



Lappeenranta–Lahti University of Technology LUT

School of Business and Management

Master's Thesis

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**HOW CAN A B2B PROFESSIONAL SERVICES COMPANY SIGNAL SUSTAINABLE  
VALUE?**

Examiners:

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## **ABSTRACT**

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<b>Title:</b>	How can a B2B professional services company signal sustainable value?
<b>Faculty:</b>	LUT School of Business and Management
<b>Degree Programme:</b>	International Marketing Management
<b>Master's Thesis:</b>	Lappeenranta–Lahti University of Technology LUT
	103 pages, 10 figures, 11 tables and 1 appendices
<b>Examiners:</b>	Professor Olli Kuivalainen Associate Professor Joonas Keränen
<b>Keywords:</b>	sustainability, the triple bottom line approach, environmental sustainability, social sustainability, sustainable value, the signaling theory, signaling, professional services, stakeholders

This thesis paper investigates the ways how a B2B professional services company can signal sustainable value. In the process of answering this main question, the thesis examines the channels through which signaling is conducted, targeted stakeholders of signaling sustainable value, and the potential challenges related to it. The research is conducted as a qualitative case study of a professional services organisation and the data collection is executed with semi-structured themed interviews from four professionals chosen from the case company.

The findings of this thesis indicate that in professional services, it seems to be crucial to back up the company's communications of sustainable value with concrete actions that show their true commitment and capability to creating sustainable value. Further, the findings show that sustainable value can be signaled, for instance, through the services for clients, doing cooperations, events, sustainability commitments and employee expertise. By applying these findings to professional services companies, they can avoid some of the possible signaling challenges, identified in the study, to signal sustainable value. In addition, the study provides new information to both the signaling and the sustainable value research.

## TIIVISTELMÄ

<b>Tekijä:</b>	Antti Veijalainen
<b>Tutkielman nimi:</b>	Miten B2B asiantuntijapalveluyritys voi signaloida kestäväää arvoa?
<b>Tiedekunta:</b>	LUT-Kauppakorkeakoulu
<b>Maisteriohjelma:</b>	Kansainvälinen markkinointijohtaminen
<b>Pro gradu -tutkielma:</b>	Lappeenrannan–Lahden teknillinen yliopisto LUT
	103 sivua, 10 kuviota, 11 taulukkoa ja 1 liitettä
<b>Tarkastajat:</b>	Professori Olli Kuivalainen Apulaisprofessori Joonas Keränen
<b>Hakusanat:</b>	vastuullisuus, kolmoishyödyn periaate, ympäristöllinen vastuullisuus, sosiaalinen vastuullisuus, kestävä arvo, signalointiteoria, signalointi, asiantuntijapalvelut, sidosryhmät

Tässä tutkimuksessa tarkastellaan keinoja, joilla B2B-asiantuntijapalveluyritys voi viestiä kestäväää arvoa. Tähän tutkielman pääkysymykseen vastaamisen yhteydessä tarkastellaan signalointiin käytettäviä kanavia, kestävään arvon signaloinnin kohderyhmiä ja sen signalointiin mahdollisesti liittyviä haasteita. Tutkimus on toteutettu kvalitatiivisena tapaustutkimuksena asiantuntijapalveluorganisaatiosta. Aineiston keruu on toteutettu neljän case-yrityksestä valitun ammattilaisen puolistrukturoiduilla teemahaastatteluilla.

Tutkimuksen havainnot indikoivat, että asiantuntijapalveluissa vaikuttaa olevan välttämätöntä tukea yrityksen kestävään arvon viestintää konkreettisilla toimilla, jotka osoittavat organisaation todellisen sitoutumisen ja kyvykkyyden kestävään arvo luomiseen. Lisäksi tutkimuksen tulokset osoittavat, että kestäväää arvoa voidaan signaloida esimerkiksi palveluilla asiakkaille, oikeanlaisilla yhteistöillä, tapahtumilla, sitoutumisella kestävään kehitykseen ja työntekijöiden osaamisen kautta. Soveltamalla näitä havaintoja, asiantuntijapalveluyritykset voivat välttää osan kestävään arvon signaloinnissa mahdollisesti esiintyvistä haasteista, jotka tutkimuksessa identifioidaan. Lisäksi tutkimus antaa uutta tietoa sekä signalointi- että kestävään arvon tutkimusalueille.

## **ACKNOWLEDGEMENTS**

First of all, I owe a big thank you to my friends, family and my girlfriend Anette. To my friends for always being there for me when I have needed it and making my time at LUT special, to my family for giving me support during my university studies, and to Anette especially for giving me reassurance and helpful opinions during the research process.

I am also very thankful for all the people from the case company who gave their time and put effort in participating to the interviews of this study. I would also like to thank my thesis supervisors, especially Joonas Keränen, for giving me guidance and valuable feedback. In addition, I am grateful for everyone at LUT University who have given me absolutely the best studying experience I could have asked for.

Helsinki, October 11th, 2022

Antti Veijalainen

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## **1. Introduction**

The introduction chapter handles what the study aims to achieve and presents the research questions to which the paper strives to answer as comprehensively as possible and valid within the scope of the study. The chapter goes through the limitations, the used materials and the practices of this research. The purpose of the introduction is to generate an overview of the paper and to familiarise readers to its main scope and concepts.

### **1.1. The purpose of the study and research questions**

The aim of this thesis is to provide new insights on signaling and sustainable value (see the table 1 on page 8 for concept explanations) research areas by studying them from the perspective of business-to-business professional services organisations and combining the two in the same study. A research gap is recognised in the lack of prior research in combining signaling and sustainable value in the same study (Cardoni, Kiseleva and Taticchi, 2020). This is highlighted by the literature review (chapter 2), although signaling has been studied from many different angles (e.g., Robinson, Kleffner and Bertels (2011); Ndofor and Levitas (2004); Kanani, Moradi and Valipour (2013). Further, in terms of prior research on sustainable value, most papers have investigated it in the contexts of CSR, Performance and Management (but not from communications or signaling perspective) and Sustainable Strategy and Innovation (Cardoni et al., 2020).

Moreover, the scope of examining professional services organisations insights in signaling and sustainability offers a new perspective to the academic literature. The target of the study is to offer new and purposeful findings for managerial use and to create a platform to start building further information on the main topics in academic literature.

