	0.208	0.057	3.566	0.000
H5: Word of Mouth -> Purchase Intention	0.345	0.348	0.063	5.430	0.000
H6: CSR -> Purchase Intention	0.003	0.001	0.064	0.040	0.484

Table 20: Bootstrap Output SmartPLS

Thus, all the alternative hypotheses, except for *CSR will positively influence purchase intention*, are accepted. Therefore, five of the null hypotheses are rejected. A detailed interpretation of each hypothesis test will be presented in the following section.

Corporate Social Responsibility and perceived value

Hypothesis configuration

> H0: Corporate Social Responsibility initiatives in sports apparel startups will have no influence on consumer perceived value

> H1: Corporate Social Responsibility initiatives in sports apparel startups will positively influence consumer perceived value

When investigating whether startups should implement CSR strategies in their early stages, it is interesting to explore whether CSR activities enhance consumer perceived value. Moreover, exploring the relationship between the importance of CSR initiatives from a consumer perspective in relation to consumer perceived value. The results from the bootstrapping procedure in Table 20 specified that the t-statistic was at 7.150 which is higher than the p value (7.150 > 1.645), causing the null hypothesis to be rejected. Therefore, it can be said with 95% certainty that CSR initiatives will positively influence consumer perceived value.

Corporate Social Responsibility and word-of-mouth

Hypothesis configuration

> H0: Corporate Social Responsibility initiatives in sports apparel startups will have no influence on word-of-mouth

> H2: Corporate Social Responsibility initiatives in sports apparel startups will positively influence word-of-mouth

This hypothesis aims at investigating whether startups in the sports apparel industry could benefit from implementing CSR in the early stages of the company's development in regard to word-of-mouth engagement. Moreover, exploring the relationship between the importance of CSR initiatives and word-of-mouth engagement from a consumer perspective. The results from the bootstrapping procedure, shown in Table 20, resulted in the null hypothesis being rejected, as the t-statistic was 4.860 (4.860 > 1.645). Hence, it can be said with 95% certainty that CSR initiatives in sports apparel startups will positively influence word-of-mouth.

Perceived value and word-of-mouth

Hypothesis configuration

> H0: Consumer perceived value in sports apparel startups will have no influence on word-of-mouth

> H3: Consumer perceived value in sports apparel startups will positively influence word-of-mouth

Furthermore, this hypothesis was developed in order to explore whether consumer perceived value would positively influence word-of-mouth. The perceived value was measured according to the previously discussed PERVAL scale, with the value dimensions functional value (quality and price), social- and emotional value (Sweeney & Soutar, 2001). However, the exploratory factor analysis resulted in eliminating the functional value dimensions based on being distributed between more factors.

Therefore, the results from the bootstrapping procedure relied solely on emotional and social value and can be seen in Table 20. The t-statistic was at 6.075 (6.075 > 1.645), indicating that the null hypothesis is to be rejected. Therefore, it can be said with 95% certainty that perceived value will positively influence word of mouth.

Perceived value and purchase intention

Hypothesis configuration

> H0: Consumer perceived value in sports apparel startups will have no influence on purchase intention

> H4: Consumer perceived value in sports apparel startups will positively influence purchase intention

This hypothesis was proposed to investigate whether consumer perceived value in regard to sports apparel startups will positively influence purchase intention. According to the exploratory factor analysis, variables related to the emotional- and social value dimensions were used for the perceived value construct in SmartPLS to test the overall model. The results from the bootstrapping procedure are shown in Table 20, suggesting that the null hypothesis will be rejected as the t-statistic was 3.566 (3.566 > 1.645). Thus, it can be said with 95% certainty that consumer perceived value in sports apparel startups will in fact, positively influence purchase intention.

Word-of-Mouth and purchase intention

Hypothesis configuration

> H0: Word-of-mouth will have no influence on purchase intention

> H5: Word-of-mouth will positively influence purchase intention

The fifth hypothesis was proposed to explore whether word-of-mouth (i.e. recommendations from other customers, online reviews), will positively influence purchase intention. The results from the bootstrapping procedure, one tailed t-test with 0.05 significance level showed that the t-statistic was 5.430 for this hypothesis (See Table 20). Therefore, the null hypothesis is rejected (5.430 > 1.645) and it can be said with 95% certainty that word-of-mouth will positively influence purchase intention.

Corporate Social Responsibility and purchase intention

Hypothesis configuration

> H0: Corporate Social Responsibility initiatives in sports apparel startups will have no influence on purchase intention

> H6: Corporate Social Responsibility initiatives in sports apparel startups will positively influence purchase intention

The last hypothesis was proposed to explore the direct effect of Corporate Social Responsibility on purchase intention. Moreover, the importance of CSR initiatives from a consumer perspective and purchase intention. The t-statistic from the bootstrapping procedure was 0.484 (0.484 < 1.645), indicating that the null hypothesis could not be rejected at a 0.05 significance level (See Table 20). There is no significant evidence that Corporate Social Responsibility initiatives will have a direct positive effect on purchase intention.

7.4 Additional Statistical testing

The researchers found it appropriate to further explore the hypotheses related to perceived value. Sweeney and Soutar's (2001) PERVAL scale consists of four value dimensions, yet only the emotional- and social value dimensions (Q14) were used for testing of the model in SmartPLS, based on the results from the factor analysis. The functional value dimensions, quality and price, were eliminated from the exploratory factor analysis due to having fewer than three variables per factor. A decision was made to drop these variables from the confirmatory factor analysis of the overall model to avoid identification problems and decreased reliability (Yong & Pearce, 2013). Nonetheless, the functional value dimensions (Q15) indicated sufficient variance based on factor loadings. Additionally, the four statements in Q15 indicated a Cronbach's Alpha value of 0.819 (See Appendix 41), implying internal consistency, suggesting that all items are inter-related and measuring the same concept (Tavakol & Dennick, 2011).

The researchers mapped three additional path models in SmartPLS that consisted of two constructs, where one of the constructs in each model included indicators concerning the functional value dimensions instead of the social- and emotional value dimensions from the previous statistical testing. However, the constructs related to CSR, word-of-mouth and

purchase intention consisted of the same indicators based on the previous exploratory factor analysis. Thus, the only changes were the indicators for the perceived value construct. The analysis of the additional statistical testing was carried out in SmartPLS, using the partial least square technique (PLS-SEM). The procedure and outcome of the analysis will be elaborated on in the following section.

CSR and Perceived value

To further examine the relationship between CSR and consumer perceived value, PLS-SEM was used with the functional value dimensions as dependent variable and Q11 as the independent variable, seen in Figure 14. As said before, the CSR construct only has one indicator and is believed to be of formative measure. Therefore, it is not relevant to evaluate the construct from the outer model evaluation (Hair Jr et al., 2017), since the values are consistent at 1.000 (single-item measurements).
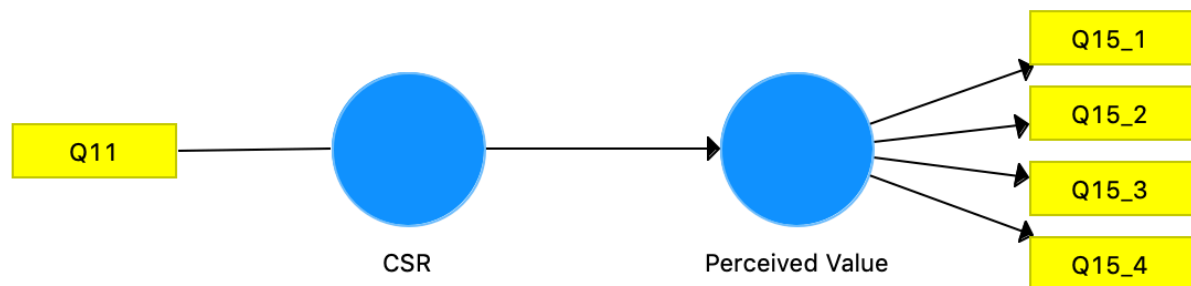
Figure 14: Path Model; CSR and Perceived Value

The evaluation of the model suggested sufficient validity and reliability of the measures. More precisely, the indicator reliability for the functional value dimensions were all above 0.641, which is considered an acceptable value in this research (See Appendix 42) (Memon & Rahman, 2013). Furthermore, the composite reliability was 0.868 and the average variance extracted (AVE) was 0.628, which is higher than the threshold values for these measurements (See Appendix 43) (Hair Jr et al., 2017). When evaluating the inner model, the R squared value was 0.049 suggesting a weak to moderate relationship (Cohen, 1988), the Q squared value was 0.021 indicating a predictive relevance and the f squared value was 0.052 suggesting small to medium effect. Moreover, the path coefficients showed a positive relationship between the variables (See Appendix 44) (Cohen, 1988; Hair Jr et al., 2014) and discriminant

validity was reached as the cross-loading value was above the cut-off value established in the exploratory factor analysis (See Appendix 45).

A bootstrapping procedure was then performed with 5.000 subsamples to examine if CSR positively influences consumer perceived value based on the functional value dimensions. The result can be seen in Table 21, where the t-statistic indicated that the null hypothesis is rejected (4.079 > 1.645) (Hair Jr et al., 2017). The results further strengthen the analysis previously carried out for hypothesis 1. The Path coefficients model and the bootstrap model output generated in SmartPLS can be seen in Appendix 46.

Bootstrap Output SmartPLS					
	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
H1: CSR -> Perceived Value	0.222	0.232	0.055	4.079	0.000

Table 21: Bootstrap Output SmartPLS; CSR and Perceived Value

Perceived value and word-of-mouth

When further examining the relationship between consumer perceived value and word-of-mouth engagement, the functional value dimensions were placed in the software SmartPLS as the independent variable, while the dependent variable consisted of indicators related to word-of-mouth engagement. Thus, the outer model consisted of eight reflective indicators and can be seen in Figure 15.
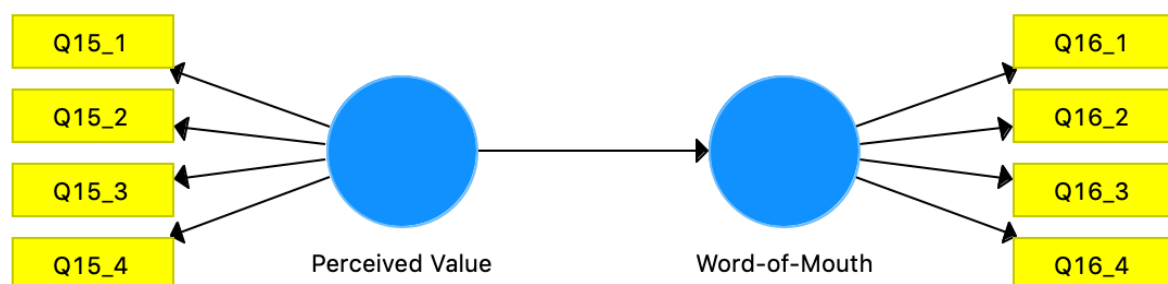

Figure 15: Path Model; Perceived Value and Word-of-Mouth

When evaluating the output from the software, the model showed validity and reliability. The outer loadings were all above 0.705 which is considered a sufficient value (See Appendix 47)

(Memon & Rahman, 2013). More specifically, the outer model evaluation showed satisfactory composite reliability value, of 0.882 for perceived value and 0.862 for word-of-mouth. The AVE value was higher than the threshold value for both constructs (0.652 > 0.5; 0.611 > 0.5) and discriminant validity was reached as the value for both constructs were above cut-off value that was established in the EFA (See Appendix 48) (Hair Jr et al., 2017). When evaluating the inner model, the R-squared value of 0.077 suggested a weak to moderate relationship according to Cohen (1988). Furthermore, the Q squared value was 0.042, indicating a predictive relevance and the f squared value of 0.083 suggested a small to medium effect. In addition, the path coefficients showed a positive relationship between the variables (See Appendix 49) (Cohen, 1988; Hair Jr et al., 2014).

