

Master's dissertation

The legitimacy of SDG-related business goals:

A study on stakeholders' perceptions of economic, environmental, and social SDG-related business goals' legitimacy, and the influence of external CSR reporting



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Freya Gommans, s4788575

Radboud University Nijmegen

Master in Business Administration, Strategic Management

Supervisor: Dr. Mirjam Goudsmit

Second examiner: Msc. Jonas Röttger

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Abstract

Following the creation of the Sustainable Development Goals (SDGs) by the United Nations, companies are nowadays called to translate these SDGs into manageable business goals to do business more responsibly. This study aims to gain insights into stakeholders' legitimacy perceptions of SDG-related business goals compared to financial business goals. Therefore, the research question asks how different stakeholders (customers and employees) perceive the legitimacy of economic, environmental, and social SDG-related business goals compared to financial business goals. Moreover, it is asked how being exposed to a CSR report, communicating the company's SDG-related business goals, influences these legitimacy perceptions. To answer these research questions, a case study is carried out on Coty, a multinational cosmetics conglomerate. More specifically, a mixed-methods approach is used consisting of ten semi-structured interviews with five employees and five customers followed by an online survey with these same employees and customers. Through inductive analyses, several characteristics of stakeholders' legitimacy perceptions of SDG-related versus financial business goals are found. Namely, while stakeholders perceive the SDG-related business goals as legitimate, they still find the company focused on financials. Both employees and customers would perceive SDG-related business goals as more legitimate through tailored communication, high goal specificity, a goal progress monitoring system, and the company's creation of a joint effort. Moreover, it can be concluded that legitimacy is not particularly formed by a CSR report, but rather by concrete actions from the company, directed at employees and customers. However, these findings should be interpreted with caution due to the small sample of this study. Still, the results have enabled a link between the literature on goal setting, goal legitimacy, and Corporate Social Responsibility, expanding findings of previous studies of these literature streams to the SDGs. In such a way, these findings have created a base for further research on the implementation of SDGs in business, and the importance of stakeholders' perceptions in strategic management.

Keywords: Goal setting, goal legitimacy, Sustainable Development Goals, customers, employees, Corporate Social Responsibility

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1. Introduction

1.1 Background

In order to protect the planet, end extreme poverty, and reduce inequality, 193 United Nations Member States agreed to the Sustainable Development Goals (SDGs) in 2015 (United Nations Foundation, n.d.). The so-called “Agenda 2030” includes 17 SDGs, ranging from goals concerning human rights, labor, and the environment. The SDGs can be categorized as three interconnected categories, namely economic development, environmental sustainability, and social inclusion (Sachs, 2012). However, to achieve the goals before the end date of 2030, a large joint effort is needed from governments, consumers, but also businesses. Therefore, many companies are urged to do business more responsibly and find ways to help reach the SDGs before 2030. Nevertheless, 72% of profit organizations publicly communicated SDGs in their external reporting publications but only 20% of companies set clear targets to achieve the goals (PWC, 2019). In other words, while acknowledging the importance of sustainability, transforming the SDGs into business-specific goals seems challenging.

One context in which sustainability is turning into a key priority is the cosmetics industry as consumers are becoming increasingly eco-conscious, which pressures beauty companies to engage more in sustainable practices (CB Insights, 2021). One recent example is the EcoBeautyScore Consortium which was created by 36 personal care companies (Unilever, 2022), with the purpose to score products in terms of their environmental impact, so that consumers can more easily make sustainable beauty choices (Coty, 2022). Thus, sustainability in the cosmetics industry nowadays is on the agenda of many companies, as stakeholders require cosmetics companies to come up with sustainable production and consumption solutions (Kolling et al., 2022). The multitude of SDGs created a framework of nonquantitative targets for companies to guide them concerning their sustainability practices and goals (Haffar & Searcy, 2018). An example is “Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life” (UNDP, n.d, Goal targets section). However, there is limited knowledge on SDGs in relation to goal setting in the cosmetics industry, while the cosmetics industry has yet to find ways to integrate sustainability into the entire product life cycle (Bom et al., 2019) and firms still find it difficult to fully implement sustainability (Kolling et al., 2022).

Until now, research on organizational goal setting has shown that firms’ foci mainly lie in financial goals, or profit maximization (Kotlar et al., 2018). Here, an organizational goal can

be described as a desirable organizational outcome that provides guidance for the organization's activities and can be used to evaluate organizational performance (Kotlar et al., 2018). While the importance of sustainability is rising, companies nowadays find it difficult to set clear targets to achieve broader sustainability goals such as the SDGs, and, thus, still largely focus on clear profit maximization goals (Alberti & Garrido, 2017). Moreover, more sustainable manufacturing and consumption solutions might challenge profit maximization due to higher costs, such as more expensive manufacturing. As a result, tensions might exist between profit maximization and SDG-related business goals (Kotlar et al., 2018).

These contradicting goals, such as sustainability versus profit goals, may impact stakeholders' perceptions of legitimacy and, therefore, their motivations to attain those goals (Shinkle et al., 2019). Here, goal legitimacy is the degree to which the goal's performance aim is seen as suitable within the existing normative framework – indicating the goal's acceptability (Shinkle et al., 2019). The positive consequences of stakeholders viewing an organization's goals as legitimate lie in, for instance, the decrease of moral disengagement (Bandura, 2014) and unethical behavior (Barsky, 2011). Since research on goal legitimacy has only broadly looked at stakeholders' legitimacy evaluations of macro-goal categories, scholars have proposed to examine more specific types of goals (Shinkle et al., 2019).

Furthermore, previous studies on organizational goal legitimacy have focused on employees' perceptions of goals' legitimacy (Jaber & Oftedal, 2020; Shinkle et al., 2019). However, other stakeholders such as customers are nowadays very aware of an organization's implementation of SDGs, watching out for greenwashing (Sahota, 2014). More specifically, final consumers consider firms' sustainability initiatives when making purchase decisions, making it critical for organizations to adhere to their interests (Nishitani et al., 2021). According to Deephouse et al. (2017), each type of stakeholder evaluates the legitimacy of pertinent information, assesses the organization with this information, and, subsequently, either supports or opposes the organization based on such judgments. This can lead to not wanting to engage with that organization, which can subsequently affect the organizational performance (Deephouse et al., 2017). Furthermore, while acting in the best interest of some stakeholders, other audiences' wishes might not be fulfilled (DesJardine et al., 2021). Therefore, it is important to take all key stakeholders into account when creating organizational strategies and SDG-related business goals. Therefore, the present study will examine perceptions of SDG-related business goals' legitimacy from the perspective of both the employee and the customer.

Lastly, the role corporate social responsibility (CSR) reports play in the formation of SDG-related business goals legitimacy perceptions of employees and customers is analyzed in this study. CSR reports can be described as the process of informing particular interest groups and the corporation as a whole about the social and environmental consequences of the company's economic activities (Moravcikova et al., 2015). According to Tata and Prasad (2015), CSR communication helps the business to explain its activities and promote openness regarding its sustainability-related activities, therefore increasing stakeholders' legitimacy perceptions (Tata & Prasad, 2015). Nowadays, firms are either increasingly required by law or expected by stakeholders to declare their sustainability-related aims in CSR reports, making SDG-related business goals visible to all kinds of stakeholder groups. Linking this to theory, previous research has shown the importance of formal strategies in legitimizing organizational sustainability transitions to employees such as managerial policies considering sustainability (Jaber & Oftedal, 2020), as well as the role communication openness plays in forming legitimacy perceptions meaning communicating openly about goals with stakeholders (Shinkle et al., 2019). While companies might also communicate their SDG-related business goals on their corporate websites or social media pages, CSR reports will be considered in this study because of their high degree of formality, which, following the study by Jaber and Oftedal (2020), might increase perceptions of legitimacy. Thus, the formation of legitimacy perceptions of stakeholders might not only be based on internal goal-setting practices, such as those studied before (e.g. Shinkle et al., 2019), but might also be influenced by the CSR reports that can be used by the company to manage stakeholders' impressions. Furthermore, the obligation for large corporations to write a CSR report including their sustainability-related business goals might increase the formality of those goals, impacting stakeholders' perceptions of legitimacy.

1.2 Research aim and research question

Bringing all this together, this research aims to gain more insights into stakeholders' legitimacy perceptions of SDG-related business goals, compared to financial business goals. By linking theories from the organizational goal-setting, goal-legitimacy, and sustainability literature, the aspiration of this research is to contribute perspective on the way firms' goals are perceived, especially in the context of the cosmetics industry. Specifically, this study is adding to the theory of goal legitimacy by researching specific SDG-related business goals and perceptions of a multitude of stakeholders. Moreover, this study not only examines stakeholders' legitimacy

perceptions of SDG-related business goals themselves but will also consider the influence of external CSR reports on goal legitimacy perceptions. To reach this aspiration, this descriptive exploratory research examines stakeholders' legitimacy perceptions of SDG-related business goals. Therefore, the research question of this study is:

How do different stakeholders (customers and employees) perceive the legitimacy of economic, environmental, and social SDG-related business goals compared to financial business goals? Moreover, how do CSR reports, communicating SDG-related business goals, influence these legitimacy perceptions of customers and employees?

This research question is answered via a case study of a large cosmetics multinational, namely Coty. Interviews of several employees and customers of the company and a short descriptive supplemental survey are analyzed to form an answer to the research question.

1.3 Theoretical and practical relevance

The scientific relevance of this research mainly lies in the gap of research on legitimacy perceptions of multiple stakeholders. While Shinkle et al. (2019) have set a base on how employees perceive the legitimacy of organizational goals, they acknowledged the diversity of interests of different stakeholders, asking for future research on actors other than employees. This seems insightful as research has shown that adhering to some stakeholders might have reversed effects on other stakeholders (DesJardine et al., 2021). In such a way, researching legitimacy perceptions of both employees and customers contributes to the theory of goal-setting, but also to stakeholder management. Especially because this study is placed in the context of sustainability goals where awareness is usually high (Nishitani et al., 2021), theories can be formed on how perceptions of legitimacy of customers, an increasingly powerful stakeholder group, can differ from employees' perceptions. In such a way, the possibility of customers not wanting to engage with the company due to illegitimacy (Deephouse et al., 2017) might be avoided.

Moreover, by zooming into the category of SDG-related business goals, more clarity will be created on goal legitimacy perceptions of particular goal categories, which contributes to theory on goal setting, sustainability, as well as on goal legitimacy literature. While most research on goal-setting has been conducted on individual goals (Locke & Latham, 2013;

Lunenburg, 2011), this study can expand goal-setting theory to specific, organizational SDG-related business goals. Furthermore, research on businesses' contributions to SDGs (E.g. Mio et al., 2020) will be extended to the cosmetics industry, expanding theory on SDG implementation to an industry in which sustainability is very much involved.

On the other hand, using this study, insights for practitioners will be given into how employees and customers perceive the legitimacy of SDG-related and financial business goals. By knowing more about stakeholders' legitimacy perceptions of these goals, managers can look for ways to balance financial and SDG-related business goals. Especially in the cosmetics industry, where sustainability goals are becoming more apparent, companies need to gain insights into how stakeholders perceive their sustainability practices, to maintain or increase the organization's success.

1.4 Outline

This Master's dissertation starts with an overview of the literature on SDGs and sustainability in the cosmetics industry, followed by a theoretical overview of goal setting theory, legitimacy literature, goal legitimacy theory, and CSR reporting studies. Thereafter, the methodology that is used for the empirical study to answer the research question is given. Following this, a description of the qualitative (interviews) and the quantitative (survey) results are given. Lastly, findings will be interpreted and explained in relation to existing theory in the discussion chapter, trying to establish new insights. Lastly, a short conclusion of the entire study is given.

2. Theoretical framework

Working towards an understanding of the topic of stakeholders' perceptions of goal legitimacy in the context of SDGs and the cosmetics industry, the current study builds on prior work. In such a way, knowledge and comprehension of the subject are provided to build a foundation for the research question.

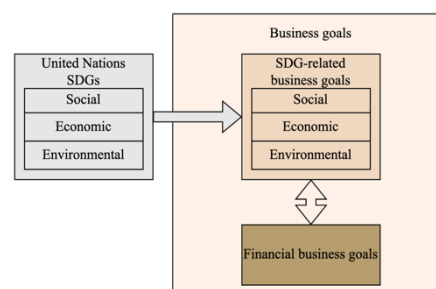
2.1 Sustainable Development Goals and sustainability in the cosmetics industry

The Sustainable Development Goals, or SDGs, are an initiative of the United Nations in 2015 in order to end poverty, protect the planet, and ensure peace and prosperity for all people by 2030 (UNDP, n.d.). The SDGs can be classified into three highly interrelated categories,

namely economic development, environmental sustainability, and social inclusion (Sachs, 2012). The main idea behind the economic development category is that no area should be unable to satisfy fundamental needs, for which SDGs were created around decent work and economic growth, and responsible consumption and production (Sachs, 2012). In addition, SDGs in the environmental sustainability category make sure development and nature can occur simultaneously, which is clarified by SDGs such as clean water and sanitation as well as combatting climate change (Sachs, 2012). Lastly, gender equality and good health and well-being are examples of social inclusion SDGs, which mainly relate to the idea of development under circumstances of justice and fighting social discrimination (Sachs, 2012).

While the United Nations stresses the importance of businesses in contributing to SDGs, the goals are designed on a global level with a focus on country-level performance, which creates challenges for translating SDGs into specific business goals (PWC, 2016). However, for organizations to contribute to the overall SDGs, integrating these goals into the strategic management process is needed, including setting business goals related to SDGs (Grainger-Brown & Malekpour, 2019). Moreover, taking their relationship to the environment into account when setting goals is one criterion for the survival of an organization (Thompson & McEwen, 1958), which shows the importance of translating SDGs into tangible SDG-related business goals. While financial business goals are often tangible as they are measurable and focused on the short term, sustainability goals are often unclear and long-term (Epstein et al., 2010). This translation of SDGs into SDG-related business goals and its comparison with financial goals is visualized in Figure 1.

Figure 1
United Nations SDGs translation to SDG-related business goals in the context of overall business goals



Since the implementation of the SDGs in 2015, researchers have started to examine how firms implement SDGs in their business strategy and what effects the strategic implementation of SDGs might have on corporate sustainability performance (Khaled et al., 2021; Mio et al., 2020). Explaining these findings, a study on the linkage between SDGs and companies' corporate sustainability performance in terms of ESGs (Environmental, Social, and Governance scores) showed that particular SDGs are used more often than others in the corporate sector (Khaled et al., 2021). Moreover, Mio et al. (2020) researched the role of companies as sustainable development agents. Reviewing existing literature, it became clear that research on

SDGs in businesses mainly existed in the mining, banking, fishing, and tourism industry (Mio et al., 2020). However, sustainability in the cosmetics industry has been turning into a big issue over recent years, with companies trying to become more sustainable and communicating their attempts using SDGs (Morea et al., 2021).

While the term “sustainability” has several definitions and interpretations (Moore et al., 2017), it is often said to be rooted in sustainable development, which can be explained as the development that is capable of meeting the current needs of the people without jeopardizing future generations’ ability to fulfill their own needs (Bom et al., 2019). Sustainability-related concerns in the cosmetics industry are related to environmental issues, such as deforestation and animal testing, but also social issues, such as gender inequality (Kolling et al., 2022). Linking the SDGs to the sustainability issues in the cosmetics industry, the main concerns for companies are in line with multiple SDGs of all three categories. For example, the pressures from stakeholders on cruelty-free cosmetics are part of the 14th SDG of life on land, while the increasing inclusivity in beauty products in terms of gender and race is closely related to the fifth SDG of gender equality. In short, SDGs are often linked to highly discussed topics in the cosmetics industry, showing the importance and extensive use of SDGs in a beauty context.

However, research has shown that cosmetics companies still find it difficult to implement sustainability in the entire value chain (Kolling et al., 2022), as well as in their business goals and strategies (PWC, 2016). To implement this change towards a fully sustainable company, stakeholders need to become receptive to the change to sustainable practices (Kolling et al., 2022). Therefore, managers need to bring forward strategies that create this openness to change, which might be possible by translating SDGs into legitimate business goals. For this reason, the following section will focus on the goal-setting theory to create more insights into the current knowledge on goal setting and, more specifically, in relation to sustainability-related goals.

2.2 Goal setting

Over the years, much research has been conducted on the concept of organizational goals, how they are formed, and what effects they entail (Kim & Hamner, 1976; Smith et al., 1990; Terpstra & Rozell, 1994). An organizational goal can be defined as a desired organizational outcome that gives the organization a direction for the actions it may take, and can, in such a way, evaluate organizational performance (Kotlar et al., 2018). In other words, organizational goals

are used by managers to communicate a strategic direction, increase performance, and provide reference points for success (Shinkle, 2012).

Two broad streams of goal-setting literature can be distinguished, namely individual goal-setting and organizational goal setting. Individual goal setting refers to goals that are set for a single actor, meaning that the actor usually is (one of) the only person(s) interested in reaching the goal (Shinkle et al., 2019). On the other hand, organizational goals are worked on by multiple people, which might also create difficulties due to the multitude of interests of actors trying to reach the common goal (Shinkle et al., 2019). Most research has been conducted on individual goal-setting (Locke & Latham, 2013; Locke et al., 1981). However, Porter and Latham (2013) indicated that the type of goal and employee's commitment to that goal led to a higher performance of the entire department. Considering this, individual goal-setting practices might also be interesting when examining the attainability of organizational goals, as long as the difficulties that arise concerning multiple interests are taken into account.