As the literature review will illustrate later on, the previous research on sustainable value and communicating sustainability/sustainability marketing is mostly conducted in a business-to-consumer context. Though, the business-to-business perspective has increasingly been gaining more and more attention. (Sharma, 2020) In addition, sustainable value creation has been gaining loads of attention in recent years and it is seen as a

research area with demand (Cardoni et al., 2020). This thesis paper gives new information on sustainable value creation and combines it with signaling situations.

Furthermore, although the signaling theory has been a widely used theory in prior academic literature signaling sustainable value in the context of this research paper has not been investigated (Connelly, Ketchen, Slater, 2011). Although, there has previously been numerous studies that investigate signaling in various scopes (e.g., Robinson, Kleffner and Bertels (2011); Ndofor and Levitas (2004); Kanani, Moradi and Valipour (2013)). In the marketing studies the scope has been in examining clients as the ones that have received the signals (Basuroy, Desai and Talukdar, 2006; Rao, Qu, and Ruekert, 1999). This study paper aims to provide results that would help to fill this gap in academic literature. This is done by applying the signaling theory into the ways that a professional services organisation creates sustainable value.

This research paper aims to thoroughly explore how service-oriented business-to-business companies can create sustainability value, and how this value can be signaled/communicated to their stakeholders. However, due to the necessary limitations made for this study, the main themes will require further research, and this thesis intends to facilitate that possibility by presenting useful new insights into research in business-to-business sustainability and the signaling theory which have not previously been recognised in this particular context.

Sustainability in general is increasingly demanded to be addressed from companies. Businesses face expectations to alter their operations to a more sustainable direction whilst improving their operations and facing internal problems (Hart and Milstein, 2003). What makes sustainability even more important for companies is that they can differentiate themselves from their competitors by signaling their credibility and qualities through the value of the company (Brach, Walsh and Shaw, 2018; Sharma, Davcik and Pillai, 2016; Ruhnke and Gabriel, 2013). Therefore, it is important to investigate how organisations can signal their sustainable value to their stakeholders.

Business managers have a challenge to communicate their sustainable value visible to their stakeholders. This is valid especially in professional services organisations that are

intangible in their offerings, and the sustainable value that they could create might not be clearly visible or are hard to grasp to their stakeholders, which is why choosing to use signaling theory is useful in the setting of this thesis. (Orsato, 2006) It is imperative for managers to know how and to who an organisation in the industry can signal sustainable value. They also need to know the potential pitfalls and/or challenges that may occur in it, which will help them in making signaling decisions.

Furthermore, there is a need for managers in professional services to acknowledge how their creation of sustainable value can be sent and received by the most important stakeholders. And, further, many stakeholders are increasingly demanding various sustainability actions from the companies (Patala, Jalkala and Keränen et al., 2016). Hence, the thesis paper provides valuable contributions to utilising signaling in professional services organisations from the context of the increasingly relevant sustainable value creation.

Moreover, the way that companies signal different things to the stakeholders has traditionally been a very relevant subject in the management literature and it has been used in various studies (Connelly et al., 2011). Examples of such studies include, examining debt holders (Elliot, Prevost and Rao, 2009), incorporate shareholders (Certo, Daily and Dalton, 2001), and the customers (in marketing research) as the receivers in signaling (Basuroy, Desai and Talukdar, 2006; Rao, Qu, and Ruckert, 1999).

Hence, there have evidently been numerous prior studies regarding signaling and research that utilise the signaling theory in different scopes as well as research that examine signaling sustainability. However, no prior academic research were found to have investigated these topics/issues from the scope of this thesis paper which therefore can add new insights to the prior literature.

This research paper targets to contribute to prior academic studies by combining specifically the concept of sustainable value (not just value or just sustainability) with the signaling theory from a new context of professional services. The limited amount of prior academic studies regarding the relationship between sustainable value and signaling it to the stakeholders, as the literature review will further address.



At first, to approach the research problem, the thesis paper looks into sustainability as a concept and then continues to dive deeper into its different initiatives: environmental sustainability and social sustainability. (The economic sustainability initiative is not at the main focus in this thesis paper.) This view on the sustainability elements leads to reviewing literature on value in sustainability, or sustainable value. The concept of sustainable value is accompanied by the utilisation of the signaling theory which provides the theoretical framework for this study.

The current academic literature focuses mainly its sustainability value research on business-to-consumer companies, while business-to-business research in this context has not yet, at least notably, been conducted from the professional services point of view, although business-to-business contexts are gaining more and more attention among the scholars and practitioners. To address the previously discussed gap in research, this thesis aims to provide new relevant insights to the sustainable value and signaling research, which are extremely significant for today's businesses and to the whole world alike.

This research paper utilises the signaling theory as the main theory to study the signaling and other communicational activities that the chosen case company, which is referred to as PSC (Professional Services Company), can use to signal/communicate their sustainability value to the stakeholders, such as clients, shareholders, employees, governments, and the society. The signaling theory offers a well suitable and useful approach for conducting this research, because of the intangible nature of the business that is investigated, there are many aspects that might be quite invisible and underlying from the stakeholders' viewpoint. Moreover, the intangibility of the business offerings in professional services companies is likely to create situations of information asymmetry and, therefore, the sustainable value that they can create is not as clearly visible as in the case of, for instance, manufacturing companies that can show it through supply chain solutions and/or product features.

#### 1.1.2. The research problem and research questions

The purpose of this research paper is to provide an answer to the main research problem of the study which aims to fill the gaps that were identified in the previous sub-chapter.

These research gaps are further justified through the literature review in the chapters 2,3 and 4. The main research problem of the thesis is presented below:

***How can a B2B professional services company signal sustainable value?***

By answering this problem, the study contributes to the research recognised gaps and offers information from a new scope for academic literature and valuable insights for managerial use. In a bid to do so, the main research problem of the study is investigated by searching and finding a response to three research questions which are planned so that they will give a solution to the main research problem. These questions are displayed below:

*RQ1: How can a professional services organisation signal sustainable value?*

*RQ2: Who are the key receivers that a professional services organisation communicates sustainable value?*

*RQ3: What kind of difficulties are there in signaling sustainable value?*

## **1.2. Research data and limitations of the study**

The thesis has quite many larger concepts that need delimitating so that the study keeps its relevant focus to the main topic areas. This also makes the research paper easier to follow and enables it to be specific enough to answer the research questions as well and thoroughly as possible within a sensible scope of the thesis.