A bootstrapping procedure was performed to examine whether consumer perceived value in terms of sports apparel startups, more specifically the functional value dimensions (quality and price), influence word-of-mouth. The output can be seen in Table 22, which suggested the null hypothesis should be rejected, as the t-statistic was 5.338 (5.338 > 1.645). It can be said with 95% certainty that the functional value dimensions will positively influence word-of-mouth engagement (Hair Jr et al., 2017). The results further strengthen the acceptance of hypothesis 3 performed in the previous statistical testing. The Path coefficients model and the Bootstrap model output generated in SmartPLS can be seen in Appendix 50.

Bootstrap Output SmartPLS					
	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
H3: Perceived Value -> Word-of-mouth	0.277	0.292	0.052	5.338	0.000

Table 22: Bootstrap Output SmartPLS; Perceived Value and Word-of-Mouth

Perceived value and Purchase intention

In addition, PLS-SEM was used to further examine the relationship between consumer perceived value and purchase intention. The model consists of exogenous latent variables related to the functional value dimensions (quality and price) and endogenous latent variables related to purchase intention. Each construct consists of four reflective indicators and can be seen in Figure 16.
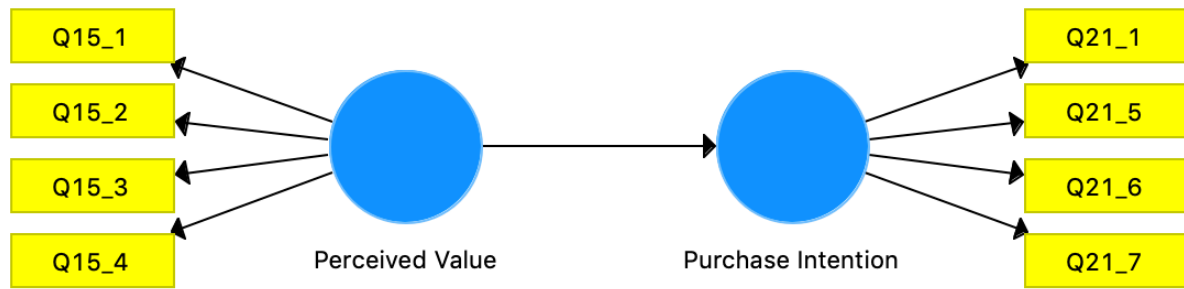
Figure 16: Path Model; Perceived value and Purchase intention

In order to address the reliability and validity of the outer model, several tests are performed. The outer loadings for both constructs were above the threshold value, where variables ranged from 0.684 to 0.887 (See Appendix 51) (Memon & Rahman, 2013). The composite reliability indicated satisfactory values between 0.7-0.9 (Hair Jr et al., 2017), more specifically 0.880 (perceived value) and 0.807 (purchase intention). Furthermore, the convergent validity was reached, as the Average Variance Extracted (AVE) output suggested a higher value than the threshold value for both constructs (0.649 > 0.5; 0.511 > 0.5) (See Appendix 52). Additionally, discriminant validity had been established with a cross-loading value above the cut-off value, consistent with previous statistical testing (See Appendix 53) (Hair Jr et al., 2017).

Now that reliability and validity of the outer model has been established, the inner model must be evaluated. According to Cohen (1988) the level of predictive accuracy R squared for both constructs predicts a moderate to substantial level (0.26 > **0.178** > 0.13). Moreover, the Q squared value indicates a predictive relevance, being larger than 0 (0.087 > 0). Furthermore, the f squared value of 0.201 indicates a medium to large effect in the inner model (Cohen, 1988). The path coefficients further represent the hypothesized relationship linking the constructs together, indicating a strong positive relationship (0.425) (See Appendix 54) (Hair Jr et al., 2014).

The bootstrapping procedure for the functional value dimensions and purchase intention showed the t-statistic 8.730 (8.730 > 1.645), resulting in the null hypothesis being rejected, and it can be said with 95% certainty that perceived value will positively influence purchase intention (See Table 23) (Hair Jr et al., 2017). Contributing to the previous statistical testing

where hypothesis 4 was accepted. The Path coefficients model and the bootstrap model output generated in SmartPLS can be seen in Appendix 55.

Bootstrap Output SmartPLS					
	Original Sample	**Sample Mean**	**Standard Deviation**	**T Statistics**	**P Values**
H4: Perceived Value -> Purchase Intention	0.425	0.435	0.049	8.730	0.000

Table 23: Bootstrap Output SmartPLS; Perceived Value and Purchase Intention

7.5 Discussion of findings and analysis

This section aims at summarizing and highlighting the most important findings and results from the analysis in order to answer the sub questions formulated in the problem statement. Based on previous research, the authors formulated six hypotheses and a conceptual framework in order to investigate the indirect and direct impact of Corporate Social Responsibility on consumer perception and behavior. More specifically, exploring the relationships between the variables of the conceptual framework; *CSR, perceived value, word-of-mouth* and *purchase intention*.

The primary data collection consisted of an online questionnaire that generated 319 responses. However, 16 participants were excluded from the analysis as they were not residents of the two countries examined in this research. Participants' demographic profile indicated the sample for the current research which consisted of 303 relevant participants. Around half of the participants were currently living in Denmark and the other half in Iceland. Furthermore, around two-thirds of the sample used for analysis were female participants, and around two-thirds represented the age group 18-34. Additionally, almost half of the participants were students and the other half were full time employees.

As mentioned in the literature review, the Nordic countries have gained increased attention in regard to their CSR initiatives. However, the results from this research indicate that the most drastic difference between the chosen countries, Iceland and Denmark, is knowledge of the term CSR. The responses from Icelandic participants are not compatible with Rubianes's (2016) statement regarding increased awareness in terms of the subject of CSR in Iceland.

Nonetheless, the results indicate that the majority of the participants consider it important for companies to operate on a socially responsible level, regardless of individual knowledge of the term CSR. Besides CSR awareness, the results suggested that there is not an extreme difference between the two countries measured, concerning consumer perception and behavior. The main differences discussed in the findings relate to search of information in the decision-making process. Danish residents tend to be more interested in company related information prior to purchase than Icelandic residents. Additionally, residents of Denmark generally seek information from online reviews, while residents of Iceland seek information from friends and family prior to purchase. However, this can be rationalized based on diverse age groups between participant samples in Denmark and Iceland.

An Exploratory Factor Analysis was conducted using the statistical software SPSS to group the variables into factors in order to perform a confirmatory analysis. The analysis resulted in three 'meaningful' factors. The factor related to perceived value was included the social and emotional value dimensions from the PERVAL framework (Sweeney & Soutar, 2001). The confirmatory analysis was carried out using a bootstrapping procedure in the software SmartPLS. Additionally, the three hypotheses that measured perceived value were examined further in terms of the functional value dimensions of the PERVAL framework. The results from the bootstrapping procedure indicated statistically significant results for five of the six hypotheses proposed.

A bootstrapping procedure was performed to explore the relationship between the importance of Corporate Social Responsibility initiatives and the value dimensions from Sweeney and Soutar's (2001) PERVAL framework. The results from the statistical analysis concluded that CSR initiatives in sports apparel startups will positively influence consumer perceived value. In addition, according to the findings and descriptive analysis it is quite clear that CSR initiatives indicate enhanced value perception amongst consumers. Moreover, all of the value dimensions of the PERVAL framework in terms of pricing, quality, enjoyment, pleasure, acceptance and impressions are perceived by consumers to be associated with CSR initiatives. However, based on the descriptive analysis it is important to acknowledge that the social aspect of perceived value, that is social impression and acceptance, is not as strongly associated with CSR as the other value dimensions. Consumers do not necessarily relate companies' CSR activities with the enhancement of social values as a large number of

participants were neutral in regard to the statements concerning social status. Furthermore, when investigating value enhancement based on the four components of the CSR pyramid, the ethical component was generally considered the most important. Implying that ethically responsible companies enhance consumer value perception.

Not only is CSR considered to evoke perceived value, but functional-, emotional-, and social values were found to have a positive effect on consumer purchase intention. Thus, suggesting that CSR has a direct effect on perceived value and an indirect effect on purchase intention. This is further supported with the descriptive analysis, where the functional value dimensions are pivotal aspects impacting consumer purchase intention. Moreover, according to the findings, consumers tend to search for information regarding the functional value dimensions, quality and price, before making a purchase decision.

Additionally, consumer perceived value was found to have a positive impact on word-of-mouth. Consumers tend to engage in word-of-mouth as a result of functional and emotional value perception, which is associated with CSR. Hence, CSR was found to have an indirect effect on word-of-mouth engagement. However, the social aspect of perceived value was not found to induce consumer recommendations to others. This can be rationalized by the fact that the feelings aroused from social values include making a good impression on others and feeling socially acceptable. Such personal feelings for an individual might not be a relevant discussion topic when recommending to others a specific product or company. Nonetheless, these four value dimensions combined comprise general inspiration concerning the willingness to engage in word-of-mouth and to recommend a sports apparel startup

It has already been established that CSR initiatives directly affect perceived value, and perceived value further affects word-of-mouth, indicating an indirect effect of CSR initiatives on word-of-mouth engagement. Additionally, the statistical analysis concluded a direct effect. More specifically, that Corporate Social Responsibility initiatives in sports apparel startups will positively influence word-of-mouth. Furthermore, according to the descriptive analysis, companies that operate on a socially responsible level are considered to evoke positive discussions amongst current and potential consumers. Although legal responsibilities are quite obviously less of a conversation topic, the ethical-, economic- and philanthropic responsibilities seem to be a discussion topic of interest amongst consumers.

In addition, according to the statistical analysis, word-of-mouth is considered to have a significant impact on purchase intention. The descriptive analysis supports these findings as online reviews and recommendations from friends and families were found to have a positive effect on purchase intention. It is also worth noting that when consumers are exposed to negative discussion of a product, physically or online, they tend to refrain from purchase. Additionally, the majority of participants have in the past and/or are likely in the future to purchase a product solely based on recommendations or online reviews. Furthermore, the significant impact of word-of-mouth is accurately intact with the measurements of information source trustworthiness. Consumers tend to seek company information from either family and friends or online discussions, rather than the company itself before making a purchase decision. Moreover, the results revealed that consumers consider influencers to be an untrustworthy information source. have

As discussed above, CSR was found to have a distinct indirect positive impact on purchase intention, through both enhanced value perception and engagement in word-of-mouth. However, both the statistical testing and descriptive analysis found no evidence of a direct impact. Although, interestingly enough, the majority of participants claimed that companies with a poor track record of CSR would have a negative effect on their purchase intention. Additionally, the motives for engaging in word-of-mouth were found to be similar concerning negative vs positive experiences. Implying that a poor track record of CSR activities can lead to negative word-of-mouth, further indicating a negative purchase intention.

To conclude, CSR initiatives have a distinct indirect impact on consumer purchase intention through the variables perceived value and word-of-mouth. The findings from the current research contribute to existing literature pertaining to CSR initiatives, offering an applicable and thoroughly analyzed conceptual model. Moreover, the findings can also be a useful guide for managers of sports apparel startups who are considering the benefits of implementing CSR strategies. The theoretical- and managerial perspectives will be further discussed in the following sections.

8. Theoretical perspective

The current research contributes to the growing investigation regarding CSR and aids the uncovering of the effect on consumer perception and behavior. Inspired by Freeman's (2010) stakeholder theory, the researchers found the need to explore CSR initiatives going beyond shareholder focus and investigating the subject from a consumer perspective. The results from the current study support the reasoning of Abrantes Ferreira et al. (2010), that CSR and product performance are corresponding, enhancing the value perception of the products offered. Moreover, the results from the current study indicate that there is a relationship between value perception and purchase intention. This supports Li and Green's (2001) argumentation regarding the importance of delivering superior-desired value to consumers. Furthermore, previous studies have found that consumer commitment and loyalty is related to perceived value, leading to the willingness to engage in word-of-mouth (Dick & Basu, 1994; Hansen et al., 2008). The current study further adds to these findings by establishing the most important value enhancing dimensions, as well as verifying the relationship between perceived value and word-of-mouth.

Previous studies regarding the effect of CSR on word-of-mouth have been mostly focused on the negative aspect and skepticism of CSR initiatives (Du et al., 2010). Thus, the results from the current study contribute to these findings. Implying that companies operating on a socially responsible level, that is focusing on benefiting the society while striving to gain competitive advantage, do indeed influence a positive effect on engagement in word-of-mouth. Bhattacharya and Sen (2004) further support these findings by indicating that companies' CSR initiatives increase consumer willingness to speak positively of the company to friends, family and colleagues.