Based on a multitude of studies, it could be concluded that specific, difficult, but, at the same time, attainable goals lead to higher individual performance than goals that are less specific, rather easy, or unattainable (Lunenburg, 2011). The reason for this effect lies in the reduction of ambiguity as a specific, difficult goal shows a clear acceptable level of goal attainment (Lunenburg, 2011). Subsequently, goal attainment is highly important for the individual (Locke & Latham, 2013). On top of the need for goals to be specific, difficult, and attainable, goals must be accepted by members of an organization as this leads to a higher goal commitment and, thus, increases members' motivation. (Lunenburg, 2011). Furthermore, deadlines might improve the effectiveness of goals, as they keep the employee retaining a high speed of work and foster an increase in motivation (Lunenburg, 2011).

Organizations often try to attain multiple goals at the same time (Clark et al., 2018). While the focus in management research for a long time has been on financial goals, mainly related to profits, the concept of corporate social responsibility came to life more recently (Kotlar et al., 2018). More specifically, while the current age is defined by the maximization of corporate profits, stakeholders are urging that companies are socially responsible (Wannags & Gold, 2020). With the rise of these sustainability-related goals, the question arises for organizations on how to handle them together with financial goals. However, SDG-related business goals often focus on topics like more sustainable production or less consumption, which might not be in line with goals of cheaper production or selling large amounts of products, which might lead to higher profits. As a result, the diversity of goals might create

difficulties for organizational goal setting, and individuals' perceptions of different goals, such as which goals to prioritize as an organization and as an individual (Clark et al., 2018). This prioritization is even more difficult when goals are unrelated, meaning that they are hardly aligned with each other (Clark et al., 2018). Empirical research has demonstrated that diverse organizational goals are often not or, otherwise, weakly related, which enhances with the addition of new goals (Meyer, 2002). On an individual level, people have to make trade-offs between multiple goals and might prioritize one goal over another due to high levels of cognitive complexity (Clark et al., 2018). Moreover, at an organizational level, multiple goals that are unrelated create difficulties in terms of transferring knowledge and coordinating (Clark et al., 2018). Employees who all focus on different organizational goals create their preferences and interpretations of these goals, making it more difficult to share knowledge and a shared understanding with each other (Clark et al., 2018). These preferences and interpretations might also be affected by how legitimate these different goals are perceived.

2.3 Legitimacy perceptions

Legitimacy has been researched extensively in social psychology as well as organizational literature, leading to a broad range of definitions of legitimacy. Overall, legitimacy can be described as a problem that is created in social reality, where it is decided through a collective process if a social object is consistent with cultural beliefs, norms, and values (Johnson et al., 2006). Linking this to the current study, SDG-related and financial business goals can be seen as social objects that are evaluated by customers and employees collectively in terms of consistency with their cultural beliefs, norms, and values.

In the literature, three views on what legitimacy is are present: 'legitimacy-as-property', 'legitimacy-as-process', and 'legitimacy-as-perception' (Suddaby et al., 2017). Here, the 'legitimacy-as-property' perspective focuses on legitimacy being something that some objects can possess in a quantifiable amount compared to others, and can acquire over time through adopting structures, processes, or symbols that fit with legitimacy perceptions of its audiences or the external environment (Suddaby et al., 2017). This view also shows that legitimacy is not definite, but it can be gained, can be enhanced, and can be lost (Suddaby et al., 2017). Another perspective is 'legitimacy-as-process', where different actors can continuously socially construct what is legitimate and what is not, also based on their self-interest (Suddaby et al., 2017). The third perspective discusses 'legitimacy-as-perception'. Focusing on individual

perceptions of how legitimate an object is, every individual's socio-cognitive processes form individual legitimacy judgments and all these judgments together create the establishment of a collective judgment, being the legitimacy of that organization (Suddaby et al., 2017). This perspective is adopted in the current research because individual legitimacy judgments of different stakeholders of the company's SDG-related business goals are studied. However, as this research looks into two different stakeholder groups, customers and employees, it is assumed that these individual processes come together into collective perceptions of SDG-related business goals. These three views argue for different ways of how something can be made more legitimate, be it by adopting certain structures or processes that are seen as legitimate by an audience, through communicating and constructing it throughout a social process, or through the summation of different individual perceptions of legitimacy.

In organizational literature, legitimacy has been often discussed in terms of organizational legitimacy. Deephouse et al. (2017) mention multiple basic states of an organization's legitimacy, which are placed between two boundaries: the organization being perceived collectively as legitimate because of the suitability of the organization with social standards, norms, and values, and the illegitimacy of the organization, which means that the stakeholders within the social system collectively do not evaluate the organization as accepted based on social standards (Deephouse et al., 2017). According to Deephouse et al. (2017), these evaluations are made by stakeholders which are constantly making legitimacy evaluations by contrasting organizations with certain requirements or norms. Due to this constant creation of legitimacy evaluations, an organization's legitimacy has to be maintained to be kept. In other words, the organization needs to act in such a way that stakeholders' perceptions that the organization is still adhering to norms remain. One way to do this might be through setting goals that are seen as acceptable by multiple stakeholders.

2.4 Goal legitimacy

Goal legitimacy can broadly be defined as "the extent to which the goal's performance target (also called aspiration, indicator, or metric) is perceived as appropriate within the prevailing system of norms – thereby signifying the goal's *acceptability* (Locke, 1968; Locke et al., 1981)" (Shinkle et al., 2019, p. 732, emphasis original).

In a study on goal legitimacy and its performance impact, Shinkle et al. (2019) researched the role of legitimacy perceptions in setting organizational goals. Two studies were

performed, where one discussed through interviews with company executives how business leaders set organizational goals and the second measured whether goal-setting practices led to a higher performance of the companies (Shinkle et al., 2019). Results showed that three managerial practices enhanced the perceptions of goal legitimacy by organizational members, namely goal credibility, stakeholder importance, and communication openness regarding goals. Here, attention to goal credibility could be defined as “the extent to which organizations devote attention to setting organizational goals that are credible” (Shinkle et al., 2019, p. 738), which could be reached by creating goals that are achievable, acceptable and reasonable. Moreover, attention to stakeholder importance referred to the relative importance given to stakeholders that were key in terms of goal attainment (Shinkle et al., 2019). Lastly, communication openness concerned two-way communication between management and key actors, involving trust, ownership, and a participative culture (Shinkle et al., 2019). Moreover, it was shown that perceptions of goal legitimacy enhanced key actors’ motivations, leading to an increase in organizational goal attainment and organizational performance (Shinkle et al., 2019). Thus, managers need to build key actors’ perceptions of business goals’ legitimacy, as the firm might achieve higher performance in such a way. However, key actors in the study by Shinkle et al. (2019) mainly included employees. While employees are internal to the organization and thus are important actors in goal attainment, other stakeholders might need to be taken into account as well. Namely, external stakeholders, such as consumers, nowadays often question corporate ethics (Sahota, 2014). These questions, and possible criticism, of customers, are increasingly important to consider as the power of consumers has shown a big growth compared to before (Swaminathan et al., 2020), and their perceptions of the brand’s goals might influence to what extent they like the brand and buy from it. Especially since the SDGs are external goals that are well-known among the community, customers might be aware of the SDGs, and how the company contributes to reaching those SDGs. Thus, the awareness of these external stakeholders in terms of the organization’s sustainability goals might increase, and their perceptions need to be taken into account in order to keep organizational legitimacy high (Thomas & Lamm, 2012). Therefore, more research is needed on different stakeholders’ perceptions of SDG-related business goals.

Moreover, while the study performed by Shinkle et al. (2019) created a clear framework for organizational goal setting and goal legitimacy, no specific goals were used in this research. However, an organization usually sets multiple types of goals which might all be perceived differently. More specifically, stakeholders’ positions towards differing goals might be

divergent, leading to contrasting perceptions of the legitimacy of these goals. Therefore, the researchers suggested studying more specific types of goals, such as diving into sustainability goals and stakeholders' legitimacy perceptions of these goals.

Secondly, a study by Jaber and Oftedal (2020) combined the research on legitimacy and sustainability, using an institutional theory perspective. When asking employees about how legitimate they found the company's adoption of renewable energy, it was found that when the management team implemented formal policies and strategies concerning the change towards sustainability, and employees valued and understood the change, employees' positive evaluations of the legitimacy of the new sustainability practices increased. The researchers argued that employees' acceptance of the transition towards sustainability could be created by establishing an organizational culture that was open to the emergent practices because a consensus was created on the importance of this transition (Jaber & Oftedal, 2020). The creation of this organizational culture, and thus employees' acceptance of the transition towards sustainability, could be done by formal rules, laws, policies, and strategies implemented by the business leaders (Jaber & Oftedal, 2020). According to the authors, employees see their management team as the company's original supporter of sustainability, putting them in charge of implementing policies to improve the company's sustainable development practices (Jaber & Oftedal, 2020). From this, it could be concluded that management practices and setting formal goals might positively influence stakeholders' legitimacy evaluations.

In short, goal legitimacy perceptions are vital for employees' acceptance of new goals related to the acceptance of organizational changes (Jaber & Oftedal, 2020) and the increase of organizational performance (Shinkle et al., 2019). However, more research is needed on specific goals' legitimacy, such as sustainability, as well as, perceptions of key organizational actors other than employees.

2.5 Reporting SDG-related business goals

While legitimacy perceptions of different stakeholders might be affected by the practices discussed above, another tool that is often used for impression management is a Corporate Social Responsibility (CSR) report (Tata & Prasad, 2015). These CSR reports are becoming more prevalent for major organizations, particularly those that are publicly traded (Sahota, 2014). In the cosmetics industry, all companies that are part of the Global Fortune 500 companies yearly release CSR reports (Sahota, 2014). Research on CSR reports has shown that

companies often use CSR communication to increase their overall corporate legitimacy (Colleoni, 2013; Hu et al., 2020). Corporate legitimacy has been defined as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions.” (Suchman, 1996, p. 574). Moreover, in a study on CSR reporting and the legitimacy of corporations, it was concluded that CSR reporting could serve as a tool to create corporate transparency and increase engagement with multiple stakeholders (Golob & Bartlett, 2007). In such a way, stakeholders’ perceptions of the legitimacy of an organization’s goals might be affected by a CSR report, meaning that a company can use the report to enhance transparency and diminish greenwashing.

A study by Weber and Fehre (2020) on CSR strategies and legitimacy gaining showed that organizational legitimacy is impacted by both corporate social responsibility activity (CSRA) and corporate social responsibility communication (CSRC). Results showed that strategies combining high levels of CSR activity and low levels of CSR communication led to an increase in legitimacy. A possible reason for this is that actions without much communication show that CSR is on the corporate agenda, without needing to extensively disclose how the firm contributes to sustainability, which is often linked to greenwashing (Weber & Fehre, 2020). While this research shows that reporting on an organization’s sustainability practice might have an impact on the organizational legitimacy, it does not discuss perceptions of the legitimacy of sustainability-related business goals themselves. As CSR reporting, about sustainability activities, has thus shown to affect organizational legitimacy, it might also affect stakeholders’ legitimacy perceptions of business goals translated from SDGs. However, the role CSR reports that communicate SDG-related business goals play in forming stakeholders’ perceptions of goal legitimacy has been largely unexplored. Nevertheless, linkages between diverse goal-setting studies (e.g. Locke & Latham, 2013; Jaber & Oftedal, 2020; Shinkle et al., 2019) might indicate that disclosing SDG-related business goals in CSR reports might affect stakeholders’ goal legitimacy perceptions.

To start with, Shinkle et al. (2019) have shown that communication openness regarding organizational goals led to more positive perceptions of goal legitimacy by key actors. As a result, stakeholders might see these goals as more legitimate if the organization communicates about the goals openly through a CSR report. Moreover, as was discussed above, employees of companies that use formal rules, policies, and strategies show more positive legitimacy evaluations in terms of the firm’s sustainability transition (Jaber & Oftedal, 2020). As large corporations are nowadays required by EU legislation to provide information about their

sustainable operations, it could be reasoned that SDG-related business goals might be perceived as more formal when explained in CSR reports. Linking this to the Jaber and Oftedal (2020) study, the high degree of formality of a CSR report might lead stakeholders to see SDG-related business goals as more legitimate. Moreover, research has shown that making goals public increases commitment for those goals (Locke & Latham, 2013). In short, stakeholders' legitimacy perceptions of a firm's SDG-related business goals might be influenced by reporting the organizational goals in a CSR report. More specifically, the formality, communication openness, and public disclosure that comes with communicating SDG-related business goals in a CSR report might affect the already existing perception of employees and customers in terms of the legitimacy of those SDG-related business goals.

2.6 The current study

To conclude, organizational sustainability is becoming increasingly important in today's world, which is reflected in the pressures put on cosmetics companies in terms of their contributions to the SDGs. However, for organizations to act sustainably, SDGs need to be translated into specific business goals, which might create challenges for corporations on how to set SDG-related business goals next to the (often) ultimate goal of profit maximization (PWC, 2016). Therefore, the current study includes financial versus SDG-related business goals when examining stakeholders' legitimacy perceptions. Moreover, while most research on SDGs focused on how SDGs are implemented in business practices (Mio et al., 2020), not much is known about the perceptions of stakeholders (mainly employees and customers) of SDG-related business goals. However, goal legitimacy is an important determinant of the actual goal attainment and organizational performance, because employees who perceive goals as legitimate are more morally engaged and motivated to reach those goals (Shinkle et al., 2019).

Furthermore, while previous studies of goal legitimacy perceptions have mainly focused on employees (Shinkle et al., 2019), consumers are nowadays very aware of cosmetics companies' sustainability practices, have increased power (Swaminathan et al., 2020), and pressure firms to become more sustainable. Taking this together with the external nature of SDGs, their legitimacy perceptions of the firm's SDG-related business goals might impact overall organizational legitimacy and success. This shows the importance of integrating customers' goal legitimacy perceptions into goal legitimacy research.

Lastly, the legislation and pressure that is present for firms in terms of disclosing sustainability practices in formal CSR reports leads many companies nowadays to report on SDG-related business goals. As formal policies, communication openness, and public disclosure of goals have shown to impact stakeholders' legitimacy perceptions of goals (Locke & Latham, 2013; Shinkle et al., 2019) or sustainability transitions (Jaber & Oftedal, 2020), the formality of a public CSR report might impact stakeholders' perceptions of the legitimacy of SDG-related business goals. More specifically, employees and customers might perceive SDG-related business goals of cosmetics companies as more legitimate if these companies communicate their SDG-related business goals in their CSR reports than if they do not.

In short, much is still unclear around the topic of different stakeholders' legitimacy perceptions of SDG-related business goals, compared to financial goals. Therefore, it is researched how different stakeholders (customers and employees) perceive economic, environmental, and social SDG-related business goals' legitimacy, compared to financial goals and how CSR reports, stating SDG-related business goals, affect these legitimacy perceptions.

3. Methodology

This chapter outlines the methods that were used to answer the research questions. First, the chosen research method is explained, followed by an explanation of the sample and data collection, and data analysis used. This section ends with ethical considerations for research.

3.1 Research method

The current descriptive exploratory research examines how customers and employees perceive the legitimacy of economic, environmental, and social SDG-related business goals, compared to financial goals. Moreover, it is researched how CSR reports, mentioning the company's SDG-related business goals, influence stakeholders' legitimacy perceptions. In such a way, the concept of goal legitimacy is explored, and the perceptions of stakeholders on the different business goals can be described. To reach the aim of this study, a mixed-methods approach is used where the heart of the study is a qualitative part to examine respondents' overall view, supported by a quantitative part to measure the actual effects of reading the report. The aim of the first phase, the interviews, is to create an overall view of stakeholders' legitimacy perceptions of SDG-related and financial business goals. The second phase, the survey, aims to

add to these views on how respondents react to a specific CSR report including SDG-related business goals.

A mixed-methods approach has several advantages, including a high accuracy of the data, a complete picture of the data through complementary methods, and a way to avoid biases of quantitative or qualitative methods (Denscombe, 2008). In this study, a quantitative analysis in the form of an online survey was performed to build on the initial findings of the qualitative analysis, which is another benefit of a mixed-methods approach. However, as the perceptions of stakeholders needed to be clarified first, a focus was placed on qualitative research.

Qualitative research relates to understanding human decisions and actions in their natural environment (Myers, 2019). The focus of the present study on stakeholders' legitimacy perceptions of SDG-related business goals seemed to match the nature of qualitative research.

According to Stevens et al. (2013), qualitative research has an exploratory nature, which is used when a researcher is trying to provide insights and attempts to define an ambiguous problem. The importance for an organization to be profitable and the external pressures for it to be sustainable can lead to a tension between SDG-related and financial business goals, which may result in an ambiguity in stakeholders' perceptions. For this reason, the exploratory nature of qualitative research fitted the research topic. Moreover, by opting for a qualitative study, the phenomenon of goal legitimacy could be studied to understand it in the natural circumstances of a cosmetics company, that is pressured to use SDG-related business goals.