The paper is executed as a qualitative case study, since this research design enables a deep-diving approach and detailed insights. The case company was chosen to represent professional services organisations in business-to-business markets and to provide needed insights to answer the research questions. Investigating and interviewing just one case company does limit the study's scope. The utilised research data is collected from both secondary and primary sources. The primary data is gathered from semi-structured themed interviews with the employees of the case company. This information is supported by

extensive and valid secondary data from academic articles and prior studies, academic books, the case company's and other relevant websites.

Choosing the case company was also based on the fact that all the company's offerings are intangible and, consequently, their value in sustainability is not always straightforwardly seen by their stakeholders, and because the company shows clear and concrete efforts and commitment to make a difference to sustainability related issues. Therefore, PSC fits the part very well. Even though there is only one case company used in the thesis, the amount of information should not be an issue since four employees that are interviewed have all very relevant roles in the organisation and three of them are in leadership positions in a Nordic scale. This sample fully supports the data demands of the empirical part of the study and providing answers to the research questions and ultimately to the research problem. This interview-based secondary data is backed up with a comprehensive theoretical part which thoroughly presents and discusses the key concepts areas and theories of the thesis.

Moreover, perhaps the biggest compulsory limitation of this research comes from the very limited amount of prior academic studies regarding the relationship between sustainable value and signaling it to the stakeholders, as the literature review addresses. In addition, as mentioned, the secondary information gathered is based on interviews, which are in the end people's subjective views of the insights from the case company. This means that the findings of the study may not imply the same way into other professional services organisations, which is the situations when including one company in a case study. Therefore, further studies should continue and broaden this research and gather more extensive information from the subject so that the results could be proven to apply more generally.

### **1.3. Research methods**

The research is conducted as a qualitative case study, which was chosen to be used since it enables a good balance between detailed and thorough information to form findings. The nature of a qualitative case study is such that it was practical to use and guide the focus solely on one case company. By using this method there will be enough depth gained from

the PSC employee interviews and there would not be any unnecessary confusion from differentiating market situations and practices, which could occur in a multiple case study.

The data collection method for secondary data in this research is a semi-structured theme interview. The reason for using this kind of interview approach is that it enables a flexible way to collect data compared to many alternatives. This comes from a certain freedom that the interviewing method allows for both an interviewer and the interviewee through the possibility for an interviewer to lead a discussion into a deeper level than just receiving a simple answer to a question. Consequently, the data collection method enables a more natural discussion of the topics and gives a chance to clear any misunderstandings right away on the spot. In addition, the structure of a theme interview also supports the use of priorly agreed themes which are brought to a more specific level with questions. (Tuomi and Sarajärvi, 2002)

Moreover, the information gathered from the interviews is combined with a thoroughly made literature review which aims to bring different angles to the key concepts and themes of this study. The paper utilises many of academic studies and articles from different sources, such as articles from the Journal of Industrial Marketing. In addition, the sites and articles from the case company are looked into so that the research data would have a more diverse and specific information.

## **1.4. Key concepts and theoretical framework**

### **1.4.1. Key concepts**

The main concepts of the research are listed with short explanations in the table 1 on the next page.

Concept	Explanation
sustainability	“Development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (World Commission on Environment and Development, 1987)
the triple bottom line approach	Striving for balance among economic progress, social responsibility and environmental protection (Hill and Seabrook, 2013).
environmental sustainability	“An organisational activity directed at reducing pollution and increasing the efficient use of energy and other resources to diminish the detrimental effects of firms’ activities on the environment” (Vesal, Siahtiri and O’Cass, 2021).
social sustainability	Difficult to describe in a simple manner because there is no one clear definition of the concept in the academic literature. Elements of it are growing poverty, social polarization, inner-city violence, and terrorism. (Eizenberg and Jabareen, 2017)
sustainable value	The concept consists of economic, environmental and social benefits that companies provide to both clients and the whole society (Patala, Jalkala, Keränen et al., 2016).
the signaling theory	Used in describing behaviour in situations where there is information asymmetry between two parties, and usually the sender of the signals, needs to make the decision whether and how to signal the information that only they possess (Connelly, Ketchen and Slater, 2011).
signaling	Signalers possess positive and negative information that is private to them, which allows them to decide whether to communicate it to outsiders or not. When it is done, signaling happens. (Connelly, Certo, Ireland and Reutzel, 2011)
professional services	Most generally professional services are considered to involve accounting, law, consulting, advertising, architecture and Investment banking (Von Nordenflycht, 2010).
stakeholders	Stakeholders can imply to designated entities that are depending on an organisation in their search for realising personal goals and to whom the organisation is reliant on, and they can be e.g., owners, customers, employees and suppliers (Freeman, 2010). In the scope of this thesis stakeholders are considered to be organisation’s clients, shareholders and employees as well as governments, and the society.

Table 1. Key concepts of the study and their explanations.

In the next main chapter, chapter 2, the key concepts of the study are discussed further through prior academic literature and other relevant sources of secondary information. As the literature review will illustrate, the phenomenon has been somewhat studied before but not from the perspective of a professional services organisation. The prior research and academic articles that are looked into do overlap or are closely connected to the subject in this research paper and, therefore, they support the discussions and conclusions which are drawn from the findings later in the thesis.

#### 1.4.2. Theoretical framework

The figure 1 below presents the theoretical framework of the thesis paper, with the intention of visually illustrating the key concepts to the research and their links to the main issue of the study. The framework utilises the signaling theory's timeline (see figure 3 on page 45) and takes on the elements of sustainable value and affecting factors of sustainability.