Previous studies have found that word-of-mouth acts as a credible information source impacting consumer decision making process and behavior (Brown & Reingen, 1987), which is in line with the results from the current study. Implying that online reviews and recommendations are the most fundamental information sources impacting positive purchase intention.

Opposed to previous research suggesting that CSR has a direct effect on consumer purchase intention (Lee & Shin, 2010), this study revealed that participants did not consider CSR

activities to directly affect purchase intention. Moreover, Lee and Shin (2010) found that consumer awareness of CSR activities positively affects purchase intention. Conflicting with the findings from the current research, as CSR was found to have an indirect effect on purchase intention through perceived value regardless of the knowledge of the term CSR. Despite these unexpected findings, this study contributes to extensive academic research in regard to the indirect effects of CSR on purchase intention (David et al., 2009).

Previous studies have concluded that companies' CSR activities are of great importance for consumers (Ramasamy & Yeung, 2009; Schmeltz, 2012), which is in line with the current research where it was established that the majority of participants found it important that companies engage in CSR activities. Previous research that has evolved around the dimensions of the CSR pyramid, has aimed at exploring the importance of each component. Concluding with economic and legal responsibilities being the primary requirements, further contributing to Carroll (1991). However, further research in this area has established superior perception of ethical and legal responsibilities amongst European consumers (Maignan, 2001; Planken et al., 2013). These findings are in line with the current study of the Nordic countries Iceland and Denmark. Additionally, the philanthropic level is not considered of great importance for consumers (Planken et al., 2013; Ramasamy & Yeung, 2009) which is intact with the current research, as philanthropic responsibilities are neither required nor expected of society (Carroll, 1991).

This research measures perceived value according to the PERVAL scale framework developed by Sweeney and Soutar (2001). As discussed, many researchers have attempted to make alterations to the framework. This includes adding and dropping dimensions from the framework considering validity or even shortening based on pragmatic reasoning for a better fit for a questionnaire (Grace & Weaven, 2011; Walsh et al., 2014). The approach in the current research takes aim of previous research conducted and subsequently shortened the framework to an 8-item scale, taking into account previous work of the altered framework by Walsh et al. (2014). Additionally, the functional value dimensions were dropped from the statistical analysis since validity for those dimensions was not reached in the factor analysis. However, those dimensions were utilized in additional statistical testing to support each hypothesis in terms of perceived value.

9. Managerial perspectives

Besides contributing to theoretical contributions, the current research provides several managerial implications for startups in the sports apparel industry. Moreover, offering relevant information for management decisions that can be further adapted to specific situations. Startups in the Nordics have begun to realize the importance of Corporate Social Responsibility. However, as the true motives have not been clearly established, the current research aims to shed light on the important motivators from a consumer perspective.

According to Kedia and Aceto (2015) when startups enter the seed stage, the business model is tested, and search begins for potential investors and consumers. Previous research has established grounds for shareholder value concerning CSR initiatives, as well as its benefits in regard to attracting investors, suggesting implementation of CSR strategies before entering the aforementioned stage to be beneficial (Wan-Jan, 2006). The results from the current research contribute to this argumentation from a consumer perspective and the importance of CSR for attracting potential consumers.

According to the results, organizations can take advantage of the association between perceived value and CSR activities. Including CSR initiatives in their business strategy can greatly affect consumer perception of the value offered. By considering specifically the enhanced functional and emotional value, managers can develop an appropriate positioning strategy. As mentioned, sports apparel companies often tend to offer similar functional value. Thus, implementing CSR initiatives into the core business strategy in the early stages can trigger increased perception of value and an even more favorable consumer behavior.

Positive effects of CSR implications may be hindered because of lack of awareness and recognition of the company's initiatives in this area. It is essential for managers to understand consumer perception, their wants and needs as well as the most effective CSR communication methods to successfully drive purchase intentions. It can be challenging for companies to communicate their CSR activities, conversely the current study illustrates that companies should exploit word-of-mouth for exposure of their initiatives in terms of CSR.

According to Allied Market Research (n.d.) the increased growth in the sports apparel industry may be caused by aggressive advertisements and celebrity endorsements. On the contrary, the results from this study suggest an opposite approach for CSR communication in the sports apparel industry. Aggressive CSR advertisements may cause skepticism and suspicion of ulterior motives behind companies' CSR initiatives (Fein & Hilton, 1994; McWilliams & Siegel, 2001). Additionally, influencer advertisement was considered an untrustworthy information source, implying that CSR communication must be carefully approached. Hence, managers should refrain from using influencers to promote their CSR activities and rather encourage consumer engagement in word-of-mouth communication.

Furthermore, companies can promote credibility regarding their CSR initiatives by encouraging consumer engagement in word-of-mouth. By openly communicating their CSR initiatives, the company would reach their audience and encourage positive word-of-mouth. Since perceived value has a positive influence on word-of-mouth, companies should promote sustainability through online platforms, subsequently increasing consumer engagement in word-of-mouth. Encouraging consumers to write a review about the product or the company itself will affect other consumers' purchase intention, since results from this research revealed that consumers often rely on online reviews when it comes to purchase decisions.

As discussed, economic responsibilities create value for shareholders and the company itself, yet consumers view the ethical standpoint to be more significant. In order to induce favorable consumer behavior, companies should focus on communicating ethical responsibilities. Promoting sustainability in their products and practices can bring the company on a higher level concerning the ethical responsibilities, subsequently increasing perceived value for the consumers. Furthermore, philanthropic responsibilities are according to Carroll (1991) a desired level for a company and not a necessity. The current study also concluded that this dimension was the least important for consumers of sports apparel startups. Managers should therefore focus on the other three levels in the pyramid, especially the ethical level, and only engage in philanthropic activities when a foundation for the other dimensions has been fulfilled.

The overall findings from the research reveal that it is essential for organizations to develop and engage in CSR initiatives. Managers can use the results to their advantage as the current study provides potential insights for marketing managers, in regard to market positioning and market approach. It is vital for companies to distinctly state their CSR initiatives in order to create a clear set of expectations for their consumers. Including CSR initiatives in the mission and vision statement ensures transparency, avoiding disrupted reputation and skepticism (Lingelbach et al., 2012). Moreover, assuring consumers that operating on a socially responsible level goes beyond profit making and marketing purposes, generating increased stakeholder value.

Considering globalization and increased online presence, consumer preferences tend to become progressively homogeneous between countries. Therefore, companies in the sports apparel industry often offer similar products styles and prices, making it more difficult for startups to survive in such a competitive market (Ko et al., 2012). The current study provides beneficial managerial implications concerning differentiation with CSR strategic initiatives, positively impacting consumer perceived value and word-of-mouth, finally leading to a positive purchase intention.

10. Conclusion

Strategic relevance of Corporate Social Responsibility has been studied for years in relation to organizational and shareholder value. However, it is interesting to investigate stakeholder relatedness. More specifically, whether integrating CSR activities is beneficial for startups in their early stages. The sports apparel industry was found to be an appealing industry to explore, due to its increased global presence and the rapidly growing nature of the market. The Nordic countries are known to have great educational systems and to place great emphasize on quality of life, these aspects have been proven to be a great foundation for establishing successful companies. Thus, indicating that entrepreneurs in the Nordic countries can use this opportunity to their advantage, as well as being part of the frontrunners of integrating CSR initiatives. According to the current study the most drastic difference between countries was the general knowledge of the term CSR and Iceland had certainly not been keeping pace with the other Nordic countries in terms of awareness of CSR.

Previous research on the subject was rather limited and needed increased exploration. Thus, contributing to theoretical and managerial perspectives by answering the formulated research question: *"Is it beneficial for sports apparel startups to implement CSR initiatives into their core business strategies in their early stages?"*

According to extensive research, a conceptual framework was proposed based on existing literature and theoretical frameworks. More specifically, a framework developed to explore the interconnection between the variables *CSR, perceived value, word-of-mouth* and *purchase intention*. The aim was to investigate the direct and indirect effect CSR has on consumer purchase intention, and whether it would be beneficial for sports apparel startups to include Corporate Social Responsibility in their business strategies. Subsequently, six hypotheses were proposed in order to answer the sub questions.

The results revealed that CSR has an indirect effect on purchase intention through the variables perceived value and word-of-mouth, however there was no evidence of a direct relationship between CSR and purchase intention. Moreover, CSR was found to be associated with perceived value, indicating that functional- social- and emotional value is positively impacted by companies operating on a socially responsible level. The functional value offers tangible benefits for consumers and was found to distinctly correspond to CSR initiatives as

well as the intangible benefits of acceptability, impression, enjoyment and pleasure associated with companies' genuine devotion to making the world a better place. Furthermore, the results revealed that consumers consider online reviews and recommendations extremely influential in terms of their buying behavior.

CSR was also found to have both direct effect on word-of-mouth, and indirect effect through perceived value. Indicating that both CSR initiatives and functional-, social- and emotional value perception positively influence consumers word-of-mouth engagement. Consumers tend to engage in discussions regarding all of the four dimensions of CSR, from economic success and legal requirements to charitable donations and contributions to human rights. Additionally, perceived value has a tendency to be associated with recommendations and discussions.

"Sometimes you have to be selfish to be selfless"

(Edward Albert Quotes, n.d.)

According to the current research, startups in the sports apparel industry benefit from implementing Corporate Social Responsibility initiatives into their core business strategies. Supporting Richard Branson's (2011) argument that "*doing good is good for business*". Not only does CSR implementation attract investors, but also potential consumers since socially responsible companies are perceived to be more valuable. The results from the current research revealed that consumer perception and behavior is positively influenced by companies' socially responsible initiatives as society is getting more environmentally conscious and as a result, consumers might even refrain from purchase if a company is involved in immoral actions.

11. Limitations

The limitations of this research must be acknowledged in order to come to a reliable conclusion. Limitations to this research include time constraints, financial resources and lack of experience, limiting the depth and scope of the findings and results. The constraints are due to the fact that the research had to be completed in a short time and was conducted on a budget by students, not professional researchers.

This research only applies to the Icelandic and Danish market and it cannot be confirmed if the results apply to other countries, especially those who are not as advanced in terms of implementation of CSR initiatives and lack consumer awareness in regard to these activities. Furthermore, CSR policies, regulations and legislation differ between countries. Implying that there is no one-size-fit all conclusion, CSR must be developed and executed considering the specific context at hand. Moreover, the conclusion is based on the sports apparel industry and may not apply to other industries.

As mentioned, the self-selecting sample issue was tackled beforehand with a screening question. However, in order to gather a sufficient sample size, the researchers had no control over other demographic aspects. Thus, generalizability has not been achieved with the sample in this study, since over 90% of the participants from Denmark were 18-34 years old, which does not represent the age distribution in the country (Malhotra et al., 2017). Collecting data from participants living in Denmark was more challenging for the researchers as they are Icelandic. Therefore, the age distribution was expected since the questionnaire was solely shared on various Danish Facebook groups for students. Additionally, generalizability in regard to gender was not achieved as two-thirds of total participants were female.

Due to the timeframe and the COVID-19 pandemic it was not plausible to gather qualitative data, which would have been useful for validation of the data. Firstly, giving participants the option of providing their email at the end of the questionnaire to participate in further research. The participants that provide their contact information would then be invited to an interview. The aim would be to facilitate a fruitful conversation to generate new insights into the context in terms of CSR initiatives in the sports apparel industry and validating the findings (Malhotra et al., 2017). Secondly, facilitating validation through the process of triangulation. More specifically, enabling cross-verification comparing quantitative observations and

qualitative interviews reflecting upon the extent of verification and exploring sports apparel startups in terms of CSR initiatives from a managerial perspective and investigating reasons for any differences. Neither participant validation nor triangulation was applied to the findings of the current research indicating that the validity of the findings is not assured (Malhotra et al., 2017). The researchers are certain that either form of validation would have provided more insights and understanding of the topic at hand.