Moreover, a qualitative approach is often related to a more holistic view (Vennix, 2019), which was created in the current study by examining the entire concept of legitimacy perceptions of different types of stakeholders (employees and customers) as well as different types of goals (SDG-related goals and financial goals). More specifically, the qualitative researcher tries to examine a whole concept, exploring the different parts that make up the concept and the interrelationships between them (Vennix, 2019). In the current research, the concept of goal legitimacy perceptions was examined together with its different parts that could create or diminish stakeholders' perceptions of legitimacy. In such a way, a detailed picture of the phenomenon of goal legitimacy of SDG-related and financial goals in cosmetics companies could be constructed, not focusing on goals in general as was mostly the case in previous studies (e.g. Shinkle et al., 2019).

3.2 Sample and data collection

As qualitative research focuses on an in-depth analysis of the materials, a small sample is usually considered (Bleijenbergh, 2013). Theoretical sampling was used as it was chosen based on theoretical grounds, namely the involvement of SDG-related business goals.

Qualitative research is often performed in daily situations, like within a company (Reulink & Lindeman, 2005). The sample of this study consisted of five employees and five customers of the cosmetics company Coty. The focus was on one case in order to thoroughly understand the perceptions of employees and customers. More specifically, case study research is known as an effective method for answering broad research questions and offers a grasp of how the process in a case evolves (Swanborn, 2010). As the current study investigates the processes behind the rather broad concept of legitimacy, a case study was chosen. Case study research is often seen as an intensive type of research that focuses on perceptions, decisions, and interactions of people within the case (Swanborn, 2010). This relates to an organization like Coty and the perceptions of different actors within and outside of the organization.

Coty is a global beauty company and consists of cosmetics, skin, fragrance, and hair brands. Founded in 1904, the firm now consists of two divisions, namely Coty Luxury and Coty Consumer, which together account for over 77 brands. Coty holds large offices all over the world and recently moved global headquarters from New York City to Amsterdam. In February 2020, Coty launched the “Beauty That Lasts” strategy, guided by the United Nations SDGs. The “Beauty That Lasts” strategy is organized based on three pillars, namely “Product”, “Planet”, and “People”. The strategy tries to contribute to multiple SDGs, including SDG 12 for responsible consumption and production, SDG 8 for decent work and economic growth, SDG 9 for industry, innovation, and infrastructure, SDG 13 for climate action, SDG 5 for gender equality, and SDG 10 for reduced inequalities. Some specific SDG-related business goals are “As of 2020, include sustainability criteria in the conception of all new products.” (Coty, 2021, p. 5), and “Ensuring 100% of Indian Mica is responsibly sourced by 2030” (Coty, 2021, p. 5) and “Achieve gender balance in our leadership positions by 2025.” (Coty, 2021, p. 5). In addition, the main financial target for Coty was to save \$90 million in 2022 (Coty, 2021).

First of all, the sample of this study consisted of four Coty employees at the Amsterdam headquarters and one Coty employee at the Coty Benelux office, working in a total of three different departments. In such a way, employees from different levels and departments of the company could share their views on SDG-related business goals’ legitimacy of the company.

On the other hand, two employees per department were interviewed to ensure more consistent results of legitimacy perceptions per department. While the spread of interviewees from different parts of the company created a holistic view, the function of the employee might have affected their attention to Coty's business goals. Therefore, employees were only given general additional information, based on Coty's annual reports information, if necessary. However, the provision of additional information was minimized to avoid leading the interviewee. The interviewees were contacted via LinkedIn and informed about the study in a short phone call. Thereafter, snowball sampling was used to find more interviewees working at Coty.

Moreover, customers who were aware of Coty, and were frequent buyers of the company's brands, were selected to match the purpose of the study. The sample was formed based on convenience sampling in the direct environment of the researcher. It was made sure that these customers had diverse backgrounds, as well as demographics. An overview of the different interviewees can be found in Table 1 below. After selecting the sample, data collection started. Firstly, the 2020 and 2021 CSR reports of Coty were read by the researcher to form an overall view of Coty's SDG-related vs. financial business goals in preparation for the interviews and the survey.

Table 1

Overview of interviewees, organized by date and time, and profession

Date and time	Relation to Coty	Department/Function
13-04-2022, 13:00-14:00	Employee 1	E-commerce
19-04-2022, 14:00-15:00	Employee 2	Transformation
20-04-2022, 14:30-15:30	Employee 3	Transformation
22-04-2022, 10:30-11:30	Employee 4	Procurement
25-04-2022, 08:30-09:30	Employee 5	Procurement
12-04-2022, 19:15-20:15	Customer 1	Project manager translation agency for beauty brands
14-04-2022, 13:00-14:00	Customer 2	Make-up artist
21-04-2022, 10:30-11:30	Customer 3	Pedicure/sales assistant perfumery
22-04-2022, 18:00-19:00	Customer 4	Social specialist digital marketing agency
25-04-2022, 19:00-20:00	Customer 5	Beauty entrepreneur/Sales assistant perfumery

3.2.1. Qualitative data collection: Semi-structured interview

To ensure a high validity of the results, method triangulation was used. The primary data collection on stakeholders' legitimacy perceptions was performed by the use of semi-structured interviews during the first and second week of April 2022. All interviews were conducted online to increase the availability of the respondents and were based on an interview guide of previously constructed questions, which can be found in Appendix A (employees) and Appendix B (customers). In such a way, questions were asked in a predetermined order, starting with questions on interviewees' daily involvement with cosmetics and sustainability, what Coty's SDG-related business goals were, and how legitimate these goals were perceived. Moreover, the stakeholders were asked how they perceived Coty's CSR reports on SDG-related business goals, with a focus on how these reports influenced their legitimacy perceptions. When stakeholders' knowledge of Coty's SDG-related business goals was low, they were asked to answer the questions based on their knowledge of the company's sustainability practices and compare that to how they would want the company to handle SDG-related business goals.

The interviewer adopted a neutral attitude to avoid social desirability biases (Vennix, 2019). Moreover, questions were asked neutrally and briefly, so that asking leading questions was minimized in order to diminish the chance of bias of leading questions (Vennix, 2019). Before the interview took place, the interviewee was asked to provide consent, using a paper stating the purpose of the research and personal information of the researcher. Furthermore, the interviewee was asked for informed consent to record the answers and was allowed to refuse to answer particular questions. Moreover, the personal information of the interviewee was anonymized. At the end of the interview, the respondent was asked about possible questions or comments regarding the interview.

3.2.2. Quantitative data collection: online survey

After conducting the interviews, the interview participants were asked to fill out a short survey. The material that was used for the survey was a page of Coty's 2021 CSR report, indicating the SDGs Coty is working on, the targets that are set to contribute to those SDGs, and their progress. This page can be found in Appendix C. The full survey is placed in Appendix D.

Thereafter, questions about respondents' perceptions of the legitimacy of SDG-related business goals were asked based on various factors that theory indicated to affect legitimacy

perceptions. Firstly, as awareness of SDG-related business goals seemed to be low during the interviews, respondents were asked to indicate on a 5-point Likert scale ranging from 1 (fully not aware) to 5 (fully aware) how aware they were of Coty's SDG-related business goals. Based on research by Locke and Latham (2013) on goal specificity, respondents were asked on a 5-point Likert scale ranging from 1 (totally not specific) to 5 (totally specific) how specific they thought Coty's SDG-related business goals were. Moreover, based on research by Shinkle et al. (2019) on goal credibility and communication openness, respondents were asked to indicate on a 5-point Likert scale ranging from 1 (totally not open) to 5 (totally open) how open they thought Coty was in terms of communicating its business goals and on a 5-point Likert scale ranging from 1 (totally not credible) to 5 (totally credible) how credible they found Coty's SDG-related business goals. Lastly, the stakeholders were asked about their legitimacy perceptions of Coty's SDG-related business goals on a 5-point Likert scale ranging from 1 (totally illegitimate) to 5 (totally legitimate). These questions were asked before and after reading the report. Moreover, respondents were asked about their perceptions of the extent to which reading the report influenced their evaluations of goal specificity, openness of communication, and goal credibility. This was measured on three 5-point Likert scales ranging from 1 (not at all) to 5 (to a large extent). Lastly, an open-ended question was asked about how the CSR report contributed to the respondent's perception of the legitimacy of Coty's SDGs.

The survey was conducted online, during the first week of May 2022. After opening the survey via the e-mail that was sent to the respondents, an introduction was given indicating the purpose of the survey and the Master's thesis, the procedure, the number of questions, and the time it would take to fill out the survey. In such a way, respondents knew what to expect. Moreover, information was given about confidentiality and voluntariness and it was asked to grant permission. Then, respondents answered several demographics questions about their relationship with Coty, how long they had been a customer or employee at Coty, and their age. Thereafter, several baseline questions were posed about respondents' awareness of Coty's SDG-related business goals and their perceptions of goal specificity, the openness of communication, credibility, and legitimacy. After answering these questions, respondents were asked to read an indicated page of Coty's 2021 CSR report. Afterward, the same questions about respondents' awareness and perceptions of goal specificity, openness of communication, credibility, and legitimacy were asked. In the end, respondents were thanked for their participation. Completing the survey took approximately 10 minutes.

In total, four employees and five customers filled in the short questionnaire about external CSR reporting of SDG-related business goals. The age of the respondents ranged from 23 to 59 with a mean age of $M = 39.67$, $SD = 14.37$. Of the five customers who filled in the questionnaire, two had been a customer of Coty's brands for a year or longer, and three had been a customer of Coty's brands for longer than two years. Of the four employees that filled in the questionnaire one had been working for Coty for a period of time between one and two years and three had been working for Coty for longer than two years. Visualizations of these descriptive statistics can be found in Appendix E.

3.3 Data analysis

As mentioned above, the interviews were recorded and transcribed, writing down every single word but deleting filler words. Subsequently, transcriptions were analyzed by a process in which the researcher interprets existing or self-produced texts from an empirical question by labeling fragments of these texts in multiple phases with concepts and assigning meaning to them (Bleijenbergh, 2013). Overall, an inductive coding approach was used in this study, which is appropriate when prior knowledge about the topic under research is limited or fragmented (Bleijenbergh, 2013). This was the case in this study as not much is known yet about stakeholders' legitimacy perceptions of SDG-related business goals.

The transcriptions of the interview were analyzed using qualitative content analysis, which followed the steps as described by Hsieh and Shannon (2005). The advantage of qualitative content analysis is the flexibility of using inductive and deductive analysis of data, which was done in this study (Selvi, 2019). In qualitative content analysis, content is interpreted by creating categories, based on which different categories of goal legitimacy perceptions could be created (Selvi, 2019). Firstly, the interview transcripts were read multiple times to create a holistic view of the data. Next, the researcher highlighted text that seemed to reflect perceptions and wrote down a word that seemed to explain the perception, trying to establish different categories. In such a way, an initial coding scheme could be created and the codes derived from the texts were divided into categories (Hsieh & Shannon, 2005). Next, the categories were used to create groups of codes, named clusters. After doing this, the text was read again, whereafter it got coded more thoroughly based on the newly established categories. An overview of the coding tree can be found in Appendix F. Next to coding, memos were utilized to follow the analytical process. Following Bleijenbergh (2013), memos provide transparency and aid in

understanding the study process. Mostly theoretical memos, which address literature (Bleijenbergh, 2013), and observational memos, including details regarding what has been observed during the interviews (Bleijenbergh, 2013), were created.

The quantitative data from the survey was analyzed through the statistical analyses program SPSS Statistics. Descriptive statistics were performed to get an overview of the data and multiple paired samples t-tests were used to analyze differences in mean scores between the same respondents' perceptions about Coty's SDG-related business goals before and after reading the CSR report (Field, 2013). Moreover, several independent samples t-tests were performed to examine differences in mean scores between customers' and employees' perceptions of the influence of CSR reports on their legitimacy perceptions. These t-tests are interpreted following methods by Field (2013), using a significance level of $p < .05$.

3.4 Research ethics

As this research examined human perceptions, research ethics are discussed. Asking for legitimacy perceptions in an interview, employees might have given socially desirable answers. This could especially be the case because a lack of legitimacy might be seen as a criticism of the company. To minimize this limitation, interviewees were informed on the matter of confidentiality, stressing that the given information was only used for the current study.

Furthermore, the company's business goals might be confidential, meaning that employees might not be allowed to give information about the company's business goals or its goal-setting practices. Therefore, anything said by the interviewees was treated confidentially and their names and positions were anonymized. No information was asked about the company's business strategies except for personal perceptions of goal legitimacy.

Lastly, this research was performed while taking into account the general research ethics of Nijmegen School of Management. Firstly, the duty to inform was respected, informing the participants about the research topic and purpose. More specifically, interviewees were always asked in writing for their consent before the start of the interview. As mentioned above, personal information about participants was anonymized, protecting personal integrity and privacy. Moreover, the data was only used for this study and was only shared with the assigned supervisor, assuring confidentiality. Furthermore, after conducting the interview, respondents were asked to give feedback on the interview and any additional comments could be given. Lastly, this Master's thesis is free of plagiarism and complies with scientific integrity.

4. Analysis and results

The results of the qualitative content analysis methods are outlined in the following chapter, based on the main research question of stakeholders' perceptions of SDG-related business goals. The results of these analyses are divided into various categories that were created based on an inductive analysis of the data, where employees and customers, as well as financial and SDG-related business goals, are compared. Quantitative statistical analyses are discussed following the survey that was conducted to provide an answer to the question of how CSR reports, communicating SDG-related business goals, influence these legitimacy perceptions.

4.2 Results of qualitative analyses

Creation of legitimacy of business goals

During the interviews, legitimacy of goals was often discussed by the respondents in terms of acceptability, credibility, believability, and feasibility. More specifically, Customer 1 indicated that they found sustainability important and SDG-related business goals could be legitimate if these goals, and therefore values, are prioritized: *"For me, legitimacy is created when sustainability goals are prioritized in the company compared to finance. Like, which of those goals they find legit and that it deserves to get more attention compared to the other."* (Customer 1). However, Customer 4 also indicated that legitimacy needs to be gained and is thus dependent on the audience: *"I think it makes a company or its goals more legitimate if people also know that there is a very big outside influence. How do we deal with that so that we ensure that influence is respected and that we integrate it into our business objectives, but that we also stick to who we are and what we want the company to be."* Furthermore, Customer 4 stated that the legitimacy of goals, in general, depends on customers' interpretations and actions of the company: *"In general, I think that a goal or a company is only as legitimate as the interpretation you give it and how that interpretation fits with consumer wants... I also think it depends on their actions whether such a goal is credible, so it can change too."* (Customer 4). When comparing the legitimacy of social, economic, and environmental SDGs, it was again mentioned that they did not perceive legitimacy as universal: *"For some, that one will be important and for others, the other will be more important."* (Customer 2).

On the other hand, employees mainly saw different goals as legitimate when *"the company takes it very seriously and that we are working on it in a good way."* (Employee 1). However, employees also mentioned that perceiving SDG-related business goals as legitimate

also depended on the context the company was in. For example, Employee 3 mentioned that they accepted the company's focus on financials because of the financial difficulties the company was in: *"I wish it was more focused on sustainability because again, I think we are also behind from a market perspective and a global ethical perspective. I wish this was more of a priority, but again, knowing what we went through and the challenges we still have ahead, to contribute to the sustainability part as a company, the company needs to exist."* Moreover, Employee 5 mentioned that they do not have to find something fully legitimate to still be convinced: *"So, it's not 100 percent legit for me, but it doesn't make me cynical or skeptical. Look, it convinces me if there is a lot of effort and attention to it."* However, these legitimacy perceptions are based on different inputs, which are discussed next.

Awareness of business goals

Firstly, employees' and customers' awareness of SDG-related and financial business goals was discussed during the interviews. Here, awareness was seen as how much respondents knew about Coty's social, environmental, and economic SDG-related business goals. This became clear when answering questions about how aware the respondents were of the company's SDG-related business goals and how this affected their day-to-day work.

Based on the interviewed customers' answers, they were not particularly aware of the existence of Coty's SDG-related business goals: *"I wasn't aware of Coty's goals. No, I was not aware that they are so engaged in this to this extent. So yeah, actually not at all"* (Customer 4). While these respondents indicated not to be aware of financial goals either, they still assumed a primary focus on financial business goals: *"What goals does Coty set. I don't know, but I can imagine that from my perspective, for them the financial goals are the most important."* (Customer 1). Another customer also stated that the lack of awareness affected their perceptions of the legitimacy of the company's SDG-related business goals: *"I think I do see them as less legitimate because I don't see much about what they're doing in terms of sustainability."* (Customer 4). Nevertheless, to a certain extent, the assumed focus on profit maximization goals was accepted by the interviewees and seen as legitimate, as it was acknowledged that this was needed for the survival of the company: *"What I think is that the financial comes first. If they don't make a profit, then you can't help anyone else. And help the earth and help fellow human beings. So those financial goals, dependent on that are the rest of the goals."* (Customer 2).

While the interviewed employees indicated to be aware of the existence of SDG-related business goals, contrary to customers' answers, their awareness of the content of these goals was low. Employee 2 saw this as a problem: *"So I haven't seen these targets, so that's the problem too, right? Maybe they are not well advertised inside of the company. They're not ... now I am in a position where I see the entire company and it's up to the C-suite. So if I'm not seeing this, no one's seeing this, realistically speaking. That's the problem."* (Employee 2) However, as the interviewed employees acknowledged the importance of SDG-related business goals, they said that they would appreciate higher awareness: *"Talking with you about it, I realized that I would actually like to know about them and that they are discussed as often as the financial goals... I'm pretty sure that there are not many people aware of them."* (Employee 3). Moreover, another employee indicated that attention is needed to create credibility and, possibly, goal achievement: *"I think there is still a step to be taken. I do think it's credible and it's getting attention and it's being taken seriously, but I still think financial targets are leading at the moment. I don't think you will achieve the goals without that credibility."* (Employee 4).