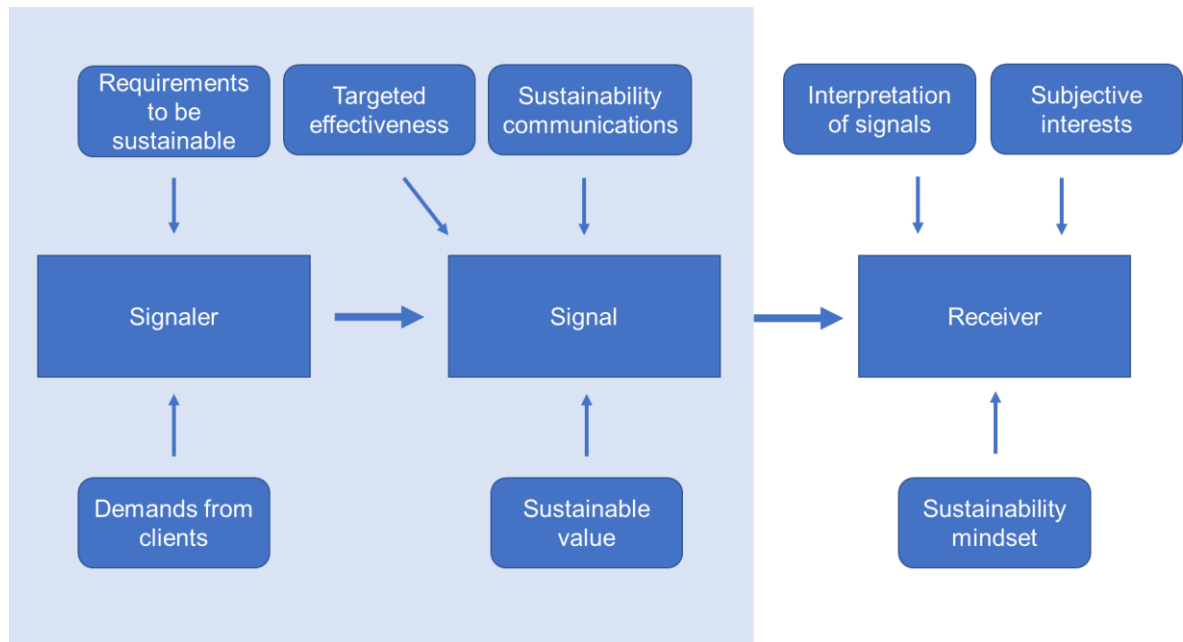


Figure 1. Theoretical framework.

### **1.5. Abstract of the literature review**

The key concepts of this study are based on previous academic literature and research of sustainability and value, especially from the Journal of Industrial Marketing Management, and of the signaling theory which has many adaptations in different areas of research. This thesis seeks to utilise the theory in a new context by linking it with sustainable value and the professional services industry. By doing so, the thesis paper targets to add information from a fresh perspective to the business-to-business and sustainability research, and to the adaptations of the signaling theory.

There has been a great deal of research conducted on the most relevant concept areas of this research paper but in fact majority of those academic research and articles are studied from a business-to-consumers perspective. However, studies related to the business-to-business scope has seen a significant increase in interest towards it, but as the literature review of this paper shows, the sustainability, value and marketing research have almost always concentrated on manufacturing companies or industries and/or their supply chains. Therefore, there is a clear research gap in the ways that business-to-business professional services organisations signal and communicate the sustainable value that they create.

Sustainability and the elements of value that it can provide, are thoroughly gone through in the literature review by using many different sources of secondary information with the emphasis being on the prior academic research of the subjects. This information is backed with some non-academic data as well, with the addition of the valuable insights from the case company (PSC) which provides the first-hand information for the study. The used secondary data is presented and discussed in the next two chapters (2 and 3), where the key concepts of the research paper are defined to build an understanding about them. Doing this is essential when providing answers to the research questions. As has been said, signaling sustainability has been studied before but not in the same context as in this research paper.

Sustainability itself and various aspects related to (e.g., value, marketing, signaling) it, have been studied a lot in recent years, or even in the past couple of decades, due to the continually increasing issues and concerns about already existing and future crisis linked

to sustainability, such as climate change, over population, loss of biodiversity, poverty. While this thesis also addresses sustainability related topics as its major focus point, it does it from a new angle which has not directly been studied before. This applies also to the research that has been conducted with the signaling theory.

## **1.6. Structure of the study**

The thesis is divided into seven main chapters which consist of smaller sub-chapters. Firstly, after the introduction chapter, the relevant prior research and other academic publications are presented and discussed. These include different concepts of sustainability, definitions of sustainable value, sustainability marketing communications and the signaling theory. This theory-based part of the thesis begins with more general observations and discussion about the importance of sustainability in today's world, and for managers, scholars, and customers alike. After that the focus of the discussion shifts on defining the concepts of environmental and social sustainability which leads to reviewing sustainable value. This sub-chapter addresses value and its relationship with sustainability and looks into the concept of sustainable value.

The paper then moves to reviewing prior research about business-to-business companies' marketing communications from the sustainability perspective. The next chapter (chapter 4) is the last one of the literature review. It presents the signaling theory and signaling as concepts and looks into them more deeply.

The theoretical part of the research is followed by an empirical section where the research findings are discussed. These findings from the conducted interviews which are utilised to provide answers to the research questions and, subsequently, add information to the recognised research gap are then further analysed in the discussion chapter. In this part of the thesis paper, the respondents' and the case company's insights and unique information are used to answer the research questions and ultimately aim to solve the research problem.



Furthermore, the analysis section of the thesis aspires to offer an analytical assessment about the thesis topics. After the findings are discussed and analysed in the discussion subchapter, the conclusions are drawn from the study so that theoretical and managerial contributions are addressed, and the suggestions for future studies are presented. The future studies are based on the extent of success in terms of answering the presented research questions and the recognised limitations of the conducted research.

## **2. Sustainability and value**

### **2.1. The importance of sustainability**

The concerns regarding sustainability issues, such as climate change, loss of biodiversity, concern of people's well-being, just to name a few, are increasingly calling for concrete and even drastic actions. This need for actions and overall mindset about sustainability are already widely recognised in companies, especially in those that operate in business-to-consumer markets. Though, due to various reasons, for instance, regulatory pressure and customer demands, the business-to-business companies are extensively searching more and more ways to make solutions that provide sustainable value that can be, for example, manufacturing practices, product innovations and humanitarian help. (Patala, Jalkala, Keränen, Väisänen, Tuominen and Soukka, 2016).

Furthermore, the climate change and environmental issues, such as increasing pollution and the excessive use of natural resources particularly in manufacturing companies, have caused a lot of distress about acting on them (Albino, Dangelico, and Pontrandolfo, 2012; Gupta, Czinkota, and Melewar, 2013). Governments and environmental protection entities (agencies) are raising this pressure even higher, by obligating companies to implement environmentally sustainable solutions into their day-to-day operations (Esfahbodi, Zhang and Watson, 2016). For a business it concretely means requirement for actions/solutions that will minimise a company's harmful effects to the environment through preventing pollution, creating as little waste as possible, and reducing the use of energy and the consumption of raw materials (Antolín-López, Delgado-Ceballos and Montiel, 2016; Gupta and Kumar, 2013). The most significant "reward" from utilising environmental sustainability practices, at least for manufacturing companies, is to be positively renowned by the progressively environmentally oriented customers (Kumar and Christodouloupoulou, 2014; Sharma, Iyer, Mehrotra and Krishnan, 2010).