The questionnaire was only carried out in English in order to appeal to both Danish and Icelandic residents. However, this may have affected the responses due to language difficulties for some participants, especially those who do not understand the concepts of the questionnaire. The measurements of the questionnaire were determined by the overall sports apparel industry, not focusing on a specific company or brand which might be overwhelming for participants, making it more difficult to relate to the questions asked. Then again, focusing on a specific brand might have resulted in a smaller sample with a more limited demographic profile. Furthermore, the length of the questionnaire might have affected the participation, as it took around ten minutes to complete the survey.

The questionnaire was organized by each hypothesis. An alternative approach would be to organize the questionnaire by each construct in the conceptual model, which might have made it easier to analyze the data. As discussed, the CSR construct was measured by only one indicator. Researchers recommend using more indicators on each construct to increase the validity of the model (Rigdon et al., 2017). By organizing the questionnaire differently this issue might have been avoided. Likewise, a larger sample size might have increased variable loadings in the statistical analysis and made it possible to include more variables.

Furthermore, the questions used in the questionnaire were measured on various scales. An alternative approach would have been to develop the questionnaire with the majority of variables measured on a Likert scale. Using Likert scale measurements would allow for a deeper understanding and insight of the findings. Additionally, if the majority of questions were measured on a Likert scale, the results from the factor analysis could have been different, since the Cronbach Alpha value is generally higher for those variables. Implying that more variables could have been included in the statistical analysis, resulting in increased validity and reliability of the results.

12. Future research

The current research revealed the importance for startups operating in the sports apparel industry to implement CSR initiatives. The detailed analysis contributes to existing literature and encourages future research. The method was proven successful and extremely detailed in order to carry out further analysis in this field. For further research the limitations must be taken into account to provide reliable results.

Future researchers should attempt to investigate the relationship between the variables in the current study, with the additional moderating variable; awareness. This research only discovered participants' knowledge of the term CSR, not the awareness of organizations initiatives in this area. Carefully exploring whether identifying awareness as a moderating variable affects the relationship between CSR and additional variables, provides valuable information for marketing managers.

Additionally, future research should aim at examining the relationship between CSR initiatives and trust. Moreover, exploring whether there is an indirect effect between CSR and consumer loyalty based on trust. Trust has been found to be an indicator of purchase intention (Lu et al., 2016) and may be closely related to what was discussed regarding skepticism of CSR. Digging deeper into the field of interest may provide narrower managerial implications as well as contribute to previous academic research.

As this research was conducted in the Nordic context, more specifically in Denmark and Iceland, future research could investigate other nations. It would be interesting to investigate less developed countries that are not as evolved in the matter of CSR activities and awareness as the Nordic countries. Furthermore, some of the information asked in the questionnaire could have been lost in translation, as the current research was conducted in English which is not the native language in either Denmark or Iceland. By translating the questionnaire to the native language in each country, one could prevent misinterpretation and increase participants' understanding.

Further research could include other industries, since this research only explains findings from one industry, the sports apparel industry. It might be interesting to examine the service industry and compare consumer perception and expectations regarding CSR activities in

those sectors. The conceptual model developed in the current research could be used to investigate the service industry, by exchanging the PERVAL scale with the SERV-PERVAL scale. As discussed, the SERV-PERVAL scale focuses on consumer perceived value in the service industry, while the PERVAL scale was created for the retail industry. Investigating whether there is a noticeable difference, will provide managers with information in terms of benefits of CSR initiatives for each industry.

Additionally, this research did not reach generalizability due to the limited age range of participants in each country and the gender ratio of participants. Future research could aim to investigate a larger and more diverse group of individuals, ensuring that the age range and gender ratio of participants represent the country measured. By reaching generalizability, the results could reflect on the population in each country as a whole and could therefore be used undoubtedly by managers in the examined country.

As acknowledged in the limitations of this research, the collection of qualitative data was not possible due to time constraints and the COVID-19 outbreak. Future research could include a triangulation method that investigates the issue in terms of increased insight from a consumer perspective as well as from a managerial perspective. The researchers gain deeper understanding and can be more confident about their results by investigating the problem at hand from both consumer and managerial perspectives. Also, it increases the ability to develop new theories (Jick, 1979).

The findings from the current research suggest that consumers do not seek information about the value of a product through the company website or the codes of ethics. However, the current research did not take social media platforms into consideration. Future research could explore possible communication channels for promoting CSR initiatives, since the online presence of a company has never been more relevant. Moreover, how CSR communication using social media affects consumer purchase intention.

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14. Appendices

1. Startup life cycle
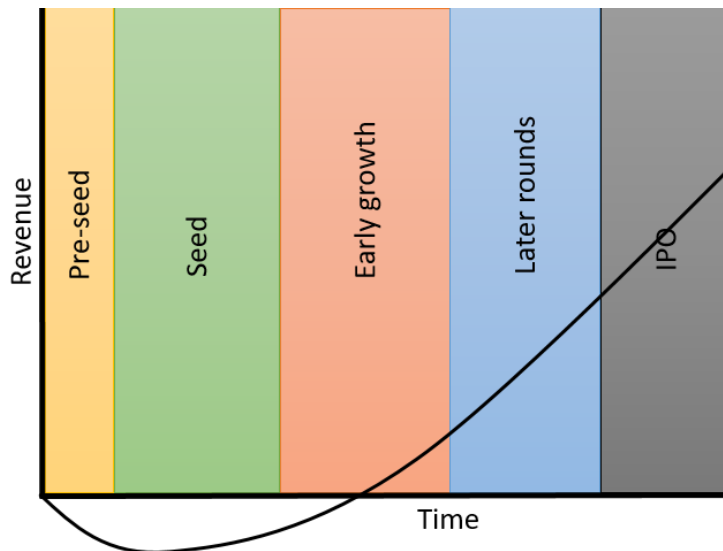
Figure 1: Own interpretation of Kedia & Aceto's (2015) startup life cycle

2. PERVAL-scale (Sweeney & Soutar, 2001)

Item	Quality	Emotional	Price	Social
has consistent quality	0.82	0.28	0.21	
is well made	0.79	0.31	0.26	0.23
has an acceptable standard of quality	0.76	0.38	0.20	
has poor workmanship (*)	0.76	0.25	0.26	
would *not* last a long time (*)	0.76	0.20		
would perform consistently	0.70	0.31	0.22	
is one that I would enjoy	0.37	0.80		0.28
would make me want to use it	0.32	0.77		0.26
is one that I would feel relaxed about using	0.37	0.76	0.21	
would make me feel good	0.32	0.74	0.21	0.36
would give me pleasure	0.35	0.71		0.33
is reasonably priced			0.90	
offers value for money	0.30		0.82	
is a good product for the price	0.33	0.35	0.76	
would be economical	0.25		0.72	
would help me to feel acceptable				0.83
would improve the way I am perceived				0.83
would make a good impression on other people	0.26	0.29		0.74
would give its owner social approval		0.26		0.60
Eigen value	9.53	2.22	1.47	1.00

3. Cronbach alpha pilot test

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized items	N of items
.846	.849	31

4. Questionnaire

Dear Participant,

Welcome and thank you for participating in our research on consumer perception of corporate social responsibility initiatives in the sports apparel industry.

Filling out the questionnaire should take about 10 minutes of your time and will be of great help to us with our Master's thesis. Your answers will be anonymous and kept strictly confidential.

Lots of love,

Gerður Dóra Aðalsteinsdóttir
Nadía Ýr Emilsdóttir

What is your current country of residence?

O Denmark
O Iceland
O [   ] Other

Please state your nationality

[   ]

What is your primary occupation?

O Student
O Full time employee
O Part time employee
O Unemployed

○ [   ] Other

What is your age?

○ Under 18
○ 18 - 24
○ 25 - 34
○ 35 - 44
○ 45 - 54
○ 55 - 64
○ 65 or older
○ I prefer not to answer

What is your gender?

○ Male
○ Female
○ Non-Binary
○ I prefer not to answer

What is your average monthly income after taxes?

○ SU only / Student loans / LÍN
○ 0 – 15.000 DKK / 0 – 300.000 ISK
○ 15.001 – 30.000 DKK / 300.001 – 600.000 ISK
○ 30.001 – 45.000 DKK / 600.001 – 900.000 ISK
○ 45.001 – 60.000 DKK / 900.001 – 1.200.000
○ 60.001 DKK or more / 1.200.001 ISK or more
○ I prefer not to answer

How often do you workout per **week?**

○ Never

○ 1-3 times

○ 4-6 times

○ 7 or more

What is your level of knowledge regarding the term Corporate Social Responsibility (CSR)?

○ I don't know what it is

○ I have heard the term, but I don't know exactly what it means

○ I have basic understanding about this concept

○ I am familiar with CSR topic

○ I am well versed in CSR concept

How important or unimportant is it to you that companies operate on a socially responsible level?

○ Extremely important

○ Very important

○ Moderately important

○ Slightly important

○ Not at all important

The concept of Corporate Social Responsibility suggests that organizations have an obligation to act for the benefit of society at large. CSR can be divided into Legal, Economic, Philanthropic and Ethical responsibilities.

Legal responsibilities: complying with legal requirements and government regulations

Economic responsibilities: Building solid relations with its customers to assure maximum profit and long-term economic success. Including, increased quality, productivity, and financial performance with competitive pricing policy, while creating jobs for people in the region.

Philanthropic responsibilities: Voluntary donations, helping humankind through acts of charity, and increasing quality of life for the employees and their families.

Ethical responsibilities: Focus on human rights and decent working conditions. Protecting the environment (recycling and minimizing pollutions) and contributing to solving societal problems by doing what is right, just and fair.

Please arrange these Corporate Social Responsibilities from what you consider the most important to the least important value-enhancing factors. *(drag and drop each line)*

Legal

Economic

Philanthropic

Ethical

To what extent do you agree or disagree with the following statements

When wearing sports clothing from a sports apparel startup engaging in CSR activities...

	Strongly agree	Agree	Neither or	Disagree	Strongly disagree
I would enjoy it	O	O	O	O	O
It would make me feel good	O	O	O	O	O
It would help me to feel acceptable	O	O	O	O	O
It would make a good impression on other people	O	O	O	O	O

To what extent do you agree or disagree with the following statements:

I consider sports apparel startups engaging in CSR activities...

	Strongly agree	Agree	Neither or	Disagree	Strongly disagree
Offer an acceptable standard of quality	○	○	○	○	○
Offer consistent quality	○	○	○	○	○
Offer value for money	○	○	○	○	○
Offer reasonably priced products	○	○	○	○	○

To what extent do you agree or disagree with the following statements?

	Strongly agree	Agree	Neither or	Disagree	Strongly disagree
I would positively recommend to others, environmentally friendly companies that contribute to human rights	○	○	○	○	○
I would positively recommend to others, companies that comply with legal requirements and government regulations	○	○	○	○	○
I would positively recommend to others, companies that help humankind through acts of charity	○	○	○	○	○
I would positively recommend to others, companies that provide quality products and long-term economic success	○	○	○	○	○

How does a company engaging in CSR affect the way you talk about the company?

○ I would speak more positively about the company

○ I would speak more negatively about the company

○ It wouldn't change the way I talk about the company

○ Uncertain

If you were to recommend a sports apparel company to others, it would be based on… *(drag and drop each line to rank from 1-7)*

A positive experience I had with the company

The prices of the products offered

The quality of the products offered

How the product makes me feel

How the products affect my social status

The accessibility of the product

The reputation of the company

To what extent do you agree or disagree with the following statements?

	Strongly agree	Agree	Neither or	Disagree	Strongly disagree
I feel compelled to share a positive experience with a company with others	○	○	○	○	○
I feel compelled to share a negative experience with a company with others	○	○	○	○	○

How likely or unlikely are you to purchase sports clothing based on consumer recommendations?

○ Very likely

○ Likely

○ Neither or

○ Unlikely

○ Very unlikely

It is more likely or unlikely that I would buy a product when...