Figure 2
Awareness of SDG-related business goals (larger circle meaning higher awareness)



Answering the question of how respondents' awareness differed for economic welfare, environmental sustainability, and social inclusion goals, interviewed customers assumed the company focused on social and environmental SDG-related business goals, despite not being aware of specific SDG-related business goals. For example, the social SDGs were assumed because of their awareness in today's world: *So there is certainly diversity in it and I think that fits very well in this age* (Customer 5). Employee 1 mentioned that they were mainly aware of environmental SDG-related business goals and practices, such as the need for recyclable packaging: *"But concretely what I see here in my personal work setting, is that things are changing in product development. So recyclable packaging, vegan products, etc."*. Furthermore, another employee indicated awareness of social SDG-related business goals, such as cultural diversity: *"The only one that we're working on is the social. We have a target to deliver this ... So my thing is, we just don't have anything happening on the other areas."* (Employee 2). These results are visualized in Figure 2.

Communication of business goals directed toward stakeholders

Based on the interviewees' responses, the largest differences in terms of stakeholders' perceptions of financial versus SDG-related business goals lied in the degree of communication.

Here, communication was mainly seen as the extent to which the SDG-related business goals were communicated directly to either employees or customers through the company's communication channels, such as social media or internal communication. This was shown by answers to various questions, such as how aware stakeholders were of the company's SDG-related business goals and how open they thought SDG vs. financial goal communication was.

When discussing communication of SDG-related business goals, Employee 2 indicated that they found that the financial goals were more widespread than the SDG-related business goals: *"So the financial goals, business goals, very clear, widely documented, widely reported, widely reviewed, monthly reviews. We are very clear. I've never seen a link between those financial goals and ESG goals."* (Employee 2). According to other employees being interviewed, the focus on communicating financial goals was mainly due to the nature of the company. This became clear while answering a question on how open they found the company to communicate about corporate goals: *"Well, look, we are of course a publicly-traded company. So there is communication to the financial outside world. We must report on our objectives and on our results... [Communication around SDGs] that's actually absent."* (Employee 1). However, the lack of internal communication around SDG-related business goals seemed to create a problem in the eyes of the interviewed employees: *"It is like I learned about the sustainability report on LinkedIn, which for me is a problem, to begin with."* (Employee 2).

According to the customers' responses to questions of communication by the company about SDG-related business goals, it was perceived that neither financial goals nor SDG-related business goals were communicated frequently to customers. However, multiple customers indicated that they would find the company more credible if communication was more open. For example, as stated by Customer 4, they thought that communication of goals on different channels would create support and, possibly, a higher purchase intention: *"The brands I support and the brands I buy a lot from also promote sustainability very much on social media channels. Today, as an example, a company that has an entire Instagram take over for Earth Day and put all their goals and their report on Instagram for the customers to read, so I think that openness about sustainability goals will also blow over to the customers more and lingers for example for Coty."* Answering a question about whether feelings of the legitimacy of SDG-related business goals would be affected if the company involved more customers, the need for transparency of SDG-related business goals or practices came through: *"I do find companies that are very open and transparent about this more legitimate than companies that are closed there."* (Customer 4). The interviewed customers all indicated that they wanted active

communication from the company on the realization of goals using social media or other consumer-directed communication. An absence of this communication made the respondents question the legitimacy of the goals, which was shown by answering the question if the communication of SDG-related business goals affected the legitimacy of those goals: *"I think if a company says "Oh, we have these goals". They write a report about that, but they don't communicate about it outwardly or they keep it all a bit secret or inside closed doors, then you start to think about how legit this is."* (Customer 4)

Comparing the company's communication openness of the three categories of the SDGs, both the interviewed employees and customers stated that the social and environmental SDGs came through more often than economic SDGs for different reasons, as can be seen in Figure 3. Customer 1 indicated that the reason for this is the lack of visibility on social media and advertisements: *"As a consumer, you are least concerned with the economic goals because you don't really see that. That is not really presented anywhere and you do not see it on social media or in advertisements every day. You do have that with social inclusion and ecological goals."* (Customer 1). Another customer shared this perception and connected it to a conscious choice of the company for impression management: *"I think people often want to let the social shine through. I think that's also a goal that most companies have, for example, "We want more women in higher positions", but until now, only men have held the higher positions. I think you're less really bringing out the negative side of your company than if you say, "Yeah, okay, we've used child labor so far, but we're getting rid of it now."* (Customer 4). On the other hand, employees mainly considered daily practices or communications within the company: *"So there is quite a lot of communication on those social goals. We mainly see ecology when we talk about those product innovations. When it comes to the economic component, we don't hear much about it."* (Employee 1).

Figure 3
Communication about SDG-related business goals (larger circle meaning more communication)



Goal specificity and ability to measure goals

Multiple interviewed employees indicated that financial goals were set more specifically than SDG-related business goals when being asked about how specific SDG-related business goals were compared to financial business goals, and how that affected credibility of those goals. Goal specificity was mainly described by customers as the extent to which the goals are mapped

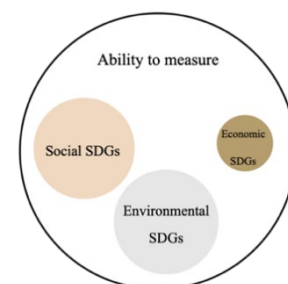
out or the extent to which they are quantified or given final deadlines. This was similar for employees, who mainly focused on the extent to which the goals were translated into specific business KPIs.

The extent to which the level of specificity affected how legitimate the goals were seen differed per employee. For example, Employee 3 mentioned that the higher awareness of financial goals was more of a determinant of legitimacy than the goal specificity itself: *"They (financial goals) are more specific. At least I know them better, to be honest, they are also very challenging. Yeah. I don't know whether they are more or less credible. I just know them better."* However, Employee 4 indicated that they would want more quantified SDG-related business goals: *"In my view, the financial targets are simply quantified. They are very clear and there is no noise or anything. And those other targets, I kind of miss that, that quantification and specific matrix that should be underneath that. And what is where we really stand and where we need to go? I just think that could be more specific."* This is in line with the ability to measure goals, which seemed to be important for many respondents to believe those goals.

While the interviewed customers might be less affected by how specific or measurable a goal is, a similar pattern of a preference for specific goals was found for these respondents. When being asked about how specific they thought SDG-related business goals were compared to the company's financial business goals, they valued specific goals more than less specific goals, stressing their thoughts that financial goals were already set more specifically. This could, for example, be seen in the statements of Customer 1: *"I think the more specific the better. The better mapped out, the easier it is to get somewhere. And I think they need to be as well mapped out as the financial goals. Yes, I'd like to see it that way"*. Moreover, Customer 4 stated: *"For a number of goals, for the social and also for the ecological goals that they have set, they mention a year or a percentage. So I think having such specific goals is something positive. Even though I think their financial business goals will probably be even more specific."* The

ability to measure goals also differed for different types of SDG-related business goals, which can be seen in Figure 4. This became clear when asking the question of whether feelings of credibility differ between environmental, economic, and social SDGs. Namely, it was mentioned by the interviewed employees that they saw environmental goals as more easily measurable than social goals. For example, Employee 5 stated: *"In social inclusion, a lot of attention is paid to that."*

Figure 4
Ability to measure SDG-related business goals (larger circle meaning better ability to measure)



So in that sense, I think it's credible that Coty is committed to that. However, for the other one, packaging recycling. You can measure that. At least, easier to measure. So that might make it a little more believable to me.". In other words, the ability to measure goals seemed to affect the extent to which the interviewed employee believed in them.

Nevertheless, customers stated that they thought social SDG-related business goals were most easily measurable due to topics like diversity and inclusion happening within the company and, therefore, being more controllable: *"I think something of social inclusivity is easier to achieve, that's more to be believed because it's internal and something they can influence as well. And that was a very clearly formulated goal. But like I said, reducing things like child labor is difficult, at least one hundred percent off."* (Customer 4).

Goal progress monitoring

What came through multiple times during the interviews was the lack of creation of tangible goals or goal progress monitoring systems to perceive SDG-related business goals as more legitimate, which respondents perceived to be more present for financial business goals.

While some interviewed employees found SDG-related business goals credible, but just missed a system to keep up with goal progress, others doubted the legitimacy of the SDG-related business goals themselves due to the lack of a system. This was highlighted when answering the question on how credible they found SDG-related business goals: *"Well, I'm not clear on any SDG goals, so not credible. Unless we put an actual goal and I can check these points and track people and call them when it is not done. For me, it's not a real goal."* (Employee 2). Comparing it to financial goals, these were seen as more credible: *"Financials are super credible. We're over-delivering every year"*. For other interviewed employees who did find the goals credible, their perception of the lack of a system to manage goal progress created some doubts, because it was not clear to them how the SDG-related business goals should be attained: *"With sustainability, I certainly take it seriously, but also because things are difficult to measure, you can give yourself more space to make it fit for you. That's a little less universal. Yes, there's some healthy skepticism there."* (Employee 5). When asking whether employees are taken into account in goal setting at all levels of the organization, a similar comment was given by other employees that were interviewed, who would want the goals to be more directly translated into objectives for each function: *"What does this really mean in my position? Where can I contribute and what is my objective?"* (Employee 4). The direct translation per function was, according to that employee, present for financial business goals:

"I know exactly how fast the company has to grow whether or not I get my bonus, so to speak. And the sustainability objectives are not yet articulated in it." (Employee 4). Logically, goal progress tracking systems were discussed less by interviewed customers, due to the perception that they were less involved with goal attainment. However, they indicated that they were aware of the need for goal tracking systems to reach goals. More specifically, they discussed that the extent to which goal progress could be checked affected how credible they saw the goals.

This also differed for various types of SDG-related business goals, as is shown in Figure 5 by larger circles indicating perceptions of more goal progress monitoring systems. For example, Customer 4 stated that economic SDGs are difficult to trace due to the lack of control:

"That is always difficult, especially because it is something that happens outside your company. So can you ever be sure it won't happen again? I think that will be difficult for them and then it will also be less credible for the consumer."

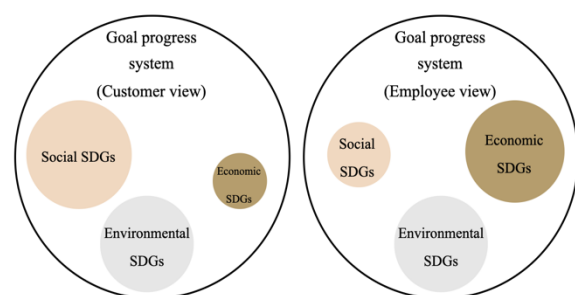
A similar statement was given by Customer 1, talking about business goals related to social SDGs: *"I think some of the sustainable goals are credible and achievable. But especially the social aspects, for example, more colors, more female board members. That is quite traceable and also visible. But, for example, such a clean supply chain, yes that can be very nice on paper, but you can't really trace that, so to what extent that is feasible ..."*. However, Employee 5 indicated that monitoring social SDGs is difficult, while they perceived this to be easier for environmental goals. Moreover, the ECOVADIS system was implemented by the company to trace back the supply chain, which relates to the economic SDGs: *"Look, on social inclusion that seems even more difficult. But when it comes to reduction, we have that. When it comes to tracing where raw materials come from, that's what it's more about. Then we have some sort of tracking model to do that. ... Or the number of suppliers that are affiliated with ECOVADIS, a global platform to which a company is connected and rated. You know, so you can turn that into very concrete goals."*

Joint effort creation

A factor that became apparent multiple times during the interviews is the creation of a concerted effort to work on SDG-related business goals, which mainly became apparent answering the questions where employees came across SDG-related business goals.

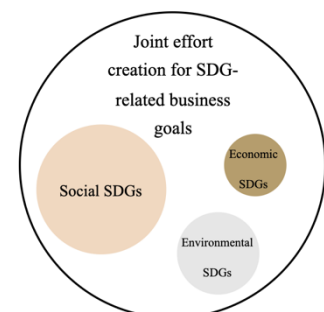
Figure 5

Customers' and Employees' views on Goal progress monitoring systems per type of SDG (larger circle meaning higher presence of system)



To start with, the CEO being transgender was by many interviewed employees as well as customers seen as an embodiment of cultural diversity, inclusivity, and gender equality. This created feelings of the seriousness of social SDG-related business goals: *“So Coty is serious about sustainability, inclusiveness, diversity. So there’s a really strong force behind that, especially driven by the top boss of the company.”* (Employee 1). Another employee mentioned the effect of the transgender CEO on the legitimacy of social SDG-related goals: *“It does feel more legitimate now.”* (Employee 2). Answering a question about how the reflection of SDG-related business goals in top management team (TMT)’s presentations, another employee acknowledged the importance of the TMT to enhance legitimacy because it shows an effort: *“The moment there is a lot of attention from top management, I also believe that it becomes more legitimate. Because I think, those people have very busy schedules, work day and night. If you spend a lot of time on that piece, you take it very seriously, which makes it more legit for me.”* (Employee 2). However, the interviewed employees indicated that the lack of implementing the vision of the CEO through all parts of the company created difficulties in terms of finding the goals one hundred percent legitimate. For example, Employee 2 mentioned the following when answering a question on what role sustainability plays for the company: *“Board level, we have more women now, but it feels fake because after you get out of there and you have like the middle management, like the VPs, SVPs, we don’t have equality there at all.”* Moreover, discussing environmental and economic targets, the employee mentioned that these targets were very clustered, resulting in a lack of motivation: *“I’m pretty sure in Procurement there are people working on some sustainability targets. I know that in R&D there are people working on some sustainability targets, but I don’t feel like it’s a company effort. I mean, it’s 2022, from a company that does not do enough. It’s really frustrating. So it kicks my motivation, that’s a very easy way to say that.”* (Employee 2). This is also shown in Figure 6. Comparing this to financial business goals, it was stated by Employee 2 that the concerted effort was more visible there: *There’s no concerted effort, it is not as clear. Business goals are clear, but everything else, not really.”*

Figure 6
Joint effort creation for SDG-related business goals (larger circle meaning more joint effort)



On the other hand, the interviewed customers were less involved with the spread of SDG-related business goals and seemed to be less concerned with it. Nevertheless, they had opinions about sustainability being part of the core values of the company, and the effects on their legitimacy perceptions. For example, asking about the legitimacy of the company

compared to its competitors, Customer 1 indicated that they felt SDG-related business goals were seen *“as a bit of a must, like ‘oh, we have to deal with this because otherwise, it won’t look good for the audience. So I don’t feel like they’re really taking that on as a mission.’”*. It was also indicated by Employee 1 that companies that stood for sustainability were seen as more positive. However, Customer 2 indicated that they perceived Coty as a company in which being innovative as part of its core values, *“always looking for better combinations and better products”*, and linked this to innovation in terms of sustainability as well. Moreover, Customer 4 stated that the changes that were being made around sustainability were credible, but they were just very small things: *“It’s really not big enough and everyone just does something. If they put a little more in that, then it becomes more believable.”*.

The effects of external CSR reporting

Lastly, the effects of external CSR reporting on legitimacy perceptions of SDG-related business goals were analyzed. As Coty published a CSR report in 2020 for the first time, it was asked whether the publication of such a report affected employees’ and stakeholders’ legitimacy perceptions of SDG-related business goals communicated in that report.

In general, the interviewed customers and employees opinionated that a CSR report created some type of legitimacy through putting effort to contribute to the SDGs. Moreover, the transparency that was created by formally outlining SDG-related business goals was appreciated by the interviewed customers, which was mentioned by Customer 1: *“The more open you are, the more credible you are as a company, I think”* and Customer 5: *“Yeah, if I can see that and I know that’s black and white of them, that certainly gives it some credibility.”*

However, all interviewed customers indicated that even more effort and visibility on the sustainability actions themselves was needed, which could lead to an increase in their legitimacy. For example, answering a question about how credible the company was perceived when making a CSR report, Customer 3 indicated: *“I think it’s believable. But I often think yes, you can make such a report. But how can I say that. Guys, just roll up your sleeves.”*. Moreover, it was stated by the interviewed customers that, apart from publishing a CSR report, open communication on other channels and more visibility creation for customers would also increase the legitimacy of SDG-related business goals. A lack of openness would even create doubts, according to Customer 4: *“If it is not communicated externally, for me that would influence the legitimacy of the company or definitely the SDG-related business goals.”*.