### **2.2. Defining sustainability**

Understanding sustainability as a concept is a significant challenge, in fact, in sustainability research there is a difficulty of finding consistent definitions of it in the literature (Moore,

Mascarenhas, Bain and Straus, 2017). Though, one way that sustainability can be defined is as “*development that meets the needs of the present without compromising the ability of future generations to meet their own needs*” (World Commission on Environment and Development, 1987).

Sustainability has been a hot topic in recent years and probably continues to be that in the foreseeable future as well. Sustainability has increased its significance in companies' interests and in the academic literature alike (Sharma, 2020). Furthermore, most larger organisations have their own statements of social purpose, they stand behind goals which are set for sustainable development, and a few have also joined efforts to tackle existential environmental and societal issues (Young and Reeves, 2020).

Moreover, the “awakening” to the massive importance of sustainability is likely being heavily influenced by the fact that companies are facing growing pressure from their customers and stakeholders overall, since they are more and more interested in the environmental, ecological, and social aspects as purchasing criteria (the so-called three bottom line approach) (Drumwright, 1994; Porter and Reinhardt 2007; Kotler, 2011). Although, in practice environmental features and solutions in products and services are not the only elements to convince customers to make a purchase. The reality is that they evaluate the trade-offs between the economic and environmental features of a product or a service and base their decision on the outcome. (Rokka and Uusitalo, 2008; Olson, 2013; Papista and Krystallis, 2013).

Furthermore, there are several factors that are creating regulatory, stakeholder and competitive pressures to companies, making them influential motivators in fitting sustainability into academic research and literature, and to concretely influence managerial practices (Porter et al., 2007; Kotler, 2011; O'Shea, Golden and Olander, 2013). Moreover, Rockström, Steffen, Noone and Scheffer (2009) add to the discussion that the raised awareness of the limited resources of the Earth and the linked threats of supply chain disruptions strengthen these drivers. In addition, as a result, there has been multiple studies conducted about examining the connection between sustainability and marketing (Patala et al., 2016).

However, majority of the articles found, for instance, from the Journal of Industrial Marketing Management, which focus on sustainability in business-to-business markets concentrate on supply-chain strategies and topics related to that. Therefore, more studies from different scopes are needed on sustainability in business-to-business companies. As Young and Reeves (2020) put it: “*In the growing discussion of climate change and resource depletion, research on sustainability in business-to-business markets is critical.*” They also state that, according to consultants, there is a need for companies to focus on social value and the value created through business actions by using their core businesses to perform financially well and to help society in the difficulties that it faces (Young and Reeves, 2020).

Young and Reeves (2020) argue that current approaches to sustainability face two key problems: “*--an inordinate focus on compliance and reporting and keeping strategy and sustainability separate--*”. Furthermore, their view is that company development from the point of recognising corporate social responsibility to concentrating on compliance, reactive transformations for sustainability and sustainable business-model creation which brings together company strategy and sustainability (Young and Reeves, 2020).

Moreover, researchers have also aspired to create a united sustainability valuation framework by combining (the elements of the three bottom line approach) economic, environmental, and social sustainability factors together (Guinee et al., 2011; Lee, Geum, Lee and Park, 2012). In addition, previous studies show that organisations that focus too excessively on environmental impacts can hold back the communications and signaling of environmentally beneficial products and services (Sharma et al., 2010). Furthermore, by highlighting economic benefits of a product/service, an organisation might facilitate an extensive business acceptance for them (Patala et al., 2016).

On the other hand, managers have shown concerns towards managing complex and potentially competing basic demands regarding sustainability initiatives, such as taking care of the environment, being economically stable and practicing social consciousness (Gupta, Rudd and Lee, 2014). Whereas academics have studied the favourable and unfavourable influence of sustainability “elements” on business performance (Frey, 2001; Gupta and Kumar, 2013; Thomas, 2004). The managerial anxieties could be a result of unsatisfactory benefits/value from pursuing sustainability through just one of its various aspects (Mancebo,

2013). Researchers answer to this is problem is to focus a company's attention to all sides of the sustainability initiatives rather than just to one of them, which should be done by synchronising their implementation to different business areas (Seliger, Kim, Kernbaum, and Zettl, 2008; Thai, 2008). Moreover, an organisation that combines economic stability and social consciousness is likely to succeed in creating more shareholder value (value to the stakeholders) (Collins, Lawrence, Pavlovich and Ryan, 2007).

Forbes listed The Best 100 Corporate Citizens in 2018 which illustrated that companies who are dedicated to sustainability gain a positive reputation. Notably, no professional services companies were included in this list. (Forbes, 2018)

The existing sustainability research generally neglects the environmental and social benefits that clients can gain from an offering, and it usually sees the provided value as solely from a monetary perspective and as economic benefits (Anderson et al., 2006; Wouters and Kirchberger, 2015). Öberg et al. (2012) note that one of the reasons for this could be the more complex nature of environmental and social benefits, which makes their potential value harder to quantify. As the sustainability initiatives are continuing to transform and challenge markets (Brindley and Oxborrow, 2014), there is a growing demand for products and services which are made and performed in a sustainable manner. This development is among the largest macro-trends changing markets and competition. (Kotler, 2011; Porter and Kramer, 2011)

### 2.2.1. Environmental sustainability

Environmental sustainability ability can be defined as "*an organisational activity directed at reducing pollution and increasing the efficient use of energy and other resources to diminish the detrimental effects of firms' activities on the environment*" (Vesal, Siahtiri and O'Cass, 2021). Further, managers have acknowledged environmental sustainability as having a professional significance as well (Morelli and Lockwood, 2011). The academic literature research has shown that more than any other aim in environmental sustainability the most important one is to achieve regulatory compliance (Morelli, 2011).

Vesal, et al. (2021) argue that: *“While environmental sustainability practices may improve brand image and market performance, possessing internal processes that communicate these practices to customers and acquiring customers who share similar views about environmental sustainability are equally important.”* Prior studies have illustrated that a company’s reputation in terms of environmental sustainability is influenced by both the company’s processes and their supply chain associates’ mindset regarding sustainability and the level of the connections between them and the company (Sheth and Sinha, 2015). Furthermore, customers with environmental mindsets tend, as could be assumed, to be more interested in offerings that are conducted with less energy and have a smaller ecological footprint (e.g., Delmas and Montiel, 2009; Jaiswal and Kant, 2018).