	Very likely	Likely	Neither or	Unlikely	Very unlikely
The product is made from quality material	○	○	○	○	○
The product gives me joy	○	○	○	○	○
The product is reasonably priced	○	○	○	○	○
It requires little energy to purchase the product (easily bought)	○	○	○	○	○
The company has a good reputation	○	○	○	○	○
I see positive reviews about the product online	○	○	○	○	○
My friends and family recommend it	○	○	○	○	○

When I buy sports clothing, it is mostly based on *(Choose max 3 factors)*

☐ The price

☐ The quality

☐ Reviews

☐ Recommendation from friends and family

☐ Reputation of the company

Information about the value of the product coming from _____ would have the greatest impact on my intended purchase *(Choose one)*

○ The company website

○ The company codes of ethics

○ Influencers
○ Friends and family
○ Reviews online

What kind of information do you search for before purchasing sports apparel? *(Choose all relevant)*

☐ About the product
☐ About the price
☐ About the company
☐ About the image and reputation
☐ Location
☐ Delivery time

To your recollection, have you purchased sports apparel based on recommendations from friends, family and/or other consumers?

○ Yes
○ No
○ Uncertain

To your recollection, have you ever decided not to purchase sports apparel based on negative discussions from other consumers?

○ Yes
○ No
○ Uncertain

How trustworthy or untrustworthy do you consider the following information sources about companies?

	Trustworthy	Somewhat trustworthy	Neither or	Somewhat untrustworthy	Untrustworthy
Friends and family	O	O	O	O	O
Online consumer reviews	O	O	O	O	O
Company or brand advertisements	O	O	O	O	O
Influencers	O	O	O	O	O

When considering similarly priced sports apparel with similar quality…

O ...recommendations from other consumers would affect my purchase decision

O ...I would search for more company related information

O Uncertain

Which of the following statements applies to you? *(Choose all relevant)*

☐ I try to buy the highest quality of sports apparel

☐ I would pay more to buy products from a socially responsible corporation

☐ If the price and quality of two products are the same, I would buy from the firm with a socially responsible reputation

☐ I am impulsive when I purchase sports apparel

☐ I take the time to shop carefully for sports apparel

☐ I would stay loyal (re-purchase) to a company that engages in CSR activities

Do companies' CSR activities affect your purchase decision?

O Yes

O No

O Uncertain

If yes, what is it that affects your decision? *(Choose all relevant)*

☐ The corporate message and image

☐ The company's economic performance

☐ The company's legal compliance

☐ The company's charitable donations

☐ The ethical reputation of the business

☐ All of the above

☐ Other

☐ Uncertain

If a company had a proven track record of poor CSR, would you be put off purchasing their products?

O Yes

O No

O Uncertain

5. Nationality of participants

Nationality	
American/Danish	1
Argentina/Danish	1
Austrian	1
Bulgarian	3
Canadian	1
Chilean	1
Czech Republic	1
Danish	72
Danish/British	1
Danish/Canadian	1
Dutch	2
Estonian	1
Finnish	2
German	11
Greek	1
Guatemalan	1
Icelandic	175
Indian	3
Italian	4
Lithuanian	2
New Zealander	1
Norwegian	4
Polish	2
Portuguese	1
Romanian	3
Slovak	1
Spanish	5
Swiss	1

6. Cross-tabulation; country of residence and gender

	Country of residence		
Gender	Denmark	Iceland	Total
Male	41	53	94
Female	104	104	208
I prefer not to answer	1	0	1
Total	146	157	303

7. Participants' Income

Income	
SU only / LÍN	45
0 – 15.000 DKK / 0 – 300.000 ISK	111
15.001 – 30.000 DKK / 300.001 – 600.000 ISK	73
30.001 – 45.000 DKK / 600.001 – 900.000 ISK	37
45.001 – 60.000 DKK / 900.001 – 1.200.000 ISK	14
60.001 DKK or more / 1.200.001 ISK or more	9
I prefer not to say	14

8. Workout habits

How often a week do you work out?	
Never	52
1-3 times	152
4-6 times	93
7 or more	6

9. General knowledge of the term CSR

What is your level of knowledge regarding the term Corporate Social Responsibility (CSR)?	Frequency	%
I don't know what it is	66	21.8
I have heard the term, but I don't know exactly what it means	38	12.5
I have basic understanding about the concept	70	23.1
I am familiar with CSR topic	92	30.4
I am well versed in CSR concept	37	12.2

10. Importance of CSR

How important or unimportant is it to you that companies operate on a socially responsible level?	Frequency	%
Extremely important	85	28
Very important	136	44
Moderately importance	69	22
Slightly important	9	3
Not at all important	4	1

11. Ranking of CSR elements

Ranking	Legal	Economic	Philanthropic	Ethical
1 (most important)	110	39	11	143
2	107	60	40	96
3	57	130	74	42
4 (least important)	29	74	178	22

12. Word of mouth engagement regarding CSR involvement

How does a company engaging in CSR affect the way you talk about the company?		
	Frequency	**%**
I would speak more positively about the company	223	73.59%
I would speak more negatively about the company	2	0.66%
It wouldn't change the way I talk about the company	36	11.88%
Uncertain	41	13.53%

13. Factors affecting purchase decision (functional value)

Price and Quality		
	Frequency	**%**
Both	187	61,72%
Either one	110	36,30%
Neither	6	1,98%

14. Word-of-mouth engagement based on experiences

	Positive experience		Negative experience	
	Frequency	**%**	**Frequency**	**%**
Strongly agree	51	16.83%	84	27.72%
Agree	136	44.88%	132	43.56%
Neither or	79	26.07%	61	20.13%
Disagree	34	11.22%	21	6.93%
Strongly disagree	3	0.99%	5	1.65%

15.Purchase intention based on consumer recommendations

How likely or unlikely are you to purchase sports clothing based on consumer recommendations?

- Very likely: 22,77%
- Likely: 59,74%
- Neither or: 14,52%
- Unlikely: 2,64%
- Very unlikely: 0,33%
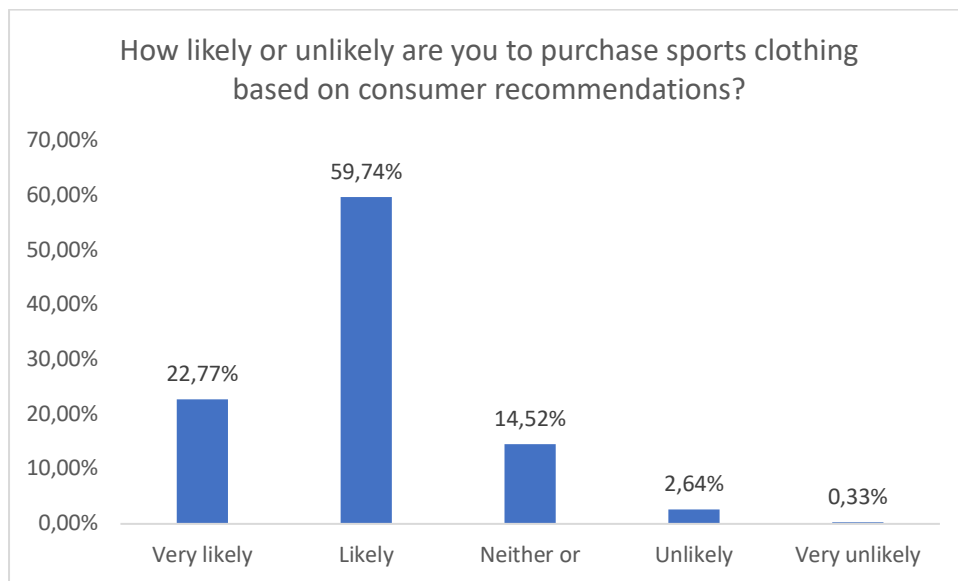
16.Information search prior to purchase

What kind of information do you search for before purchasing sports apparel?

- About the product: 83,28%
- About the price: 67,17%
- About the image and reputation: 21,79%
- Location: 20,90%
- About the company: 30,62%
- Delivery time: 30,18%
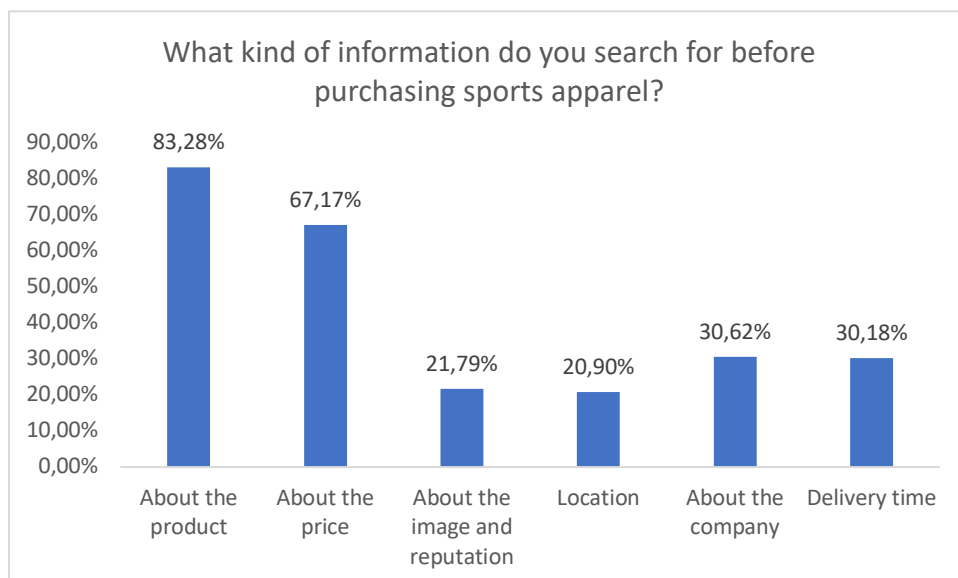
17.Purchase based on recommendations

To your recollection, have you purchased sports apparel based on recommendations from friends, family and/or other consumers?

12,54%

12,54%

74,92%

■ Yes ■ No ■ Uncertain
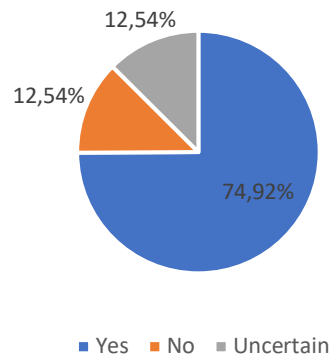
18. from purchase based on negative discussions

To your recollection, have you ever decided not to purchase sports apparel based on negative discussions from other consumers?

22,77%

21,12%

56,11%

■ Yes ■ No ■ Uncertain
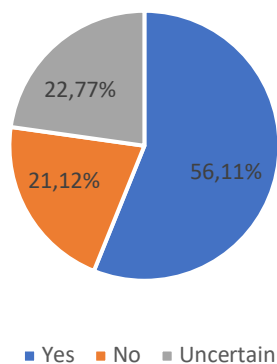
19. Similar functional value of sports apparel

When considering similarly priced sports apparel with similar quality…

16,50%	67,33%	16,17%
…I would search for more company related information	…recommendations from other consumers would affect my purchase decision	Uncertain

20. Statements regarding buying behavior

Which of the following statements applies to you?

Statement	Percentage
I would stay loyal (re-purchase) to a company that engages in CSR activities	30,03%
I take the time to shop carefully for sports apparel	40,26%
I am impulsive when I purchase sports apparel	18,81%
If the price and quality of two products are the same, I would buy from the firm with a…	27,39%
I would pay more to buy products from a socially responsible corporation	59,41%
I try to buy the highest quality of sports apparel	47,52%

21. Direct effect of CSR purchase intention

Do companies' CSR activities affect your purchase decision?

Response	Percentage
Yes	16,8%
No	61,7%
Uncertain	21,5%

22. Negative purchase intention in terms of a proven track record of poor CSR

If a company had a proven track record of poor CSR, would you be put off purchasing their products?