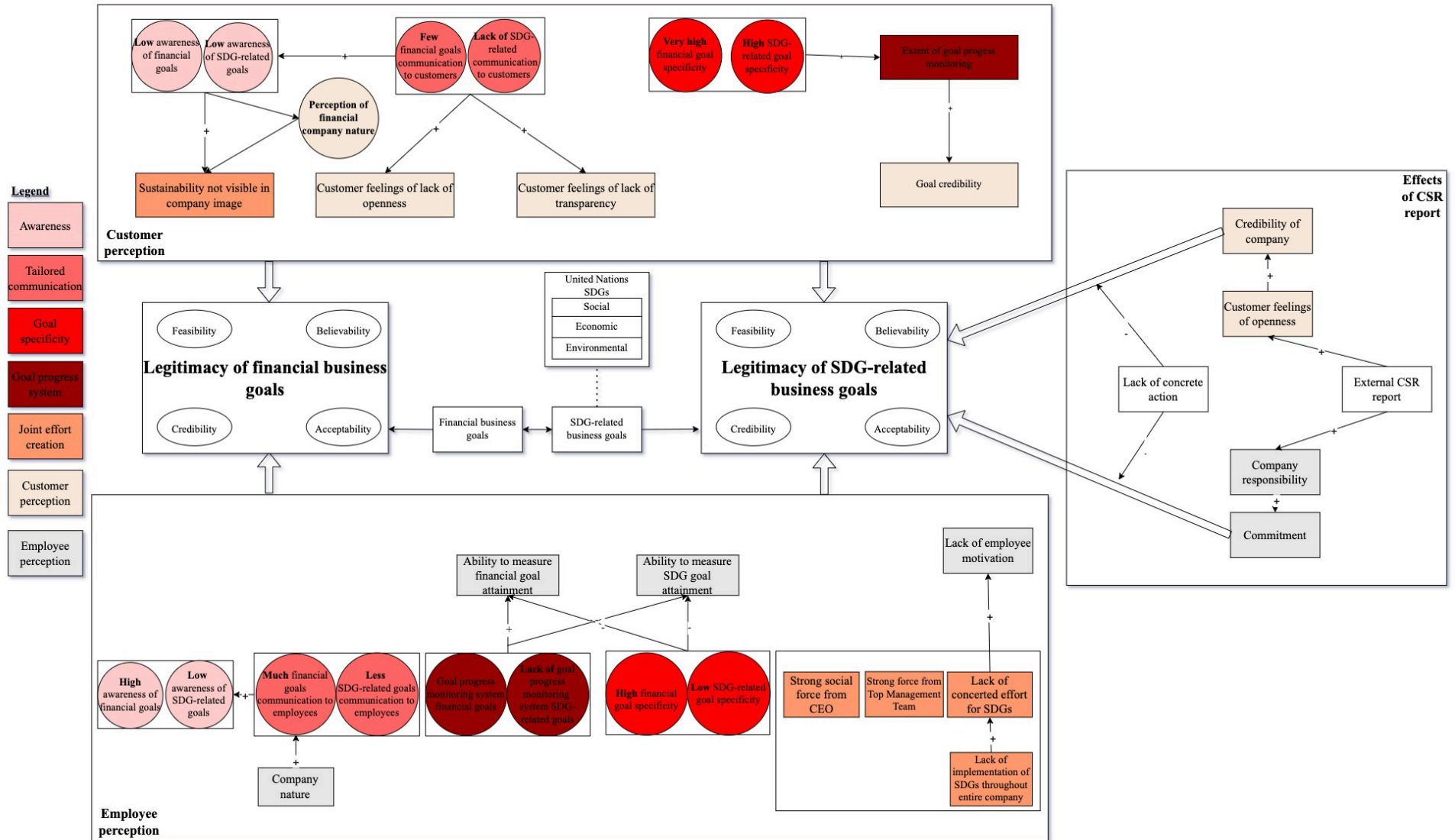
However, the interviewed customers were not aware of the existence of the CSR report by Coty, so they could not discuss the company or the SDG-related business goals themselves in-depth.

Similar answers were given by the interviewed employees of the company, stating that they perceived that the CSR report created a need for the company to take responsibility and, therefore, commitment. This became clear by the statements of Employee 1 in an answer to a question about whether a CSR report influenced the SDG-related business goals' legitimacy: *"The fact that you write it down and commit yourself to those goals. This makes it the responsibility of the entire organization. In that sense, I think it affects legitimacy. I am more motivated by that"*. and Employee 2 *"We have a report, we have some kind of external benchmark or something that we need to deliver on. So it affects positively the legitimacy."*. However, similar to customers' perceptions, the employees indicated that just publishing a report was not enough to make goals fully legitimate, and stated that concrete action and communication were needed: *"For me, the legitimacy is mainly in the daily communication and what I see how people within Coty are doing with it. When I see the efforts and concrete goals from above in front of me. Those are mainly what determines legitimacy for me."*. Thus, based on the interviewees' responses, while a CSR report might create a sense of responsibility and formality, concrete action on top of publishing a report is what could make SDG-related business goals more legitimate.

As a summary of the qualitative results, Figure 7 shows the thinking process of customers and employees in terms of their legitimacy perceptions of Coty's SDG-related business goals as well as the effects of a CSR report.

Figure 7

Overall overview of qualitative results (except for differences between SDG categories)



4.3 Results of quantitative analyses

On top of the qualitative analyses, the effects of CSR reporting on respondents' perceptions of SDG-related business goals were measured by a small survey. Since the interviews showed that the respondents' awareness of SDG-related business goals was rather low, the results of the additional questionnaire are outlined to show how customers and employees perceive the legitimacy of SDG-related business goals directly after reading them. Visualizations and tables of the different quantitative results can be found in Appendix F.

Effects of CSR reporting before and after reading the CSR report

To examine the effects of reading Coty's 2021 CSR report, a comparison was made between respondents' perceptions before and after reading the report. Here, a focus was placed on multiple predetermined aspects of legitimacy perceptions: awareness, goal specificity, openness of communication, and credibility.

A paired-samples t-test was performed to analyze whether there was a difference between the extent to which the respondents were aware of the company's SDG-related business goals before versus after reading the report. It showed a significant difference in terms of awareness of SDG-related business goals before and after reading the CSR report ($t(8) = -2.87, p = .021$). After reading the CSR report, respondents were *aware* of Coty's SDG-related business goals ($M = 4.11, SD = .11$) while they were *neither aware nor unaware* before reading the report ($M = 3.22, SD = .32$). Thus, reading the CSR report increased the extent to which the respondents were aware of the SDG-related business goals.

Moreover, a paired samples t-test was conducted to analyze the effects of reading the CSR report on respondents' perceptions of how specific Coty's SDG-related business goals were. This showed a significant difference in terms of goal specificity of SDG-related business goals before and after reading the CSR report ($t(8) = -2.53, p = .035$). After reading the CSR report, respondents found SDG-related business goals between *neither specific nor unspecific* and *specific* ($M = 3.67, SD = .24$), while they thought the SDG-related business goals were *neither specific nor unspecific* before reading the report ($M = 3.22, SD = .32$). Thus, reading the SDG-related business goals in the CSR report made respondents perceive the SDG-related business goals as slightly more specific.

Furthermore, a paired samples t-test was conducted to assess the effects of reading the CSR report on the extent to which respondents found the company to communicate openly. This paired samples t-test showed no significant difference in terms of openness of

communication of SDG-related business goals before and after reading the CSR report ($t(8) = .11, p = .225$).

Another paired samples t-test was performed to examine the effects of reading the CSR report on the extent to which respondents perceived the SDG-related business goals as credible. This showed no significant difference in terms of the credibility of SDG-related business goals before and after reading the CSR report ($t(8) = .10, p = .195$). Before and after reading the report, respondents found the company's SDG-related business goals somewhere in between *neither credible nor not credible* and *credible*.

A last paired samples t-test was conducted to examine the effects of reading the CSR report on respondents' perception of Coty's SDG-related business goals' legitimacy, which showed no significant difference in terms of the legitimacy of SDG-related business goals before and after reading the CSR report ($t(8) = .17, p = .347$). Before and after reading the report, respondents perceived the company's SDG-related business goals as somewhere between *neither legitimate nor illegitimate* and *legitimate*.

To conclude, while reading about the SDG-related business goals increased respondents' awareness and goal specificity perceptions, communication openness, goal credibility, and overall legitimacy perceptions of the goals did not change.

Self-assessed evaluations of the effects of CSR reporting

Questions were also asked about respondents' evaluations of the extent to which the report influenced their perceptions of specificity, the openness of communication, and credibility. On three Likert scales ranging from 1 (not at all) to 5 (to a large extent), respondents on average indicated the report to influence goal specificity perceptions *to some or to a moderate extent* ($M = 3.44, SD = .88$), their perception of Coty's openness of communication of SDG-related business goals *to some extent* ($M = 3.11, SD = .78$), and their perception of Coty's openness of communication of SDG-related business goals *to some extent* ($M = 3.22, SD = .97$).

Moreover, differences between employees' and customers' self-assessed evaluations of the effects of the report were examined. An independent samples t-test with Relation to the company as an independent variable (Employee vs. Customer) showed no significant difference between employees and customers regarding the extent to which the report affected their evaluation of the specificity of SDG-related business goals ($t(7) = -1.44, p = .193$). However, an independent samples t-test with Relation to the company as an independent variable (Employee vs. Customer) showed a significant difference between employees and customers

in the extent to which the report influenced perceptions of the company's openness of communication ($t(7) = -2.93, p = .022$), meaning that customers indicated a larger effect of the CSR report on evaluations of openness of communication ($M = 3.60, SD = .55$) than employees ($M = 2.50, SD = .58$).

Similarly, an independent samples t-test with Relation to the company as an independent variable (Employee vs. Customer) showed a significant difference between employees and customers in the extent to which the report influenced their perception of SDG-related business goals' credibility ($t(7) = -2.63, p = .029$). Customers perceived the report to influence the evaluation of the credibility of SDG-related business goals more ($M = 3.80, SD = .837$) than employees ($M = 2.50, SD = .58$).

Lastly, both employees and customers indicated that the CSR report was generally seen as positive, stating that the report contributed to their perceptions of the legitimacy of Coty's SDG-related business goals 'in a positive way'. However, employees indicated it to be a positive contribution and more of a confirmation of their understanding. On the other hand, customers indicated that they considered goals to be more legitimate after reading the report and 'it is nice to know'.

4.4 Comparing qualitative and quantitative analyses

The interviews were used to create a more general image of stakeholders' perceptions of SDG-related business goals, with Coty as an example. However, due to the low awareness of stakeholders in terms of the company's SDG-related business goals, the online survey was conducted where the SDG-related business goals were shown in the form of a CSR report. In such a way, stakeholders' baseline perceptions of the legitimacy of SDG-related business goals and their perceptions after reading about those goals in a report could be compared.

Comparing the findings from the interviews and the surveys, multiple similarities could be found. Firstly, both quantitative and qualitative results showed that customers and employees were rather unaware of the company's SDG-related business goals. This was increased by reading a page of the CSR report, which is in line with statements of customers and employees wanting more communication on SDG-related business goals and practices. However, the quantitative results showed that the respondents did not find Coty more open about communicating its SDG-related business goals after reading the report. The interviews indicated that employees wanted more internal communication about the SDG-related business

goals and customers preferred direct communication on other channels than a CSR report, such as social media. Being exposed to these goals not only created awareness, but also perceptions of higher goal specificity. As SDG-related business goals in the interviews were seen as much less specific than financial business goals, actually reading the quantified goals seemed to increase people's perceptions of goal specificity.

Interestingly, employees and customers indicated in the interviews that the effort that is shown through taking the time of writing a report would make SDG-related business goals more credible. This result was not particularly found in the survey, as there was no difference in goal credibility perceptions before and after reading the report. However, self-evaluating what effects reading the CSR report had on their perceptions of communication openness and goal credibility, customers perceived a slightly higher influence than employees. This seems to be partly in line with the qualitative results. Namely, employees stated in the interviews that the report did not affect legitimacy enough because of the lack of clear goals and internal communication/implementation throughout the company. On the other hand, customers indicated that they would want more direct communication but also indicated that writing the goals in black on white would already increase their credibility.

Lastly, the quantitative results showed no effects of reading the CSR report on employees' and customers' perceptions of SDG-related business goals' legitimacy. During the interviews, it was stated that legitimacy is mainly determined by efforts and concrete action within the company itself. Comparing the two of these, it can be said that the quantitative and qualitative results are rather similar on this topic. While creating a CSR report might be a first step in creating awareness of SDG-related business goals, the real creation of legitimacy seems to lie in the overall quantification, implementation, and communication of these goals.

5. Discussion

5.1 Implications of main findings for theory

This research investigates how customers and employees perceive the legitimacy of social, environmental, and economic SDG-related business goals compared to financial business goals. Trying to explain the thought processes behind these perceptions, different building blocks of legitimacy perceptions of these goals were found. In such a way, the current study has expanded goal legitimacy research that has been focused on financial business goals (E.g. Shinkle et al., 2019; Jaber & Oftedal, 2020) to specific types of goals, namely SDG-related business goals.

This study found that the legitimacy of goals is perceived by stakeholders when the firm prioritizes those goals that the stakeholder values. This is in line with existing literature that stated that something is legitimate if it is accepted through alignment with cultural beliefs, norms, and values (Johnson et al., 2006). Moreover, it was found that perceptions of legitimacy are not universal among different stakeholders, which relates to the ‘legitimacy-as-perception’ view that every individual forms legitimacy judgments, which together form collective judgments of legitimacy (Deephouse et al., 2017; Suddaby et al., 2017). On the other hand, literature on the ‘legitimacy-as-property’ perspective stresses the possibility of an entity gaining but also losing legitimacy (Suddaby et al., 2017). Linking the current study to this literature, SDG-related business goals might be legitimate in themselves, but customers acknowledged that their legitimacy can also be affected by the actions of the company and employees considered the context of the goals when forming legitimacy perceptions. With these findings, knowledge of the concept of legitimacy, such as presented by Suddaby et al. (2017), could be enhanced by giving insights into what legitimacy entails in terms of business goals, with a focus on SDG-related business goals. Diving into this topic, the findings of this study show that existing goal-setting practices discussed in previous studies are still relevant (E.g. Lunenburg, 2011), but not the only input for the legitimacy creation of SDG-related business goals.

Firstly, both customers and employees of the company were rather unaware of its SDG-related business goals, meaning employees were not familiar with their content and customers not even with their existence. This low awareness could be explained by SDG-related business goals not being implemented in such a way that stakeholders are aware of them. Therefore, this study improves knowledge of this implementation by zooming into SDG-related business goals in particular. Moreover, this study contributes to the literature on corporations’ implementation of sustainability in the cosmetics sector, which stated that cosmetics companies find it difficult to implement sustainability in their entire value chain (e.g. Kotlar et al., 2018; Kolling et al., 2022). Furthermore, employees’ high awareness of financial business goals compared to the low awareness of SDG-related business goals gives proof of the previously discussed difficulty of managing profit maximization and other goals simultaneously (Kotlar et al., 2018; Wannags & Gold, 2020). However, while customers were not really aware of either goal, they did perceive a focus on financial business goals, due to the company being publicly listed. A possible explanation for this might be the finding by Peloza et al. (2012) that many stakeholders have a low awareness of corporate sustainability, but value it and might have negative biases in terms of some kinds of industries. Possibly, this negativity bias is present in the cosmetics

industry because topics such as animal testing and gender equality are often discussed (Kolling et al., 2022). In such a way, the current study also adds to corporate sustainability literature, giving an embodiment of the findings by Pelozo et al. (2012). Interestingly to notice is that, in previous goal legitimacy studies that focused on financial business goals, actors' awareness of business goals was already assumed (e.g. Shinkle et al., 2019). Nevertheless, the rise of SDG-related business goals seemed to have led to the importance of awareness creation of these new types of goals, mostly because of the feelings of customers that publicly listed firms' focus will always be on finances. Therefore, this study has shown that goal-setting theories might need to be updated for today's business world where awareness of all different types of business goals cannot be taken for granted.

Moreover, it was found that stakeholders perceived low amounts of communication about SDG-related business goals from the company. More specifically, employees questioned the legitimacy of SDG-related business goals due to a lack of internal communication, while customers' perceptions of legitimacy were affected by low transparency of the SDG-related goals in external communication. A possible explanation is that customers and employees would perceive an effort of the company when communicating directly to them, following Shinkle et al (2019) results of the need for stakeholder importance and openness of communication. While Shinkle et al. (2019) proposed the need for two-way communication between management and key actors, this study showed that even one-way communication, if tailored to the stakeholder, might already increase awareness of SDG-related business goals and, possibly, legitimacy perceptions. An explanation might be the low awareness of SDG-related business goals compared to financial business goals. As SDG-related business goals might be rather new for the company and its stakeholders, the stakeholders might not expect two-way communication if one-way communication has not been established. Nevertheless, while Shinkle et al. (2019) mainly researched employees as key stakeholders preferring open communication, the current research showed that customers also value communication about SDG-related business goals tailored to them to find those legitimate. With these findings, the theory established by Shinkle et al. (2019) is broadened to SDG-related business goals, and the proposition for future research by Shinkle et al. (2019) to research legitimacy perceptions of multiple stakeholders has been executed.