Moreover, Vesal et al. (2021) suggest in their study that *“CRM acts as a key contingency that strengthens the connection between environmental sustainability practices and brand image by reinforcing signals to business customers regarding the environmental sustainability practices of suppliers”*. In this research paper CRM is roughly included in the discussions about social sustainability, and therefore handled as a part of that concept.

Companies can aim to reach environmental sustainability in different ways for instance, as Vesal, et al. (2021) discuss, through concentrating on inter-organisational collaboration (Albino et al., 2012), through the pressures and participation of the stakeholders (Sarkis, Gonzalez-Torre and Adenso-Diaz, 2010), organisational innovation (Moyano-Fuentes, Maqueira- Marín and Bruque-C´amara, 2018), sustainability actions of rivals (e.g., Hofer, Cantor and Dai, 2012), and the commitment of company leaders (Gattiker and Carter, 2010).

Furthermore, according to Vesal et al. (2021): *“-- environmental sustainability pays off for B2B firms in promoting intangible marketing assets --”*. The statement is very relevant in business-to-business markets since there are substantially fewer potential customers than in business-to-consumer markets, the products are more complex, and a good brand image holds a high importance as a signal for purchasers when they make a decision (Vesal et al., 2021).

According to Wadhwa, Saxena and Chan (2008) there is clear evidence that clients in business-to-business markets try to find companies that share their views so that their needs would be answered better. Consequently, when the people that make the decisions in client companies give value to environmental sustainability, they also naturally more probable to do business with companies that have a better image in environmental sustainability (Wadhwa et al., 2008).

Many companies naturally seek to design their communications in a way that clearly show the company's level of willingness to environmental sustainability (Gershoff and Frels, 2015; Olsen, Slotegraaf and Chandukala, 2014). Although, it should be noted that communicating about them and actually implementing them into a company's operations is fundamentally different. As has been said, the true differentiation through environmental sustainability happens when a company does not just promote it, which can be seen as greenwashing, but rather acts on them through their operations. (Vesal et al., 2021) This can be very essential for business-to-business companies, since in these markets there are not that many firms and, therefore, a company's reputation of reliability, honesty, and trustworthiness spreads fast (Bhattacharya, Korschun and Sen, 2009; McWilliams and Siegel, 2001). After all, in the business-to-business markets the company-customer relationships are quite special and strong, so managing them is seen as urgent in many companies (Vesal et al., 2021).

Moreover, with strong CRM capability, a company is able to recognise and then target relevant customers who they can approach with the intention of lifting off any doubts/uncertainty about the usage of environmentally sustainable operations in their processes (Stein, Smith and Lancioni, 2013). In addition, relationship gaps between a company and customers can be filled with a strong CRM which makes it possible for the company to have reciprocal conversation with the customers (Hendricks, Singhal and Stratman, 2007). Swani, Brown and Milne (2014) add to this discussion by stating that this dialogue enables the company to provide more information, strengthen communication to existing customers, and make their marketing communications clearer to potential clients about their ecological products and practices.

### 2.2.2. Social sustainability

Social sustainability is very difficult to explain in a simple manner because there is no one clear definition of the concept in the academic literature (Eizenberg and Jabareen, 2017). Meanwhile, social sustainability issues are causing growing risks and vulnerability in societies. Elements of social sustainability are growing poverty in cities, social polarization, inner-city violence, and terrorism (Eizenberg and Jabareen, 2017).

In 1987 Brundtland Report “Our Common Future” defined sustainable progress so that people’s livelihoods were highlighted as essential to get to the environmental goals and targets through economic growth that does not risk the needs of future generations to accomplish their needs for the sake of today’s needs (Vallance, Perkins and Dixon, 2011).

Moreover, social sustainability related outcomes can be considered to link with planning and design principles in cities, for instance, the density of population and sustainably arranged transportation (Jabareen, 2006). Further, Dempsey, Bramley, Power and Brown (2011) count various sustainability related physical (social) aspects, for example, proper housing, the quality of residents’ environment and walkability of a city. Although, as Eizenberg and Jabareen (2017) point out, the previously mentioned urban planning aspects can be seen as practicing social sustainability, they may actually support outcomes that are unsustainable.

Overall, the physical factors are able to advance social sustainability, but they are lacking the capability to tackle the issues that today’s urban areas deal with and are unable to independently produce the abilities that these urban people need to become sustainable. Therefore, there is a need for additional, more intangible, features which play an important part in terms of succeeding to achieve social sustainability (Eizenberg and Jabareen, 2017).

Furthermore, there are many intangible elements that have been recognised in prior academic literature to correspond to the social sustainability factors (Eizenberg and Jabareen, 2017). Jabareen (2006) has highlighted diversity as being fundamental process guaranteeing social sustainability. Moreover, there are many intangible factors connected



to social sustainability, for instance, education, social justice, health and quality of life, cohesion of communities, income distribution, employment opportunities and areal stability (Dempsey et al., 2011). Additionally, other academic researchers have discussed similar factors in somewhat different ways (Fainstein, 2014; Boonstra and Boelens, 2011; McCann, 2001).

The intangible factors are much more difficult to reach than the physical ones, and also harder to implement through planning and policy. In addition, the most problematic and challenging aspect regarding the intangible factor is that their successfulness is very complicated to identify and measure (Eizenberg and Jabareen, 2017).

The table 2 (on the next page) summarises the previous sub-chapters 2.1. and 2.2. It shows the most relevant information that was found from the previous literature regarding the importance of sustainability and defining it and its initiatives: environmental and social sustainability. The authors of the statements are also presented above them.

Patala et al. (2016)

- The B2B companies are extensively searching ways to make solutions that create sustainable value.

Esfahbodi et al. (2016)

- Governments and environmental protection operators are making companies to implement environmentally sustainable solutions into their everyday operations.

Sharma (2020)

- Sustainability has increased its significance in companies' interests and in the academic literature.

Drumwright (1994); Porter and Reinhardt (2007); Kotler (2011)

- Companies are facing growing pressure from their stakeholders, since they are increasingly interested in the environmental, economic, and social aspects as purchasing criteria.

Young and Reeves (2020)

- There is a need for companies to focus on social value and the value created through business actions to perform financially well and to help society in the difficulties that it faces

Sharma et al. (2010)

- Focusing too excessively on environmental impacts can hold back the communications and signaling of environmentally beneficial offerings.

Collins et al. (2007)

- An organisation that combines economic stability and social consciousness is likely to successfully create more shareholder value.