Response	Percentage
Yes	59,08%
No	13,20%
Uncertain	27,72%
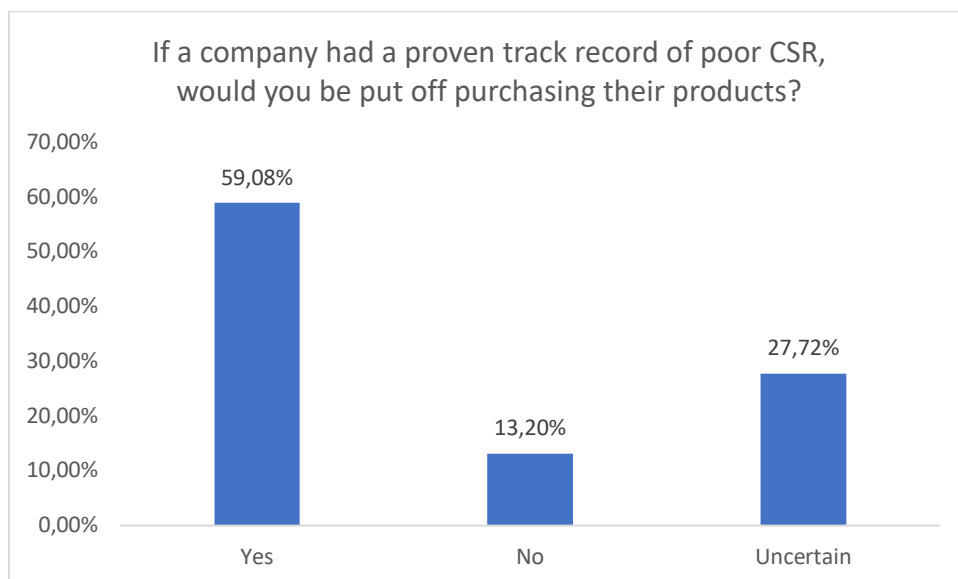
23.Cross tabulation; information search and country of residence

What kind of information do you search for before purchasing sports apparel?

	Iceland	Denmark
Delivery time	26,11%	34,25%
About the company	23,57%	37,67%
Location	17,83%	23,97%
About the image and reputation	21,66%	21,92%
About the price	62,42%	71,92%
About the product	80,25%	86,30%
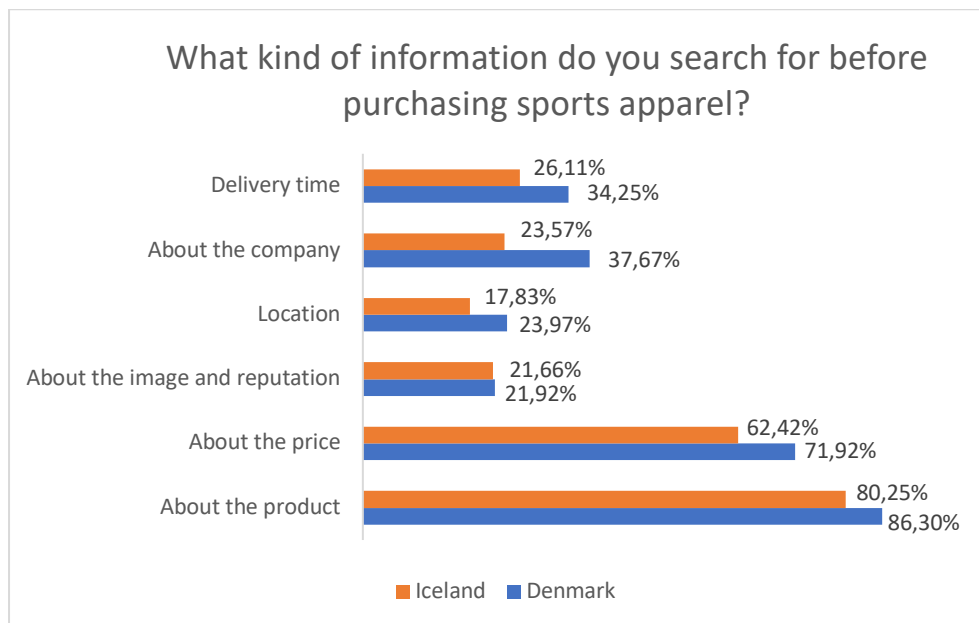
24.Country of residence comparison - negative purchase intention based on negative discussions

Denmark
- Yes 62,33%
- No 15,07%
- Uncertain 22,60%

Iceland
- Yes 50,32%
- No 26,75%
- Uncertain 22,93%
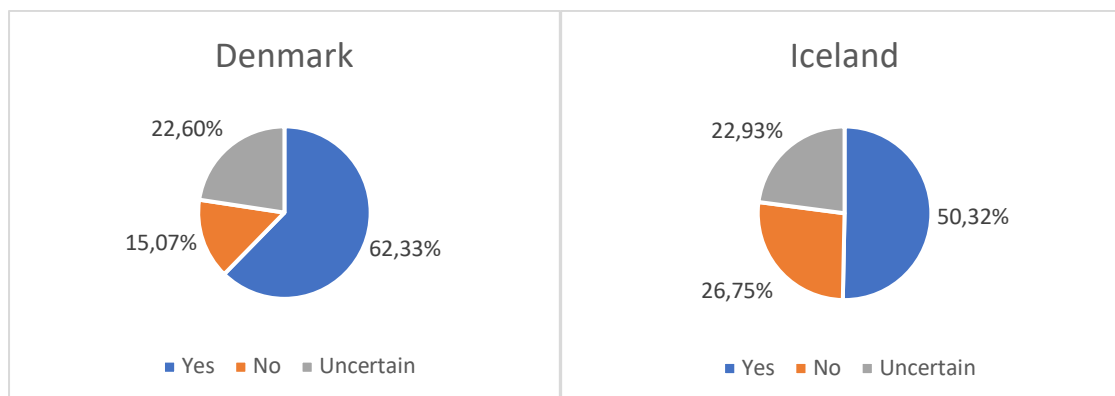
25.Cross tabulation; country of residence and statements regarding buying behavior

Which of the following statements applies to you?

Statement	Iceland	Denmark
I would stay loyal (re-purchase) to a company that engages in CSR activities	31%	29%
I take the time to shop carefully for sports apparel	35%	46%
I am impulsive when I purchase sports apparel	22%	15%
If the price and quality of two products are the same, I would buy from the firm with a...	24%	31%
I would pay more to buy products from a socially responsible corporation	59%	60%
I try to buy the highest quality of sports apparel	41%	54%

■ Iceland ■ Denmark

26.Cross tabulation; gender and recommendations based on ethical responsibilities

I would positively recommend others to companies that are environmentally friendly and contribute to human rights

	Female	Male
Strongly agree	48,33%	23,40%
Agree	40,19%	45,74%
Neither or	11,48%	26,60%
Disagree	0,00%	4,26%

■ Female ■ Male
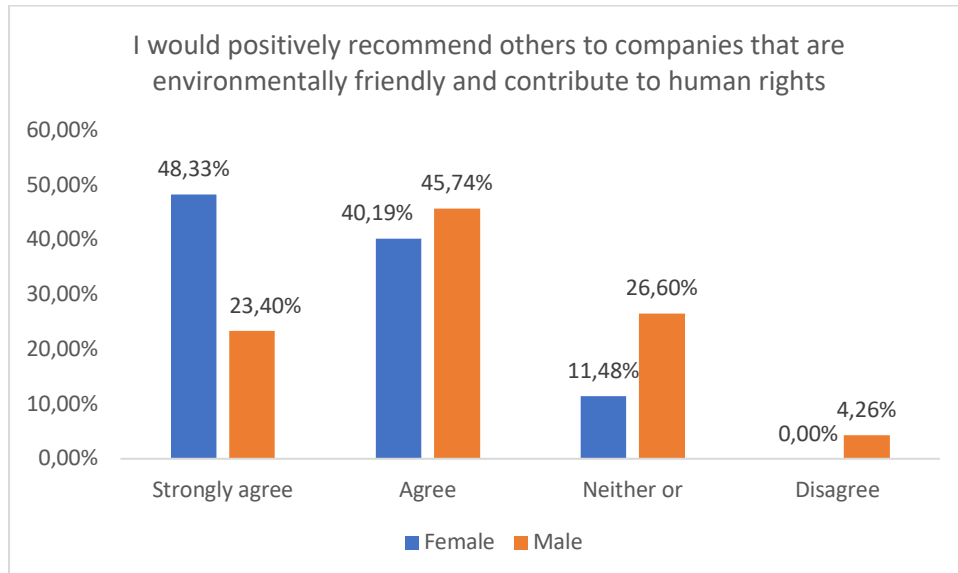
27. Cross tabulation; gender and recommendations based on philanthropic responsibilities

I would positively recommend others to companies that help humankind through acts of charity

Strongly agree — Female 37,80%, Male 18,09%
Agree — Female 47,37%, Male 44,68%
Neither or — Female 14,35%, Male 29,79%
Disagree — Female 0,48%, Male 7,45%

■ Female ■ Male
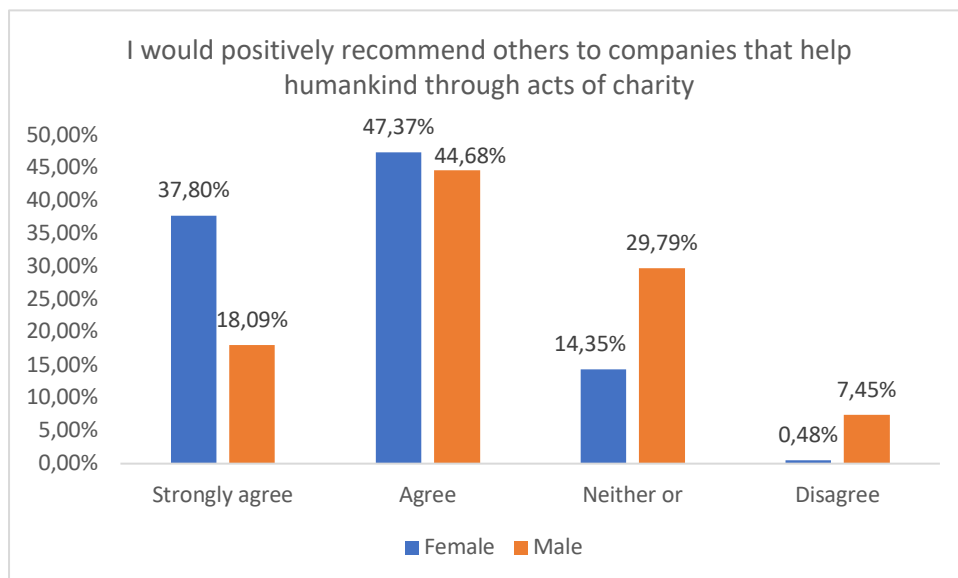
28. Cross tabulation; gender and recommendations based on legal responsibilities

I would positively recommend others to companies that comply with legal requirements and government regulations

Strongly agree — Female 25,84%, Male 18,09%
Agree — Female 41,63%, Male 40,43%
Neither or — Female 30,14%, Male 27,66%
Disagree — Female 2,39%, Male 12,77%
Strongly disagree — Female 0,00%, Male 1,06%

■ Female ■ Male
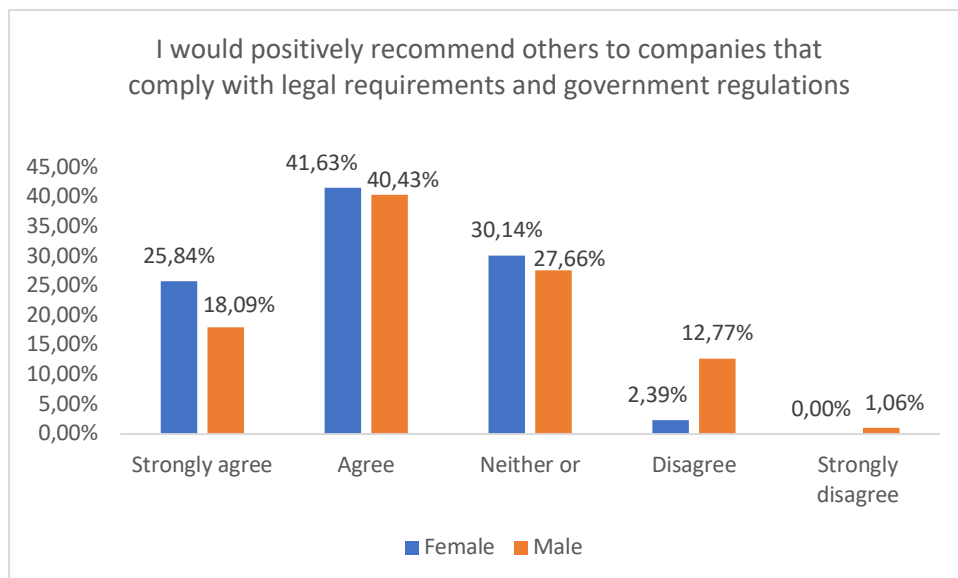
29.Statistical analysis – Exploratory factor analysis