Third, this research showed that employees and customers found social SDG-related business goals increasingly legitimate because of the presence of a transgender CEO standing for diversity and inclusion. This corresponds to Jaber and Oftedal's (2020) findings, stating that

employees perceive their management team as the company's original supporter of sustainability. However, following Jaber and Oftedal (2020), the role of management would influence employees' legitimacy evaluations through formal goals and policies, while this study showed the importance of treating sustainability as one of the firm's core values. This result contradicts the findings by Jaber and Oftedal (2020) that employees' values did not significantly affect the creation of legitimacy of sustainability, therefore adding to research on sustainability legitimacy creation. In addition, customers showed they wanted sustainability to be part of the company's values to find SDG-related business goals legitimate. Thus, the hypothesis by Jaber and Oftedal (2020) not only holds for employees but seems to be valid for customers as well. The finding that employees questioned the legitimacy of SDG-related business goals because of the lack of dispersing goals around the entire company might be explained by the hypotheses by Clark et al. (2018) that when all kinds of employees focus on different organizational goals, such as financial versus SDG-related business goals, no shared understanding will be established because of all their different interests (Clark et al., 2018). Possibly, this lack of shared understanding might shine through to customers missing sustainability as a part of the company's core values and, thus, questioning the SDG-related business goals' legitimacy. With these findings, the goal-setting theory of multiple goals (Clark et al., 2018) has been combined with goal legitimacy theories (Jaber & Oftedal, 2020), specifying how stakeholders perceive the legitimacy of goals when multiple goals are coming together.

Furthermore, the results of this study indicated that both employees and customers perceived SDG-related business goals as less specific and measurable than financial business goals, which they thought decreased the legitimacy of SDG-related goals. This corresponds with many goal-setting theories that indicated that specific goals increase effectiveness (Lunenburg, 2011). However, the ability to measure goals, by, for example, quantifiable numbers or specific deadlines seemed to be even more important. This could be explained by Lunenburg (2011), indicating that deadlines might improve the effectiveness of goals, as they increase employees' speed and motivation. In such a way, the present study expands the long-known importance of goal specificity to SDG-related business goals.

Furthermore, the lack of a goal progress monitoring system for SDG-related business goals, compared to the widely spread tracking systems for financial goals, made employees doubt the credibility of SDG-related business goals. Moreover, due to extensive tracking systems for financial goals, employees still prioritized financial business goals. This is in line with findings by Clark et al. (2018) that multiple goals make it difficult for employees to

prioritize. For customers, not perceiving any transparency in tracking goals also affected legitimacy perceptions, which could be explained by the findings by Weber and Fehre (2020) that, to find a company legitimate, actions need to be seen by customers to exclude the possibility of the company engaging in greenwashing. These results are specifying research on legitimacy perceptions of emergent practices (Jaber & Oftedal, 2020) to emergent business goals. More concrete, Jaber and Oftedal (2020) showed that formal rules, laws, and policies are important in creating acceptability, while an example of such a policy in a goal-setting context might be the use of a goal progress monitoring system.

Moreover, it is examined how stakeholders perceived differences between the legitimacy of economic, environmental, and social SDG-related business goals. In general, both employees and stakeholders shared similar views on these different categories. Namely, social and environmental SDG-related business goals were perceived as most present in the company and communicated mostly, which made stakeholders see them as more legitimate. These findings follow previous studies demonstrating that some SDGs are used more often than others in the corporate world (Khaled et al., 2021). However, in terms of goal specificity and the ability to measure, customers perceived social and environmental goals as more easily measurable, while employees found economic and environmental goals more measurable. A possible explanation of this difference between employees and customers could be the above-mentioned perception of the social and environmental aspects being communicated more, whereas especially the economic category, such as a transparent supply chain, is more difficult to perceive as an external stakeholder. Lastly, a joint effort was perceived mostly for social SDG-related business goals. These differences between perceptions of the various categories show the importance of researching perceptions of specific goal categories, as suggested by Shinkle et al. (2019). Furthermore, these findings made clear which SDGs stakeholders perceive to be most present in a firm operating in the cosmetics industry, enhancing knowledge on integrating sustainability into this industry (Bom et al., 2019; Kolling et al., 2022) and expanding previous studies on SDGs in the mining and banking industry (Mio et al., 2020) to the cosmetics sector.

In sum, customers and employees perceived the legitimacy of SDG-related business goals themselves as rather legitimate. However, the perception of a focus on financial business goals, together with low awareness, low communication openness, the lack of a joint effort everywhere within the company, and the lack of extensive goal progress monitoring systems of SDG-related business goals made stakeholders question the legitimacy of these goals.

Lastly, it was asked how CSR reports, communicating SDG-related business goals, influence these legitimacy perceptions to measure stakeholders' perceptions after reading about SDG-related business goals concretely in a CSR report. For both employees and customers, it could be concluded that reading the SDG-related business goals clearly in a CSR report created feelings of transparency and openness, but not particularly increased the legitimacy of the SDG-related business goals. A possible explanation of these findings could be that directly reading about SDG-related business goals diminished the tendency that companies are blamed for greenwashing (Lashitew, 2021). This is in line with previous studies on CSR, which showed that CSR reporting creates corporate transparency and, in such a way, engagement of stakeholders (Golob & Bartlett, 2007). However, Weber and Fehre (2020) stated that organizational legitimacy is created by the combination of high levels of CSR activities and low levels of CSR communication. Nevertheless, the present study showed that some CSR communication about SDG-related business goals was asked by stakeholders to increase their awareness of those goals and create transparency. This finding might be explained by communication openness positively impacting perceptions of goal legitimacy (Shinkle et al., 2019). However, employees and customers indicated that concrete action from the company, on top of CSR reports, is needed to gain legitimacy. This enhances knowledge of how firms handle CSR implementation, which has been called for by Fatima and Elbanna (2022). In such a way, the current study linked literature on CSR reporting with goal legitimacy theories, such as the one by Locke and Latham (2013), showing that making goals public would create an increased commitment to goals. This was indeed in line with the findings of this study that making goals public in a CSR reporting partly affected stakeholders' commitment.

To conclude, the current research has added to research regarding goal setting, goal legitimacy, stakeholder management, and CSR reporting. More specifically, it has extended literature on goal legitimacy (Jaber & Oftedal, 2020; Shinkle et al., 2019) to specific categories such as SDG-related and financial business goals as well as examined perceptions of different stakeholders. In addition, the gap in research on SDG implementation in the cosmetics industry (E.g. Mio et al., 2020) was addressed.

5.2 Practical and managerial implications

On top of theoretical implications, the present research brought managerial recommendations. First, customers and employees perceived clear sustainable business goals as increasing

legitimacy but were hardly aware of SDG-related business goals. Therefore, managers could create awareness by communicating directly to stakeholders, which is similar to recommendations by Shinkle et al. (2019) to communicate openly to stakeholders. Internal communication about SDG-related business goals should be fostered by webinars and reports including these goals and diffused at the same amount as financial business goals so that employees perceive an effort from the company to engage in sustainability. Social media campaigns could be designed and sales assistants could communicate about SDG-related business goals, so that customers place the company in line with their beliefs and values of sustainability, fostering legitimacy.

Furthermore, to enhance SDG-related business goals' credibility, goals need to be set that are measurable and have a clear end goal, as employees and customers value specific goals that could be measured easily. This is in line with already existing theory (E.g. Locke & Latham, 2013). To create employee motivation to reach SDG-related business goals, an appropriate goal measuring system should be created for these goals. An example is a balanced scorecard where financial and SDG-related business goals are interwoven. By doing this, general organizational business goals around SDGs can be translated into specific, daily goals for employees. The finding that customers value transparency demonstrate that it is important for companies to be transparent about their system to track SDG-related business goals. These tracking systems could also be communicated to customers through various marketing campaigns, making them less suspicious of greenwashing.

Thirdly, stakeholders perceived a joint effort as vital for believing in SDG-related business goals and their implementation. Employees perceived the implementation of these goals as less legitimate than financial business goals, because of the lack of a joint effort. This might be established by appointing a sustainability manager in every department, who creates employees' willingness to contribute to SDG-related business goals. In such a way, the effort might be transferred easier to customers through a clear mission to contribute to SDGs.

Lastly, the findings that a CSR report did not affect legitimacy perceptions on its own show the importance of the recommendations given above. This study has demonstrated that the legitimacy of SDG-related business goals is primarily influenced by concrete action and effort, combined with tailored communication. However, it is still recommended to write SDG-related business goals in black on white in a CSR report, as this creates more awareness of these types of goals and establish a responsibility and commitment of the company.

5.3 Research limitations

While this study gave more insights into stakeholders' legitimacy perceptions of SDG-related business goals, the limitations of this research should also be discussed.

First of all, the scope of this research might have been too broad for the period that was available for this project, due to the choice to research legitimacy perceptions of customers and employees, comparing financial versus SDG-related business goals, and adding the effects of CSR reporting. Due to this extensiveness, only a small sample of one cosmetics company was examined as a case study, and no comparison could be made between cosmetics companies of different sizes or natures. As a result, the external validity of this research is limited as results might be dependent on the customers' personal views of the company and employees' positions within the company. Therefore, the results of this study cannot be generalized to the entire company or the entire cosmetics industry. Future studies could employ a larger sample or compare different firms or industries to create a broader view.

Secondly, the use of interviews might have created social desirability biases, even when confidentiality was provided. However, using the method triangulation used in the study, the impact of this limitation was reduced. The online survey was based on factors of legitimacy that were identified in the literature, but, as the qualitative data were inductively coded, categories of legitimacy perceptions were created from the data. The online survey would have given more valuable information if based on the categories established from the data.

Thirdly, the organization that was researched is a multinational that is present on the stock market. This comes with many policies, regulations, and the need to adhere to shareholder wants. Moreover, the company has gone through many impactful events during the last few years, such as financial difficulties, multiple CEO changes, and a move of the headquarters from New York City to Amsterdam. As a result, the environment of the organization was rather disruptive, which might have led to current routines not being a correct representation of its practices during more stable times. This might have impacted its practices around SDGs and, subsequently, might have influenced the legitimacy perceptions of its stakeholders. For that reason, a longitudinal study would have given deeper insights into the company's practices and stakeholders' perceptions over a longer period.

5.4 Theoretical recommendations and future research

This study has created a basis for research on legitimacy perceptions of SDG-related business goals, which builds ideas for future research. First, stakeholders' perceptions of the legitimacy of SDG-related business goals can be researched in industries other than cosmetics. Sustainability is an often discussed topic in the beauty industry with strong ideas on no animal testing et cetera (Kolling et al., 2022). As a result, cosmetics stakeholders might be more involved with sustainability than those in other sectors. Researching this topic in an industry that is either less or even more involved with sustainability might create different results.

Moreover, future research could dive into how managers handle perceptions of the legitimacy of SDG-related business goals and how this could be improved. More specifically, also following the studies by Shinkle et al. (2019) on how business leaders set organizational goals, future studies could examine how managers react to perceptions of SDG-related business goals, and which specific managerial practices would enhance legitimacy. This study already showed that a tone from the top enhanced legitimacy perceptions of business goals, but stakeholders missed a full implementation of those goals. Future research could research this topic, diving into managerial practices. Researching such managerial practices and the effects on legitimacy perceptions of stakeholders would enrich the research topic of goal-setting and goal legitimacy, and would provide clearer managerial recommendations.

Lastly, another possibility for future research is to add how different ways of business communication could contribute to stakeholders' legitimacy perceptions of SDG-related business goals, adding communication to classical goal-setting researches (Locke & Latham, 2013; Lunenburg, 2011). While this research has examined the effects of CSR reporting on legitimacy perceptions of SDG-related business goals, stakeholders indicated that more tailored communication would be beneficial to perceive SDG-related business goals as more legitimate. A future study could delve into ways of how this tailored communication should look for different stakeholders, also expanding literature on the effects of CSR on stakeholders' attitudes (Du et al., 2010; Kim, 2014) to business goals' communication. More specifically, a comparative study could be done where stakeholders react to different kinds of communication, such as internal communication versus social media platforms or corporate webpages. In such a way, the link between research on CSR communication and legitimacy perceptions can be ameliorated.

6. Conclusion

The present study investigated the legitimacy perceptions of employees and stakeholders of SDG-related business goals versus financial business goals. To examine this topic, the research question “How do different stakeholders (customers and employees) perceive the legitimacy of economic, environmental, and social SDG-related business goals compared to financial business goals? How do CSR reports, communicating SDG-related business goals, influence these legitimacy perceptions?” was answered.

Taking the results of this research together, it can be concluded that companies are pressured by stakeholders to engage in sustainability, leading firms to acknowledge the importance of sustainability. However, turning initiatives like the SDGs into specific business goals keeps being challenging. This research has shown that customers and employees still perceive the cosmetics company, Coty, to focus on financial business goals. While both stakeholders see SDG-related business goals as legitimate, various types of input for legitimacy perceptions of SDG-related business goals could be identified. Namely, tailored communication to employees and customers would show an effort of the firm engaging stakeholders and be transparent. Moreover, specific goals that were tracked through a monitoring system would translate SDG-related business goals into daily jobs and would create the transparency customers value in today's business world. Furthermore, a joint effort would create a shared understanding within the company that stakeholders need to find SDG-related business goals legitimate. Answering the second part of the research question about the effects of CSR reports on these legitimacy perceptions, it could be concluded that legitimacy is not particularly formed by a CSR report, but rather by concrete actions from the company, either directed at employees or customers.

With these results, this study has linked research on goal legitimacy with sustainability and CSR research topics. It has expanded the findings of previous studies on goal legitimacy (E.g. Shinkle et al., 2019; Jaber & Oftedal, 2020) to a type of goal that is existing in today's business world, namely SDG-related business goals. However, this study is just a start, because the fast-paced developments in the field of sustainability and goal setting offer many future research opportunities. Continuing to do such research will help businesses develop suitable skills to fight these ongoing challenges in strategic management.

7. Reference list

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8. Appendices

8.1 Appendix A: Interview guide employees

Short information about SDGs: In order to protect the planet, end extreme poverty, and reduce inequality, 193 United Nations Member States agreed to the Sustainable Development Goals (SDGs) in 2015 (United Nations Foundation, n.d.). The so-called “Agenda 2030” includes 17 SDGs, that can be categorized as three interconnected categories, namely economic development, environmental sustainability, and social inclusion. To be able to achieve the goals before the end date of 2030, a large joint effort is needed from governments, consumers, but also businesses. Therefore, many companies are urged to do business more responsibly and find ways to help reach the SDGs before 2030. Coty communicates to contribute to SDGs in all three categories.

Hi,

My name is Freya and I am currently doing my Master's in Strategic Management. At the moment I am writing my Master's thesis, which is the reason for conducting this interview. First of all, I would like to thank you for taking the time to talk to me. Your feedback and answer to the questions will be valuable. The interview will last approximately 60 minutes. Is that okay?

During this interview, I will ask you a few questions around your perceptions of Coty's sustainability practices and SDG-related business goals. First, some general questions about sustainability in the cosmetics industry will be asked and, later, we will dive into Coty's specific goals around sustainability and the United Nations' sustainable development goals.

Please be aware that there are no wrong answers, and I'd like to hear things from your perspective. As mentioned in the consent form that was sent to you by e-mail, all the information you give will be kept confidential and your personal information and position will be anonymized.

Finally, with your permission, I would like to record the conversation. The recording is only used by me to remember what was said and for analysis. Is that good?

I will now start recording.

Warm up

1. Could you tell me something about yourself and your day-to-day work at Coty?

Sustainability in general

2. What does sustainability entail, in your opinion, and what role does it play in your life? Also, what role do you think it plays in the current society?

Sustainability in the cosmetics industry

3. What sustainability-related concerns would you say are most present in the cosmetics industry? Why?

Sustainability and SDGs at Coty

4. What role does sustainability play for Coty according to you, and where would you say Coty stands in the industry compared to other actors? Why?
5. To which SDGs do you feel Coty contributes and why?
 - a. To what extent do you feel like Coty sets business goals that actually contribute to SDGs related to economic welfare and why?
 - b. To what extent do you feel like Coty sets business goals that actually contribute to SDGs related to environmental sustainability and why?
 - c. To what extent do you feel like Coty sets business goals that actually contribute to SDGs related to social inclusion and why?

Organizational goals

1. What goals are set by Coty and how much are you aware of them?
2. What type of goals (e.g. financial vs. SDG-related) do you perceive Coty to focus on mostly? Why?
3. Who is involved in setting Coty's business goals?

Legitimacy of organizational goals

4. How specific do you perceive Coty's SDG-related business goals are, also compared to financial business goals?
5. How aware are you of Coty's SDG-related business goals, and how does being aware of those goals affect your day-to-day work?

6. Does your awareness of Coty's SDG-related business goals differ for economic welfare, environmental sustainability, and social inclusion goals? If so, how?
7. How credible do you find Coty's SDG-related business goals, compared to financial goals? Why? Does this change sometimes and if so, why?
8. Do your feelings of credibility of Coty's SDG-related business goals differ for economic welfare, environmental sustainability, and social inclusion goals? If so, how?
9. To what extent do you feel like Coty values you (the stakeholder) when setting goals? Why?
10. Do you feel like the extent to which Coty values different stakeholders when SDG-related business goals differs for economic welfare, environmental sustainability, and social inclusion goals? If so, how?
11. How does management play a role in terms of implementing SDG-related business goals, for example through formal policies?
12. Does the implementation of Coty's SDG-related business goals through formal policies differ for economic welfare, environmental sustainability, and social inclusion goals? If so, how?
13. How open do you think Coty is in terms of communication of business goals? Why?
14. Does the openness of communication of Coty's SDG-related business goals differ for economic welfare, environmental sustainability, and social welfare goals? If so, how?

CSR reports

15. How do you perceive the influence of external stakeholders on cosmetics companies in terms of the need for sustainability?
16. How do you feel like Coty's CSR reports impact the formality of Coty's SDG-related business goals. If so, how?
17. Do you think the openness of communication of SDG-related business goals, by the use of CSR reports, affects how legitimate you see those goals? If so, how?