Vesal et al. (2021)

- Environmental sustainability ability can be defined as *"an organisational activity directed at reducing pollution and increasing the efficient use of energy and other resources to diminish the detrimental effects of firms' activities on the environment"*.
- Environmental sustainability practices, which have internal processes that communicate these practices to clients, and obtaining the sorts of clients that have similar mindsets towards environmental sustainability are all similarly vital.
- *"CRM acts as a key contingency that strengthens the connection between environmental sustainability practices and brand image by reinforcing signals to business customers regarding the environmental sustainability practices of suppliers"*.

Wadhwa et al. (2008)

- *"It is acknowledged that business customers seek firms with similar mindsets to better meet their requirements."*

Eizenberg and Jabareen (2017)

- Social sustainability is difficult to explain in a simple manner because there is no sole clear definition of the concept.

Jabareen (2006)

- Diversity is fundamental process in guaranteeing social sustainability.

Dempsey et al. (2011)

- There are many intangible factors connected to social sustainability e.g., education, social justice, health and quality of life, cohesion of communities, income distribution, employment opportunities and areal stability.

Table 2. Summarising chapters 2.1. The importance of sustainability and 2.2. Defining sustainability.

### 2.3. Sustainability and value creation

*“A business customer’s satisfaction is largely determined by the value created by B2B, which the customer can transform into its business success.” (Raišienė and Raišys, 2022)*

Sustainability literature generally refers the value delivered by organisations through the triple bottom line approach, which consists of economic, environmental and social benefits that are the outcome of sustainability (Elkington, 1998; Savitz and Weber, 2007). The approach aims to consider all important benefits, both tangible and intangible, that companies provide to their clients, broader stakeholder network, and to the society (Cronin, Smith, Gleim, Ramirez and Martinez, 2011; Porter and Kramer, 2011; Fearn, Garcia Martinez and Dent, 2012). In addition, based on the triple bottom line approach, Patala et al. (2016) also state that sustainable value consists of economic, environmental and social benefits that companies provide to both customers and the whole society.

According to Epstein (2008), all elements of the triple bottom line approach, economic, social and environmental, that affect organisations’ operations essentially need to be evaluated so that their decisions in activities and financial investments would effectively have a positive and satisfactory impact on both, the companies’ and the stakeholders’ objectives. Further, by decreasing the impacts on the three areas of sustainability, companies’ long-term profitability often grows due to greater production and better product quality.

Furthermore, the triple bottom line approach considers the environmental and social aspects in business to be as important as the more traditionally acknowledged economic performances and are therefore evaluated as being equal. By using this “model”, managers are able to comprehend and communicate the outcomes of their actions more broadly which enables them to conduct better informed cost-benefit analyses of potential results in terms of value. (Keränen, 2017)

For instance, in the financial industry there is increasingly strong motivation for corporate sustainability in Safety, Health and Environment (SH&E) performance and in social

responsibility. Further, they are also interested in management practices that enable improvements in these areas. (Hill and Seabrook, 2013) Soyka (2012) argues that the amount of involvement from the senior company leaders, effectiveness of internal operations and systems, and the degree of the effect that SH&E problems cause for the business are all increasingly noted in company boards.

Moreover, Hill and Seabrook (2013) discuss the importance of the social and environmental sustainability aspects to a company's success in today's markets:

*“Executives are increasingly recognizing that long-term economic growth is not possible unless that growth is socially and environmentally sustainable. Striving for balance among economic progress, social responsibility and environmental protection, usually referred to as the triple-bottom-line approach, can improve an organization's competitive advantage.”*

A definition of sustainable value by Hart and Milstein (2003) states that sustainable value is: *“strategies and practices that contribute to a more sustainable world while simultaneously driving shareholder value”*. However, the concept of sustainable value is not well defined, though it is commonly used in the literature. It has many synonyms that are often used to describe the same things, for instance, co-creation of value, shared value, social value, environmental value and stakeholder value. (Cardoni et al., 2020)

Moreover, another concept related to sustainable value creation, public value, focuses more on the subjective viewpoint of the “common good”, in which companies can make a positive contribution to the society more broadly (Meynhardt, 2009). Public value is often described as jointly shared experiences of, and preferences for, apparent fairness, trust, moral obligations, solidarity, social unity and overall wellbeing. These are intermediated by a dominant agreement regarding what is considered, or what should be considered as being fair and justified. (Moore, 2013; O'Flynn, 2007) Furthermore, Benington (2011) argued that deliberations of public value can involve cultural, political and educational outcomes which would have an effect to the wellbeing of the society. Ergo, considerations of public value add on to other aspects of value: economic, environmental, and social outcomes (Benington, 2011). Moreover, public value creation has most commonly been practiced/considered by government run organisations, however it is extensively used in

privately and/or publicly owned companies as well (Meynhardt, Gomez and Schweizer, 2014).

According to Kotler (2011), sustainable and public value are both big trends that are drastically changing the preferences of clients, management practices and overall markets for years forward. Sustainable and public value together represent two increasingly relevant and evolving possibilities that possess enormous potential to address societal needs and during the same process still extracting economic profits (or value). Organisations would greatly benefit from better understanding the value opportunities that are presented by sustainable and public value. These benefits include helping companies in expanding their own value prospects and, in addition, to be more aware of the opportunities they might miss out from. These opportunities could include forms of created value that would get unnoticed, be undesired or getting irreversibly ruined without awareness from companies. (Bocken, Short, Rana and Evans, 2013; Yang, Evans, Vladimirova and Rana, 2017)

As has already been said, companies are more and more advised to take into account the possibilities of addressing societal needs more widely through investing in strategy and practices that enable the creation of shared value for business and society alike (Porter and Kramer, 2011). Despite of this, as Keränen (2017) points out, those types of investments are often regarded as adding unnecessary added costs and profit drains, instead of seeing the opportunities to increase value potential. If company managers and researchers do not realise the ways to convert environmental and social issues into value arguments that work and succeed in integrating them into their value “palettes”, they are increasingly probable to just continue as obstacles and unfulfilled chances for companies to truly advance business performances and overall societal wellbeing (Ramirez, Gonzalez and Moreira, 2014).

As Keränen (2017) states, to fulfil the value potential presented by the sustainability trends, company managers (and scholars alike) must understand and adopt a new broader value definition which includes sustainable and public value. This kind of “new” value concept is more than just purely economic cost-benefit driven and takes into account *“sustainable and public value drivers that resonate with a broader network of societal stakeholders and the key decision-makers”* (Keränen, 2017).