	Variables used for the first factor analysis
Q11	**How important or unimportant it is to you that companies operate on a socially responsible level?**
Q14	**When wearing sports clothing from a sport apparel startup engaging in CSR activities:**
Q14.1	I would enjoy it
Q14.2	It would make me feel good
Q14.3	It would help me to feel acceptable
Q14.4	It would make a good impression on other people
Q15	**I consider sports apparel startups engaging in CSR activities…**
Q15.1	Offer acceptable standard of quality
Q15.2	Offer consistent quality
Q15.3	Offer value for money
Q15.4	Offer reasonably priced products
Q16	**To what extent do you agree or disagree with the following statements**
Q16.1	I would positively recommend others to companies that are environmentally friendly and contribute to human rights
Q16.2	I would positively recommend others to companies that comply with legal requirements and government regulations
Q16.3	I would positively recommend others to companies that help humankind through acts of charity
Q16.4	I would positively recommend others to companies that provides quality products and long-term economic success
Q19	**To what extent do you agree or disagree with the following statements**
Q19.1	I feel compelled to share a positive experience with a company with others

Q19.2	I feel compelled to share a negative experience with a company with others
Q20	**How likely or unlikely are you to purchase a sports clothing based on consumer recommendation?**
Q21	**I am more likely to buy a product when...**
Q21.1	The product is made from quality material
Q21.2	The product gives me joy
Q21.3	The product is reasonably priced
Q21.4	It requires little energy to purchase the product (easily bought)
Q21.5	The company has a good reputation
Q21.6	I see positive reviews about the product online
Q21.7	My friends and family recommend it
Q25	**To your recollection, have you purchased sports apparel based on recommendations from friends, family and/or other consumers?**
Q26	**To your recollection, have you ever decided not to purchase sports apparel based on negative discussion from other consumers?**
Q30	**Do companies' CSR activities affect your purchase decision?**
Q32	**If a company had a proven track record of poor CSR, would you be put off purchasing their products?**

30.Rotated factor matrix

Rotated Factor Matrix								
	1	2	3	4	5	6	7	8
Q14.1			.772					
Q14.2			.773					
Q14.3						.605		
Q14.4						.754		
Q15.1				.710				
Q15.2				.827				
Q15.3				.398	.627			
Q15.4					.797			
Q16.1	.654		.344					
Q16.2	.712							
Q16.3	.737							
Q16.4	.483							
Q19.1							.489	
Q19.2							.719	
Q20								.369
Q21.1		.513		.313				
Q21.3		.359			.459			
Q21.4		.353						
Q21.5		.433						
Q21.6		.554						
Q21.7		.528						
Q25								.694

31.Communalities output 1

Communalities		
	Initial	Extraction
Q11	.254	.278
Q14.1	.673	.736
Q14.2	.699	.783
Q14.3	.455	.539
Q14.4	.370	.640
Q15.1	.571	.621
Q15.2	.666	.833
Q15.3	.524	.601
Q15.4	.571	.761
Q16.1	.584	.614
Q16.2	.463	.553
Q16.3	.580	.650
Q16.4	.344	.356
Q19.1	.370	.388
Q19.2	.293	.552
Q20	.282	.323
Q21.1	.388	.424
Q21.2	.275	.294
Q21.3	.338	.361
Q21.4	.210	.240
Q21.5	.305	.308
Q21.6	.357	.410
Q21.7	.446	.489
Q25	.208	.516
Q26	.171	.173
Q30	.142	.086
Q32	.186	.171

32. Eigenvalues – Extraction Sums of Squared Loadings

Total Variance Explained			
Extraction Sums of Squared Loadings			
Factor	Total	% of Variance	Cumulative %
1	5.831	21.598	21.598
2	1.740	6.446	28.044
3	1.409	5.219	33.263
4	1.114	4.126	37.389
5	.886	3.280	40.669
6	.718	2.660	43.329
7	.525	1.945	45.274
8	.479	1.775	47.049

33. Scree Plot

Scree Plot
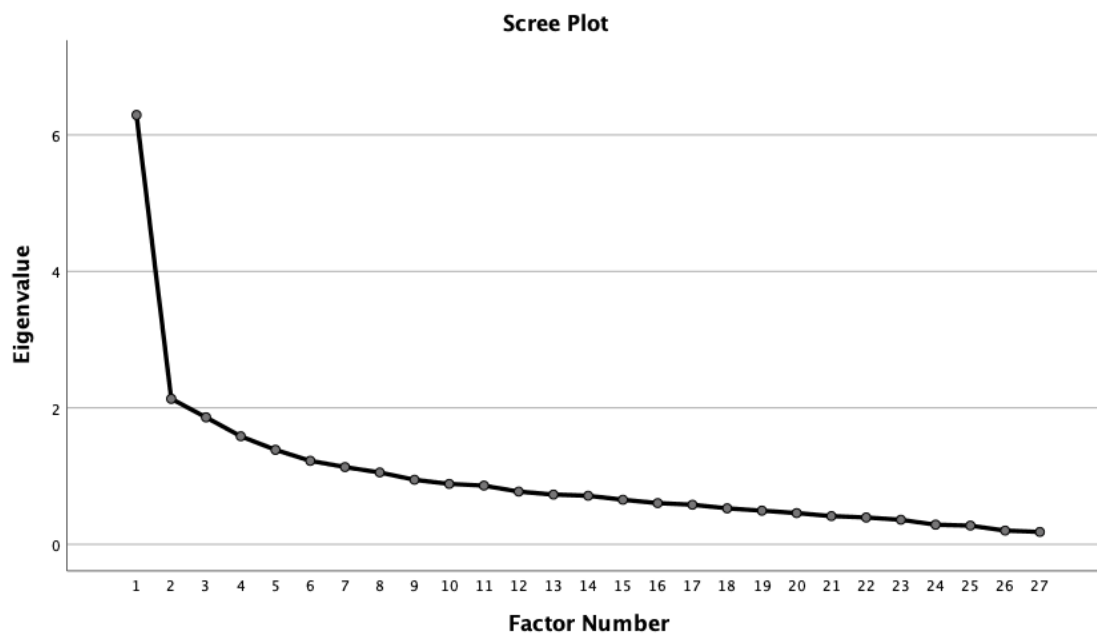
34.Communalities output 2

Communalities		
	Initial	Extraction
Q14.1	.665	.664
Q14.2	.693	.807
Q14.3	.432	.488
Q14.4	.346	.332
Q15.1	.544	.576
Q15.2	.649	.864
Q15.3	.506	.570
Q15.4	.534	.740
Q16.1	.555	.591
Q16.2	.423	.529
Q16.3	.567	.684
Q16.4	.326	.341
Q21.1	.337	.334
Q21.3	.268	.262
Q21.5	.260	.310
Q21.6	.292	.458
Q21.7	.358	.477

35.Cronbach Alpha – final factors

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized items	N of items
.823	.824	12

36.Statistical analysis questions – Confirmatory factor analysis

| Statistical Analysis Questions		
		Type of question
CSR	How important or unimportant it is to you that companies operate on a socially responsible level?	Likert scale
Perceived value	When wearing sports clothing from a sport apparel startup engaging in CSR activities: I would enjoy it	Likert scale
	When wearing sports clothing from a sport apparel startup engaging in CSR activities: it would make me feel good	Likert scale
	When wearing sports clothing from a sport apparel startup engaging in CSR activities: it would help me feel acceptable	Likert scale
	When wearing sports clothing from a sport apparel startup engaging in CSR activities: it would make a good impression on other people	Likert scale
Word of Mouth	I would positively recommend others to companies that are environmentally friendly and contribute to human rights	Likert scale
	I would positively recommend others to companies that comply with legal requirements and government regulations	Likert scale
	I would positively recommend others to companies that help humankind through acts of charity	Likert scale
	I would positively recommend others to companies that provides quality products and long-term economic success	Likert scale
Purchase Intention	I am more likely to buy a product when the product is made from quality material	Likert scale
	I am more likely to buy a product when the company has a good reputation	Likert scale
	I am more likely to buy a product when I see positive reviews about the product online	Likert scale
	I am more likely to buy a product when my friends and family recommend it	Likert scale

37. Q squared – Overall conceptual model

Cross-validated redundancy	
	Q²
CSR	
Perceived Value	0.079
Purchase Intention	0.105
Word of Mouth	0.137

38. F squared – Overall conceptual model

Effect size - f squared				
	CSR	**Perceived Value**	**Purchase Intention**	**Word of Mouth**
CSR		0.156	0.000	0.085
Perceived Value			0.041	0.115
Purchase Intention				
Word of Mouth			0.116	

39. Path coefficients model SmartPLS
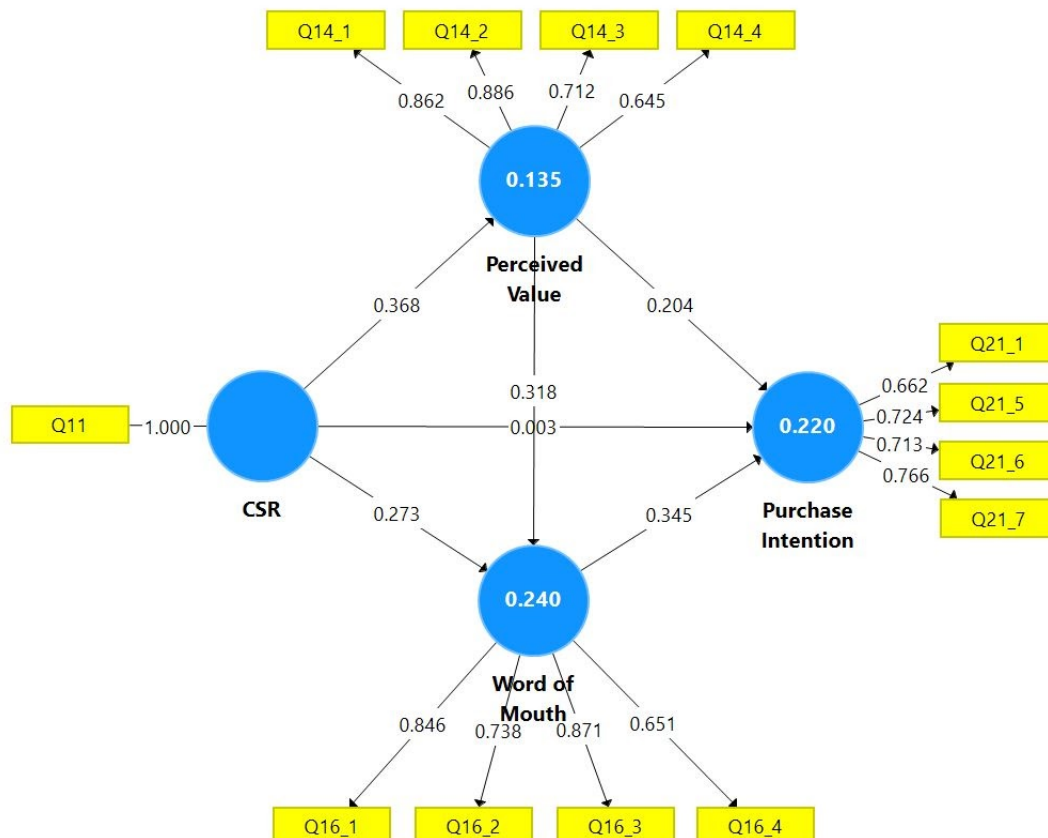
40. Bootstrapping model SmartPLS
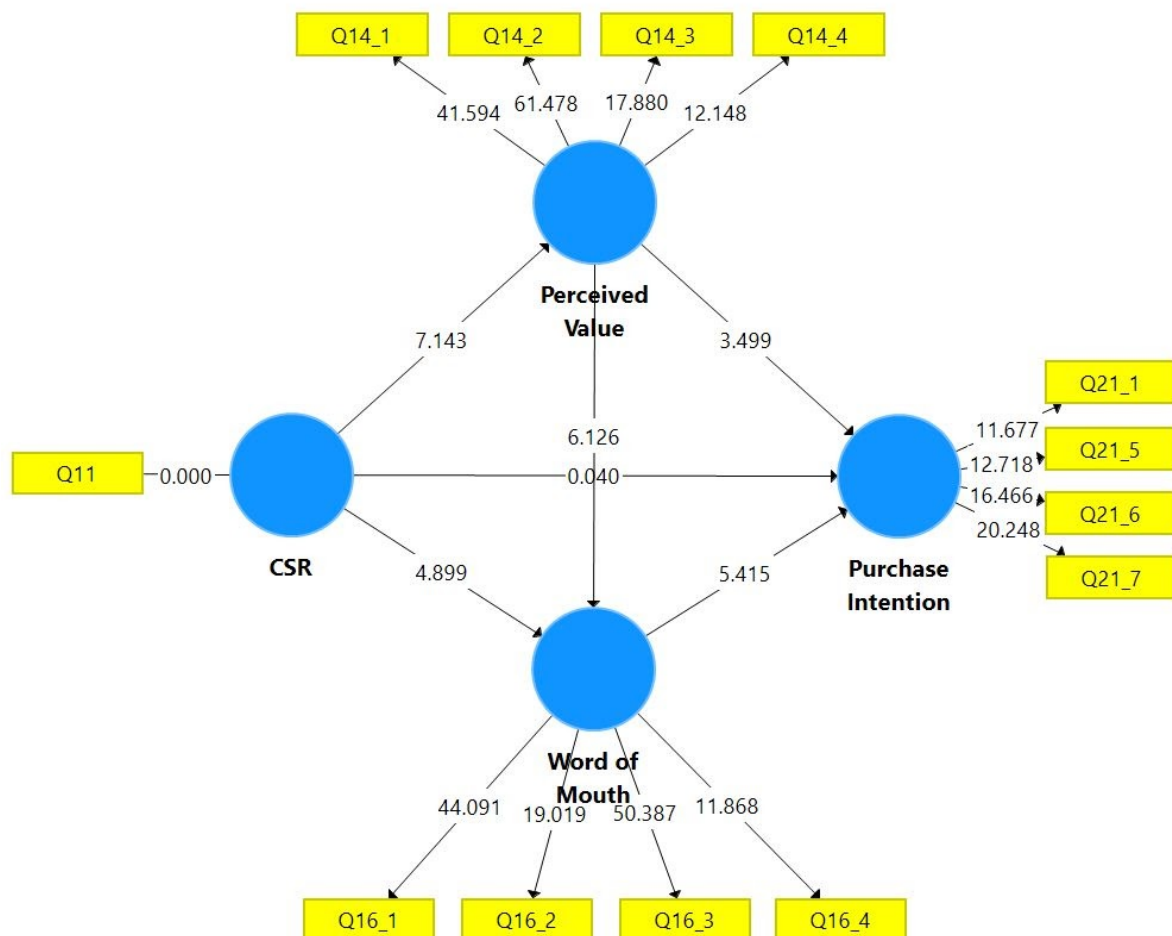
41. Cronbach Alpha – Question 15 (functional value dimensions)