8.2 Appendix B: Interview guide customers

Korte informatie over SDGs: Om de planeet te beschermen, extreme armoede te beëindigen en ongelijkheid te verminderen, hebben 193 lidstaten van de Verenigde Naties in 2015 ingestemd met de Sustainable Development Goals (SDG's). De SDG's kunnen worden onderverdeeld in drie onderling verbonden categorieën, namelijk economische ontwikkeling, ecologische duurzaamheid en sociale inclusie. Om deze doelen te behalen voor de einddatum van 2030 is er een grote gezamenlijke inspanning nodig. Om deze reden worden veel bedrijven aangespoord om verantwoord te ondernemen. Coty geeft aan mee te werken aan alle drie de categorieën van SDGs.

Korte informatie over Coty: Coty is een wereldleider in cosmetica-, huidverzorgings- en geurmerken. Coty geeft aan dat haar missie is: de definitie van schoonheid uitdagen, authenticiteit aanmoedigen en diversiteit vieren. Coty bestaat uit twee divisies, namelijk Coty Luxury en Coty Consumer. Coty Luxury staat voor luxe geuren, hoogwaardige huidverzorgings- en kleurcosmeticaproducten. Merken onder Coty Luxury zijn, onder andere, Chloé, Gucci, Hugo Boss, Kylie Skin, Lancaster, en Marc Jacobs. Coty Consumer heeft ook een rijk portfolio met kleurcosmetica, lichaamsverzorging en massageuren. Merken onder Coty Consumer zijn, onder andere, COVERGIRL, Max Factor, Rimmel, en Sally Hansen.

Tijdens dit interview zullen er een paar vragen gesteld worden over uw perceptie van Coty's duurzaamheidspraktijken en SDG-gerelateerde bedrijfsdoelen. Eerst zullen enkele algemene vragen worden gesteld over duurzaamheid in de cosmetica-industrie en later zullen we ingaan op de specifieke doelstellingen van Coty op het gebied van duurzaamheid en de duurzame ontwikkelingsdoelstellingen van de Verenigde Naties.

Houd er rekening mee dat er geen foute antwoorden zijn, en ik zou graag dingen vanuit uw perspectief horen. Zoals vermeld in het toestemmingsformulier dat u per e-mail hebt ontvangen, wordt alle informatie die u verstrekt vertrouwelijk behandeld en worden uw persoonlijke informatie en functie geanonimiseerd.

Dagelijkse bezigheid met cosmetica

1. Kun je iets over jezelf vertellen en over je dagelijkse bezigheid met cosmetica?

2. Hoe veel bent u in uw dagelijks leven bezig met cosmetica en cosmeticabedrijven?

Duurzaamheid in het algemeen

3. Wat houdt duurzaamheid volgens u in, en welke rol speelt het in de huidige samenleving en, meer specifiek, uw leven?

Duurzaamheid in de cosmetica-industrie

4. Welke aan duurzaamheid gerelateerde zorgen zijn volgens u het meest aanwezig in de cosmetica-industrie? Waarom denkt u dat?

Duurzaamheid en SDG's bij Coty

5. Welke rol speelt duurzaamheid volgens u voor Coty, aan de hand van de producten die u kent van Coty en wat u ziet van het bedrijf?
6. Waar staat Coty volgens u wat betreft duurzaamheid in de branche in vergelijking met andere actoren? Waarom?
7. Aan welke SDG's denkt u dat Coty bijdraagt en waarom?
 - a. In hoeverre hebt u het gevoel dat Coty bedrijfsdoelen stelt die daadwerkelijk bijdragen aan SDG's met betrekking tot economische ontwikkeling en waarom?
 - b. In hoeverre hebt u het gevoel dat Coty bedrijfsdoelen stelt die daadwerkelijk bijdragen aan SDG's met betrekking tot ecologische duurzaamheid en waarom?
 - c. In hoeverre hebt u het gevoel dat Coty bedrijfsdoelen stelt die daadwerkelijk bijdragen aan SDGs met betrekking tot sociale inclusie en waarom?

Organisatiedoelen

8. Welke doelen stelt Coty en in hoeverre bent u zich daarvan bewust?
9. Op welk type doelen (bijv. Financieel versus SDG-gerelateerd) denkt u dat Coty zich het meest focust? Waarom?
10. Op welk type doelen (bijv. Financieel versus SDG-gerelateerd) vindt u dat Coty zich het meest zou moeten focussen? Waarom?
11. Wie denkt u dat betrokken is bij het bepalen van de bedrijfsdoelen van Coty? Wie vindt u dat betrokken moet zijn bij het bepalen van deze bedrijfsdoelen?

Legitimiteit van organisatiedoelen

12. Hoe specifiek zijn volgens u de SDG-gerelateerde bedrijfsdoelen van Coty, ook in vergelijking met financiële bedrijfsdoelen?
13. Hoe bewust bent u van de SDG-gerelateerde bedrijfsdoelstellingen van Coty?
Beïnvloedt dit uw visie op het bedrijf?
14. Verschilt uw bewustzijn van Coty's SDG-gerelateerde bedrijfsdoelen voor doelen op het gebied van economische ontwikkeling, ecologische duurzaamheid en sociale inclusie? Zo ja, hoe?
15. Hoe geloofwaardig vindt u de SDG-gerelateerde bedrijfsdoelstellingen van Coty in vergelijking met financiële doelstellingen? Waarom? Verandert dit soms en zo ja, waarom?
16. Verschillen uw gevoelens van geloofwaardigheid van Coty's SDG-gerelateerde bedrijfsdoelen voor doelen omtrent economische ontwikkeling, ecologische duurzaamheid en sociale inclusie? Zo ja, hoe?
17. In hoeverre hebt u het gevoel dat Coty u (de stakeholder) meeneemt in het stellen van doelen? Waarom?
18. Hebt u het gevoel dat het meenemen van stakeholders in het stellen van doelen verschilt voor SDG-gerelateerde doelen rondom economische ontwikkeling, ecologische duurzaamheid, en sociale inclusie? Zo ja, hoe?
19. Hoe zou u willen dat management een rol speelt bij het implementeren van SDG-gerelateerde bedrijfsdoelen, bijvoorbeeld via een formeel beleid?
20. Zou, volgens u, de implementatie van Coty's SDG-gerelateerde bedrijfsdoelen door middel van formeel beleid moeten verschillen voor doelen omtrent economische ontwikkeling, ecologische duurzaamheid en sociale inclusie? Zo ja, hoe?
21. Hoe open vindt u Coty wat betreft communicatie over bedrijfsdoelen? Waarom?
22. Verschilt deze openheid van communicatie voor SDG-gerelateerde doelen rondom economische ontwikkeling, ecologische duurzaamheid, en sociale inclusie? Zo ja, hoe?

MVO-rapporten

23. Hoe ziet u de invloed van externe stakeholders op cosmeticabedrijven wat betreft de noodzaak van duurzaamheid?

24. Denkt u dat de MVO-rapporten van Coty de formaliteit van de SDG-gerelateerde bedrijfsdoelstellingen van Coty beïnvloeden. Zo ja, hoe?
25. Denkt u dat de openheid van communicatie van SDG-gerelateerde bedrijfsdoelen, door het gebruik van duurzaamheidsrapporten, invloed heeft op hoe legitiem u die doelen ziet? Zo ja, hoe?

8.3 Appendix C: Page of Coty's CSR report 2021

Figure C1

Page of Coty's 2021 CSR report

INTRODUCTION

BEAUTY OF OUR PRODUCT

BEAUTY OF OUR PLANET

BEAUTY OF OUR PEOPLE

FUNDAMENTALS OF RESPONSIBILITY

OUR REPORTING

SDG

Our Targets

Our Progress in FY21

Read More

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

As of 2020, include sustainability criteria in the conception of all new products.

As of 2020, share progress on our High Profile Ingredients and Materials management process annually.

Following Coty's separation from the Wella Company, we are resetting our packaging targets in line with our new environmental baseline, and will have a new target to report in Calendar Year 2022.

8 ABOUT HOW WE CHOOSE OUR SUPPLIERS

Improve responsible sourcing and transparency in our supply chains by:

Purchasing 100% mass balance-certified palm oil for our production sites by 2022, and our third-party manufacturers by 2025.

Ensuring 100% of Indian Mica is responsibly sourced by 2030*.

9 ABOUT HOW WE MANUFACTURE

13 CLIMATE ACTION

Following Coty's separation from the Wella Company, we have done an elaborate environmental footprint and are resetting our carbon and energy reduction targets, in line with the Science-Based Targets initiative.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Send zero waste to landfill and recycle 80% of waste generated by our factories and distribution centers by 2030

5 GENDER EQUALITY

10 REDUCED INEQUALITIES

Achieve gender balance in our leadership positions by 2025.

Broaden the measurement and reduction of gender pay gaps by 2025.

Pay equitably for similar roles and performance, regardless of gender, by 2022.

Roll out diversity, equity and inclusion training for all associates by 2025.

Continue to support the Charter for Change initiative and make our business more accessible to people with disabilities by 2025.

Since 2020, all products under development have been assessed using the Beauty That Lasts Index.

Coty provides updates on High Profile Ingredients and Materials management process through yearly sustainability disclosure, including this report.

Our Roundtable on Sustainable Palm Oil progress is pending external validation.

100% of Indian mica is sourced from suppliers who are members of the Responsible Mica Initiative.

Total energy reduction compared to the new baseline of 2019 for the same scope was 10%.

All factories and distribution centers are now using renewable electricity.

23% reduction in market-based Scope 1 and 2 greenhouse gas emissions compared to the new baseline of 2019.

Coty is now doing monthly reporting on greenhouse gas emissions linked to its owned downstream transportation.

Less than 0.5% of factories and distribution centers' waste was sent to landfills.

Over 74% of waste was either reused, recycled or composted.

Beauty that Lasts Index, [Page 11](#)

Expanding Clean Beauty, [Page 10](#)

Packaging, [Page 12](#)

Responsible Sourcing, [Page 14](#)

Climate Action, [Page 19](#)

Waste, [Page 22](#)

Gender Equity, [Page 31](#)

Diversity, Equity and Inclusion, [Page 29](#)

COTY

*In 2021, in reflection of the impacts of Covid-19, the political climate, and a change of project scope, the Responsible Mica Initiative (RMI) has updated its 2022 target to and aligned behind a new set of new ambitions for 2030. As a member of the RMI, Coty has correspondingly aligned our efforts towards these new 2030 ambitions.

Sustainability Report

5

8.4 Appendix D: Online survey

Introduction

Dear respondent,

You are invited to take part in this short survey, following the interview that you took part in. This questionnaire is part of the Master's thesis of Freya Gommans, Strategic Management student at Radboud University. The Master's thesis is generally about employees' and customers' perceptions of Coty's SDG-related business goals and goal setting practices. You will be asked to read one page of Coty's 2021 Sustainability Report. Thereafter, you will be asked for your perception of the goals that are outlined in the report. Taking part in this study, which consists of 19 questions, will take approximately ten minutes.

Confidentiality

The data that will be collected for this study will be used for writing a Master's thesis. The data is anonymous and will be stored securely in accordance with the guidelines of Radboud University.

Participation

Participation in this study is completely voluntary. You can terminate your participation in this study at any time while completing the questionnaire. All your entered data will then be permanently deleted.

Information

If you would like to receive further information about this study, please contact Freya Gommans

Permission

By clicking on the arrow at the bottom right of the screen you indicate that you:

- Read the above information
- Voluntarily participate in this study are 18 years or older
- Agree with the terms

Kind regards, Freya Gommans

Q1 What is your relationship with Coty?

- ☐ Employee
- ☐ Consumer/ end customer
- ☐ None of the above

Q2 How long have you been a customer/consumer of Coty's brands?

- ☐ Shorter than a month
- ☐ A few months
- ☐ A year or longer
- ☐ Longer than two years

OR

Q3 How long have you been working for Coty?

- ☐ Shorter than a month
- ☐ A few months
- ☐ Between one and two years
- ☐ Longer than two years

Q4 Please indicate your age

Q5 How aware (meaning informed, conscious) of Coty's SDG-related business goals are you?

	Fully not aware	Not aware	Neither aware nor not aware	Aware	Fully aware
Awareness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q6 How specific (meaning clear percentages, quantitative) do you think Coty's SDG-related business goals are?

	Totally not specific	Not specific	Neither specific nor not specific	Specific	Fully specific
Specificity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q7 How open do you think Coty is in terms of communicating its business goals?

	Totally not open	Not open	Neither open nor not open	Open	Fully open
Openness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q8 How credible (meaning believable) do you think Coty's SDG-related business goals are?

	Totally not credible	Not credible	Neither credible nor not credible	Credible	Fully credible
Credibility	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q9 How legitimate (meaning acceptable) are Coty's SDG-related business goals?

	Totally illegitimate	Illegitimate	Neither legitimate nor illegitimate	Legitimate	Totally legitimate
Legitimacy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Below, you can find one page from Coty's 2021 Sustainability Report. This page outlines the Sustainable Development Goals (SDGs) Coty is working on, including the targets the company set in terms of contributing to these SDGs. As mentioned in the interview that you took part in, the Sustainable Development Goals are 17 goals that were established by the United Nations in 2015 in order to protect the planet, end extreme poverty, and reduce inequality. The SDGs can be categorized into three categories: economic development, environmental sustainability, and

social inclusion. In order to reach the SDGs before the end date of 2030, a joint effort is needed from governments, consumers, and large corporations like Coty.

Please click [HERE](#) to open the page of Coty's 2021 Sustainability Report. Please read this through carefully. Questions about this image will follow.

Q10 How aware (meaning informed, conscious) of Coty's SDG-related business goals are you, after reading the report?

	Fully not aware	Not aware	Neither aware or not aware	Aware	Fully aware
Awareness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q11 How specific (meaning clear percentages, quantitative) do you think Coty's SDG-related business goals are, after reading the report?

	Totally not specific	Not specific	Neither specific or unspecific	Specific	Fully specific
Specificity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q12 To what extent does the report influence your evaluation of how specific Coty's SDG-related business goals are?

	Not at all	To a small extent	To some extent	To a moderate extent	To a large extent
Specificity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q13 How open do you think Coty is in terms of communicating its business goals, after reading the report?

	Totally not open	Not open	Neither open or not open	Open	Totally open
Openness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q14 To what extent does the report influence your evaluation of how open Coty is in communicating its SDG-related business goals?

	Not at all	To a small extent	To some extent	To a moderate extent	To a large extent
Openness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q15 How credible (meaning believable) do you think Coty's SDG-related business goals are, after reading the report?

	Totally not credible	Not credible	Neither credible or not credible	Credible	Totally credible
Credibility	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q16 To what extent does the report influence your evaluation of how credible Coty's SDG-related business goals are?

	Not at all	To a small extent	To some extent	To a moderate extent	To a large extent
Credibility	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q17 After reading this report, to what extent do you feel like the SDGs are on Coty's corporate agenda?

	Not at all	To a small extent	To some extent	To a moderate extent	To a large extent
Corporate agenda	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q18 How legitimate (meaning acceptable) are Coty's SDG-related business goals, after reading this report?

	Totally illegitimate	Illegitimate	Neither legitimate nor illegitimate	Legitimate	Totally legitimate
Legitimacy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q19 How does the Sustainability Report you just read contribute to your perceptions of legitimacy of Coty's Sustainable Development Goals?

8.5 Appendix E: Visualizations of descriptive statistics of the online survey

Figure E1

Distribution of respondents' relation to Coty

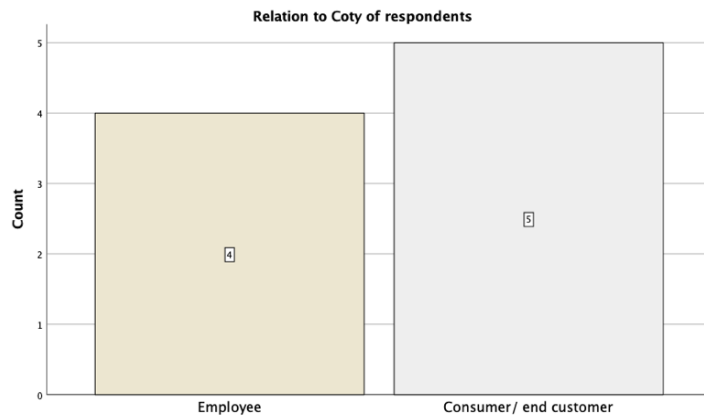


Table E1

Distribution of Relationship with Coty

	Frequency	Percent (%)
Employee	4	44.4
Customer	5	55.6
Total	9	100.0

Figure E2

Pie chart of amount of time being a Coty consumer

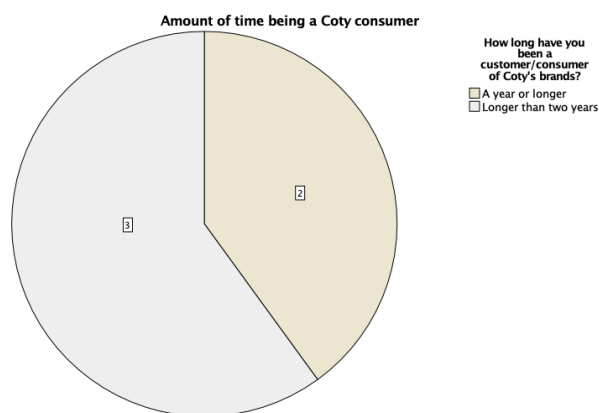


Table E2.