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized items	N of items
.819	.822	4

42.Individual Item Reliability - CSR and Perceived Value

Individual Item Reliability (Outer Loadings)		
	CSR	**Perceived Value**
Q11	1.000	
Q15_1		0.881
Q15_2		0.913
Q15_3		0.698
Q15_4		0.642

43.Composite reliability and AVE – CSR and Perceived Value

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
CSR	1.000	1.000	1.000
Perceived Value	0.822	0.868	0.628

44.R Squared, Q Squared, f Squared and path coefficients – CSR and Perceived Value

Coefficient of determination		
	R Square	**R Square Adjusted**
Perceived value	0.049	0.046

Cross-validated redundancy	
	Q²
CSR	
Perceived Value	0.021

Effect size - f squared		
	CSR	**Perceived Value**
CSR		0.052
Perceived Value		

Path Coefficients		
	CSR	**Perceived Value**
CSR		0.222
Perceived Value		

45.Discriminant validity – CSR and Perceived Value

Discriminant validity – Fornell Larcker		
	CSR	**Perceived Value**
CSR	1.000	
Perceived Value	0.222	0.792

46.SmartPLS output – CSR and Perceived Value

Path coefficients model
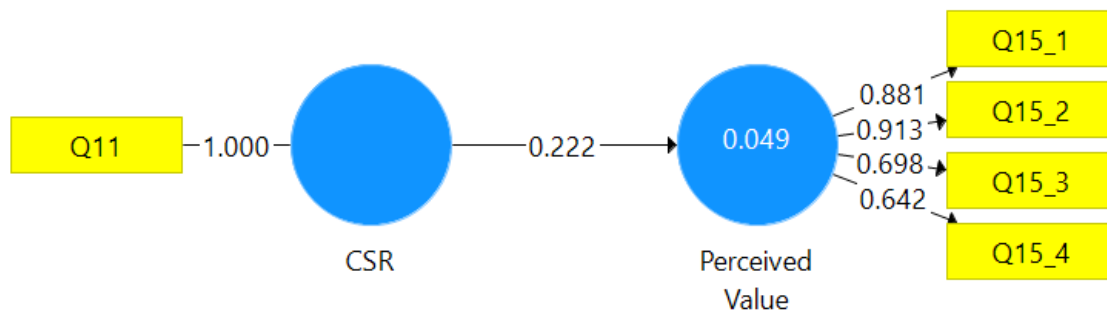
Bootstrapping model
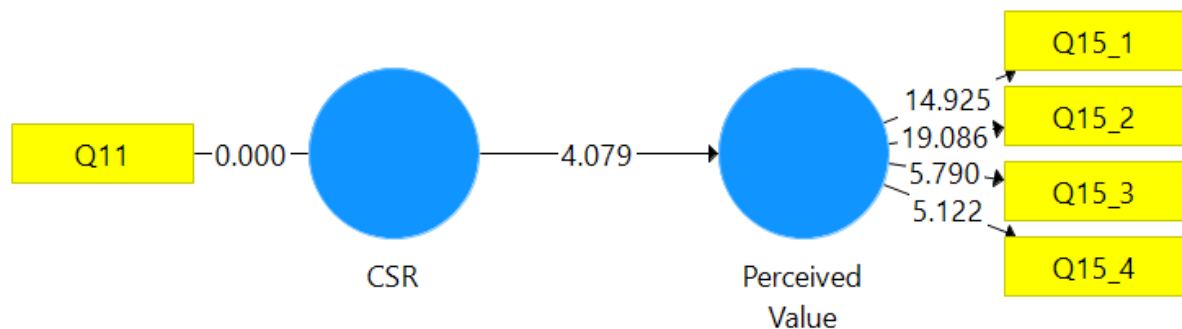
47. Individual Item Reliability – Perceived Value and word-of-mouth

Individual Item Reliability (Outer Loadings)		
	Perceived Value	**Word-of-mouth**
Q15_1	0.788	
Q15_2	0.858	
Q15_3	0.803	
Q15_4	0.778	
Q16_1		0.814
Q16_2		0.769
Q16_3		0.831
Q16_4		0.706

48. Composite reliability, AVE and discriminant validity – Perceived Value and word-of-mouth

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Perceived Value	0.822	0.882	0.652
Word-of-mouth	0.787	0.862	0.611

Discriminant validity – Fornell Larcker		
	Perceived Value	**Word-of-mouth**
Perceived Value	0.807	
Word-of-mouth	0.277	0.782

49. R Squared, Q Squared, f Squared and path coefficients – Perceived Value and word-of-mouth

Coefficient of determination		
	R Square	**R Square Adjusted**
Word-of-mouth	0.077	0.074

Cross-validated redundancy	
	Q²
Perceived Value	
Word-of-mouth	0.042

Effect size - f squared		
	Perceived Value	Word-of-mouth
Perceived Value		0.083
Word-of-mouth		

Path Coefficients		
	Perceived Value	Word-of-mouth
Perceived Value		0.277
Word-of-mouth		

50.SmartPLS output – CSR and Perceived Value

Path Coefficients Model
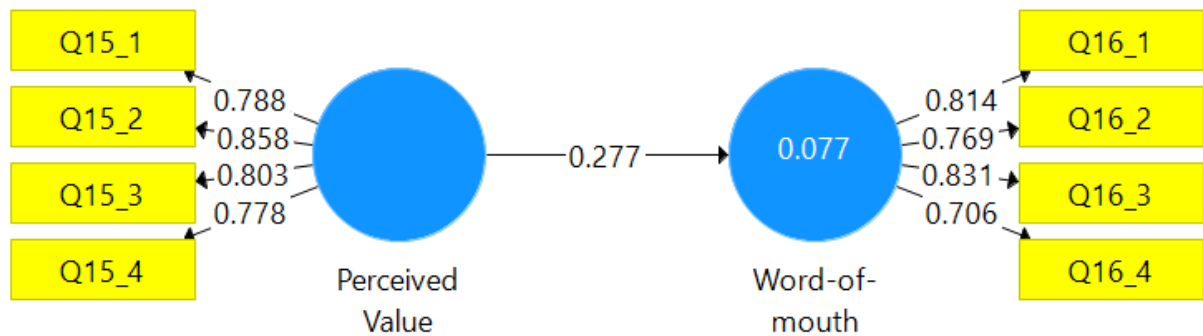
Bootstrapping Model
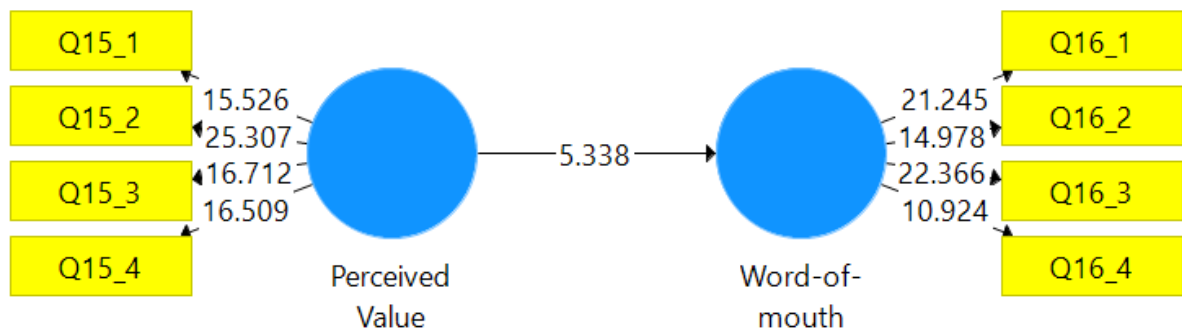
51. Individual Item Reliability – Perceived Value and Purchase Intention

Individual Item Reliability (Outer Loadings)		
	Perceived Value	**Purchase Intention**
Q15_1	0.819	
Q15_2	0.887	
Q15_3	0.769	
Q15_4	0.738	
Q21_1		0.717
Q21_5		0.684
Q21_6		0.694
Q21_7		0.763

52. Composite reliability and AVE – Perceived Value and Purchase Intention

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Perceived Value	0.822	0.880	0.649
Purchase Intention	0.686	0.807	0.511

53. Discriminant validity – Perceived Value and Purchase Intention

Discriminant validity – Fornell Larcker		
	Perceived Value	**Purchase Intention**
Perceived Value	0.805	
Purchase Intention	0.425	0.715

54. R Squared, Q Squared, f Squared and path coefficients – Perceived Value and Purchase Intention

Coefficient of determination		
	R Square	**R Square Adjusted**
Purchase Intention	0.180	0.178

Cross-validated redundancy	
	Q²
Perceived Value	
Purchase Intention	0.087

Effect size - f squared		
	Perceived Value	**Purchase Intention**
Perceived Value		0.220
Purchase Intention		

Path Coefficients		
	Perceived Value	**Purchase Intention**
Perceived Value		0.425
Purchase Intention		

55.SmartPLS output – CSR and Perceived Value

Path Coefficients Model

Bootstrapping Model