Distribution of amount of time being a Coty consumer

	Frequency	Percent
Shorter than a month	0	0.0
A few months	0	0.0
A year or longer	2	40.0
Longer than two years	3	60.0
Total	5	100.0

Figure E3

Pie chart of amount of time being a Coty employee

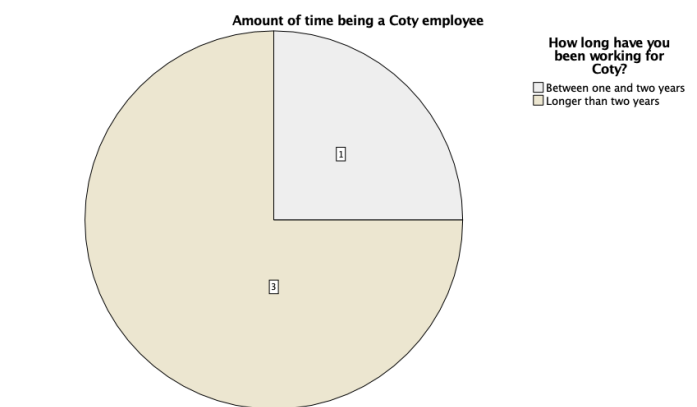


Table E3.

Distribution of amount of time being a Coty employee

	Frequency	Percent
Shorter than a month	0	0.0
A few months	0	0.0
Between one and two years	1	25.0
Longer than two years	3	75.0
Total	5	100.0

Figure E4

Distribution of age of respondents per type of respondent

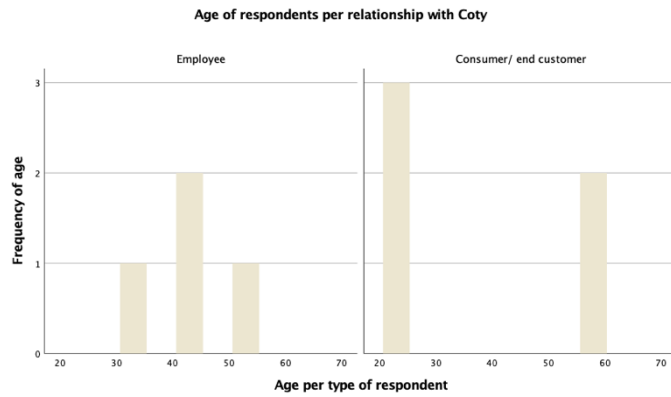


Table E4

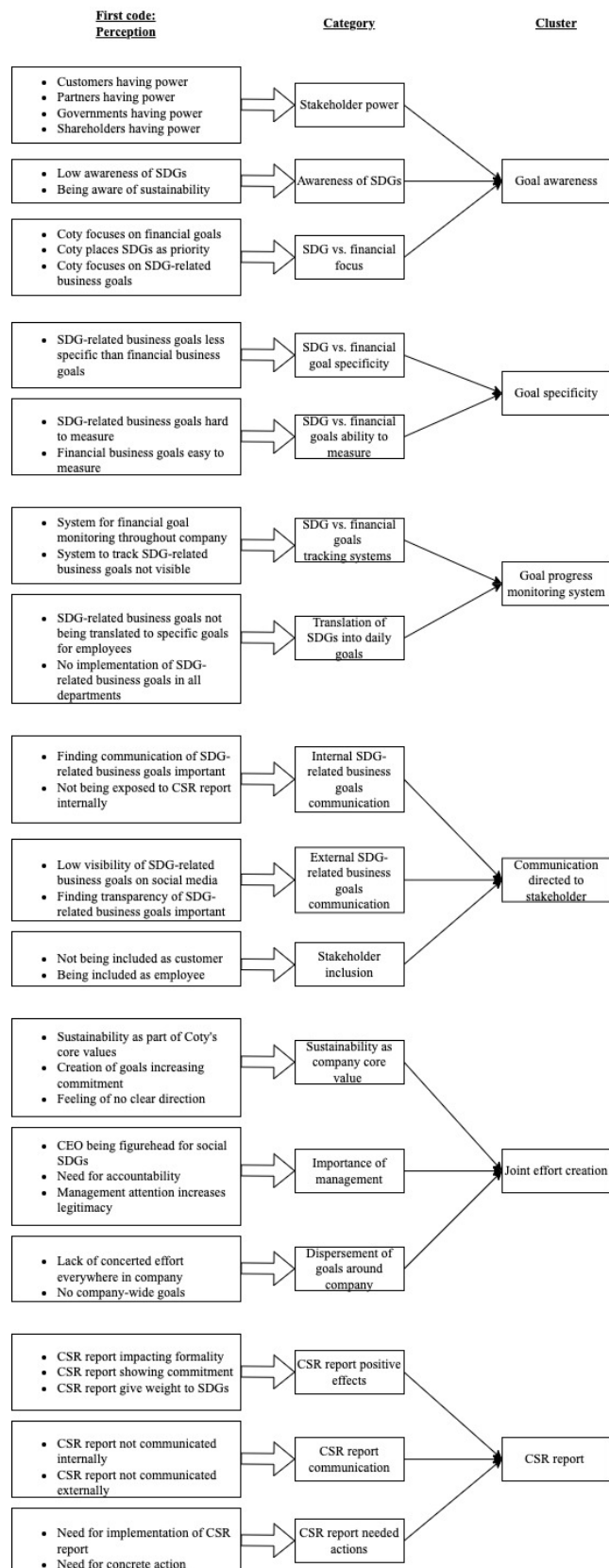
Descriptive statistics (age)

	Minimum	Maximum	Mean	Standard Deviation	N
Age	23	59	39.67	14.37	9

8.6 Appendix F: Coding tree

Figure F1

Coding tree



8.7 Appendix G: Visualizations quantitative results

Table G1

Simple descriptive statistics of Awareness, Goal Specificity, Openness of Communication, Credibility, and Legitimacy of SDG-related business goals before and after reading the CSR report

	Minimum	Maximum	Mean	Standard Deviation	N
Awareness before	2	4	3.22	.97	9
Awareness after	4	5	4.11	.33	9
Goal specificity before	1	4	3.22	.97	9
Goal specificity after	2	4	3.67	.71	9
Openness of communication before	2	5	3.56	1.01	9
Openness of communication after	4	4	4.00	.00	9
Credibility before	2	5	3.56	1.01	9
Credibility after	2	5	3.89	.78	9
Legitimacy before	2	5	3.33	1.00	9
Legitimacy after	1	5	3.56	1.34	9

Figure G1

Bar charts of awareness of Coty's SDG-related business goals before and after reading the report

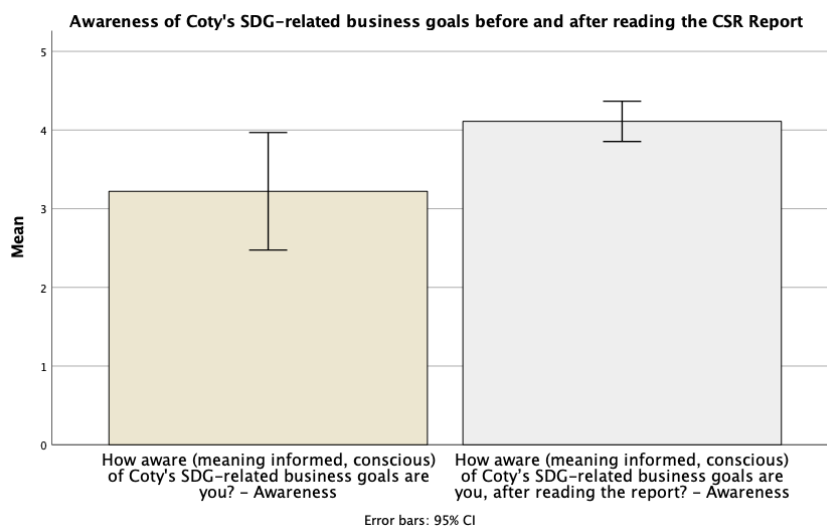


Figure G2

Bar charts of perception of goal specificity of SDG-related business goals before and after reading the CSR report

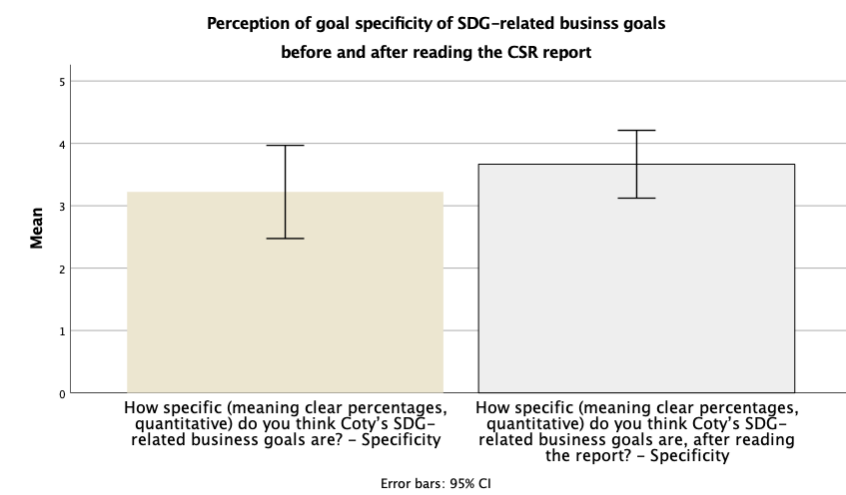


Figure G3

Bar charts of perception of openness of communication of SDG-related business goals before and after reading the CSR report

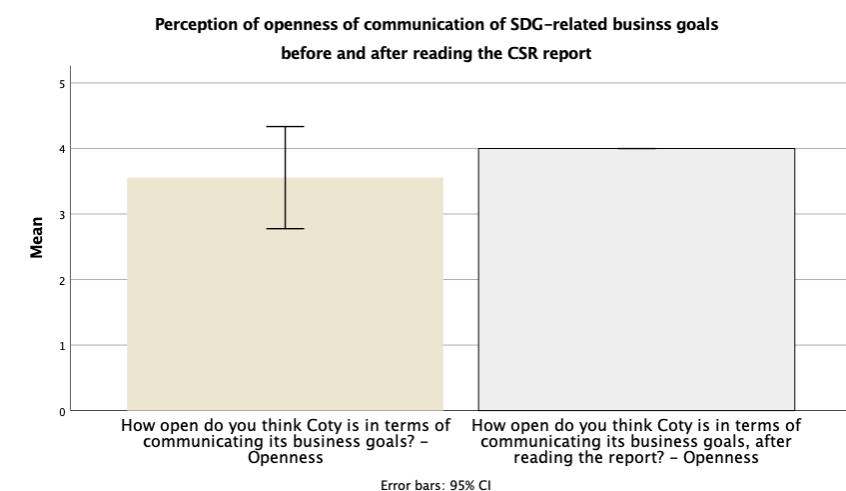


Figure G4

Bar charts of perception of credibility of SDG-related business goals before and after reading the CSR report

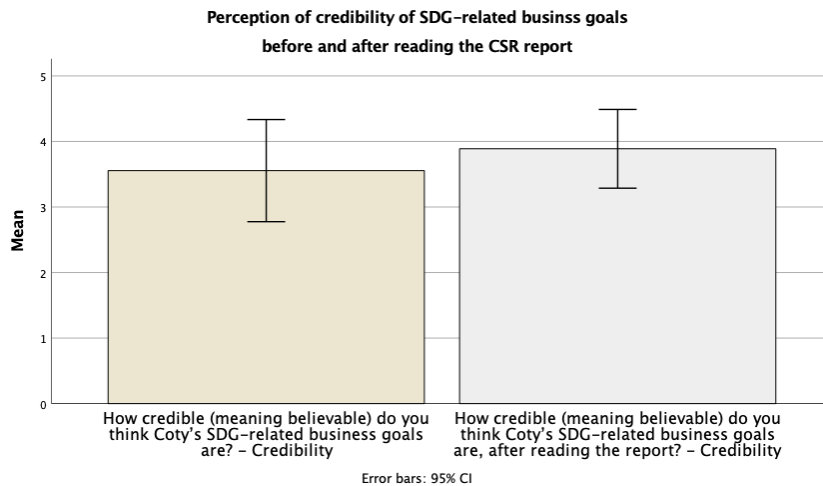


Figure G5

Bar charts of perception of legitimacy of SDG-related business goals before and after reading the CSR report

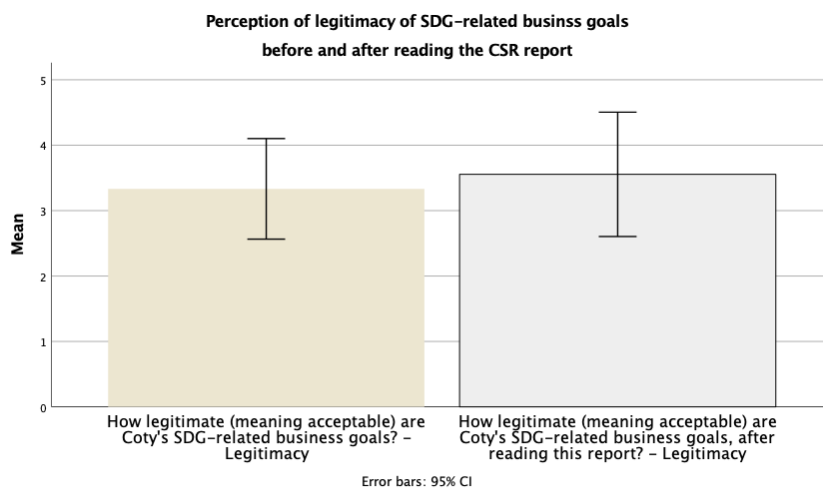


Table G2.

Simple descriptive statistics of self-evaluations of the effect of CSR report on Goal Specificity, Openness of Communication, and Credibility of SDG-related business goals.

	Minimum	Maximum	Mean	Standard Deviation	N
Goal specificity	2	5	3.44	.88	9
Openness of communication	2	4	3.11	.78	9
Credibility	2	5	3.22	.9797	9

Figure G6

Bar charts of self-evaluation of effect of CSR report on SDG-related business goal specificity per type of respondent

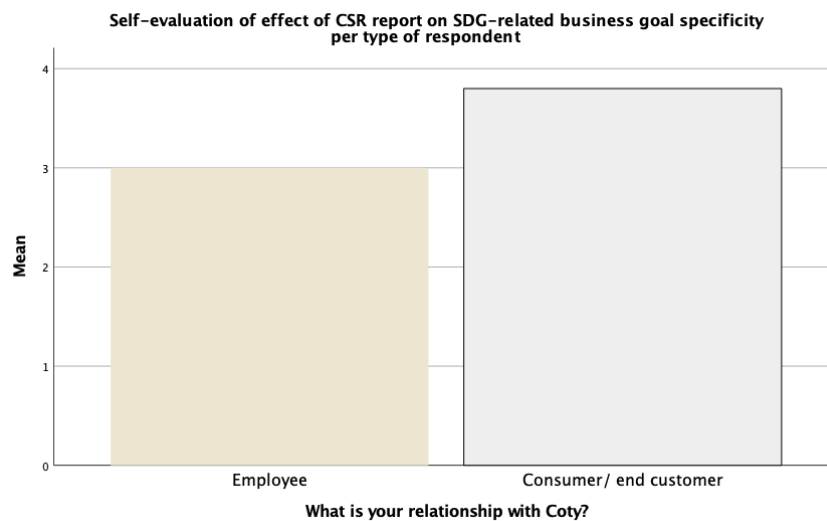


Figure G7

Bar charts of self-evaluation of effect of CSR report on openness of communication of SDG-related business goals per type of respondent

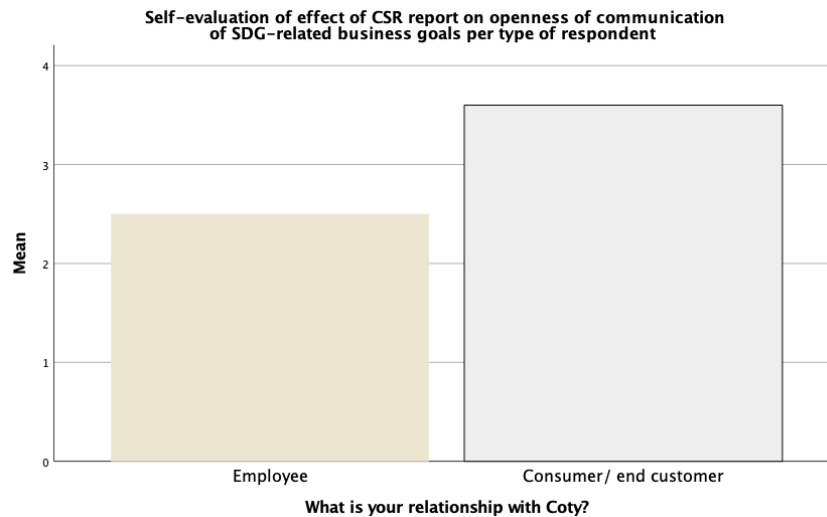


Figure G8

Bar charts of self-evaluation of effect of CSR report on credibility of SDG-related business goals per type of respondent