Furthermore, Porter and Kramer (2011) add to the discussion that companies can achieve new, effective levers to pursue differentiation, legitimacy and new business opportunities, as well as aiming to expand value pools in the long-term. This requires companies to understand and communicate the ways that they create, advance, and/or preserve sustainable value (Porter and Kramer, 2011). Moreover, the quite recent adaptation of sustainable and public value concepts into the contemporary value discourse can aid societal actors and authorities to reframe the targeted outcomes of exchange, broaden their market limitations/borders, and activate business to perform around shared interests and mutual targets (D'Antone, Canning, Franklin-Johnson and Spencer, 2017; Ritvala and Salmi, 2010). As it stands, value discourse has a tendency of being focused on economic gains and expenses which are kept in high regard by business practitioners. However, the situation might be changing as customers and society in general see environmental, social, and public value as more and more valid and interesting factors besides solely the economic value. (Keränen 2017)

Furthermore, there is likely to be difficulties and even resistance towards adopting a broader value discourse. For instance, company leaders may face doubts about sustainable and public value because they are considered as risky propositions and to provide a more or less uncertain financial profits. This occurs because company leaders are more used to evaluating economic benefits and saving resources. Therefore, especially business-to-business company managers, that are hoping to control the sustainable and public value influences, must realise how to evaluate and quantify their business impacts. (Hinterhuber, 2017; Keränen and Jalkala, 2013)

Moreover, Webster and Lusch (2013) argue that developing the theories and customs in marketing and management are progressively pushed to tackle greater, long-term issues that are seen as essential to the society and enable value creation to the stakeholders. Furthermore, sustainable and public value bring new possible aspects to competition in markets on top of the more traditional focus on monetary value. In these frontiers societal requirements might most readily meet market potential (Keränen, 2017).

The utilisation of the new frontiers of value is a fresh step to the literature and managerial literature, which has traditionally seen value as a transaction between the benefits which a customer receives from a product/service and the cost to the customer (Anderson, Narus and Van Rossum, 2006; Narayandas, 2005), meaning that the economic outcomes have been the ones mainly valued, leaving other elements of value, such as elements of sustainable value, to play the second fiddle. This more traditional economic value-oriented view is and has been more often than not the main focus in understanding all the benefits that a customer receives from a company's offerings and then calculating its monetary worth. (Keränen, 2017)

Although, as has been already said, value has been traditionally mostly seen as a monetary benefit but the customers, companies, governments, and the society in general are more and more attentive to the environmental and social value factors besides that (Geiger, Harrison, Kjellberg and Mallard, 2014; Kotler, 2011; Peltola, Aarikka-Stenroos, Viana and Mäkinen, 2016). This progress can be further enabled by managers and scholars through finding new ways to define and frame what is considered and evaluated as value by clients, companies and the society (Polonsky, 2011).

Another aspect to the concept of value is that it is more and more thought to be co-created and shared with several players in wider networks and service systems in the contemporary markets. Co-created value is valid in the contemporary marketplace, where value is experienced and observed by different types of stakeholders that have independently decided criteria regarding the way that value should be evaluated and appraised. This view of value also includes the environmental and social outcomes. (Jaakkola and Hakanen, 2013; Pinho, Beirão, Patrício and Fisk, 2014). Moreover, in other words, value can be perceived and experienced by various group of stakeholders with their personal subjective standards regarding evaluating and assessing value that appears in the long run, involving environmental and social results as well (Reypens, Lievens and Blazevic, 2016).

As has been addressed before, there is a growing indication that all participants in the markets, consumers, governments, organisations, and the society as a whole, are gradually more focused on environmental and social aspects of value beside economic value, which is classically regarded as the key evaluation criteria (Geiger et al., 2014; Kotler, 2011;

Peltola et al., 2016). However, there is a lack of meaningful involvement of environmental and social results in managerial assessments and calculations of value, regardless of the fact that they are recognised to have a crucial part in advancing organisational competitiveness and sustaining collective well-being and quality of life (Öberg, Hüge-Brodin and Björklund, 2012; Polonsky, 2011)

Even though there are ambitious sustainability related targets set to be fulfilled, the reality is that they alone are not enough to drive change. Detailed processes are required to be built for action and decision-making at global, national and individual levels. (Norström, 2013) These processes are extremely crucial, since it has been predicted that the present global volumes of manufacturing and consumption are spending 50 percent more natural resources than the nature can renew. In addition, the environmental expenses externalised yearly from global manufacturing entities total around 4,7 trillion US Dollars. (O'Shea, Golden and Olander, 2013; Trucost, 2013) Therefore, new processes and tools need to be created to better integrate sustainability into value organisations' value chains, marketing and purchasing activities (Patala et al., 2016).

The table 3 (on the next page) offers a summarisation of the previous sub-chapter 2.3. It presents the relevant information that was found from the prior literature about sustainability and value, with the emphasis being on sustainable value. In addition, it should be noted that the authors of the information in presented in the table are placed above their contributions.



Raišienė and Raišys (2022)

- *“A business customer’s satisfaction is largely determined by the value created by B2B, which the customer can transform into its business success.”*

Patala et al. (2016)

- Based on the triple bottom line approach, sustainable value consists of economic, environmental and social benefits that companies provide to both customers and the whole society.

Keränen (2017)

- The triple bottom line approach considers the environmental and social aspects in business to be as important as the more traditionally acknowledged economic performances and are considered to be equal
- Sustainable value investments are often thought to add unnecessary added costs and profit drains, instead of seeing the opportunities to increase value potential.
- To fulfil the value potential presented by the main sustainability trends, company managers must understand and adopt a new broader value definition.
- Society see environmental, social, and public value as more and more valid and interesting factors beside economic value.

Cardoni et al. (2020)

- Sustainable value has many synonyms, such as co-creation value, shared value, social value, environmental value and stakeholder value.

Kotler (2011)

- Both sustainable and public value are huge trends that are continuously altering clients' preferences, management practices and overall markets for a long time.

Porter and Kramer (2011)

- Companies can achieve *“new and powerful levers to seek differentiation, legitimacy, new business opportunities and ultimately, expand value pools”*. This requires companies to understand and communicate the ways that they create, improve, or preserve sustainable value.

Webster and Lusch (2013)

- Developing the theories and customs in marketing and management are progressively pushed to tackle greater, long-term issues that are seen as essential to the society and enable value creation to the stakeholders.

Jaakkola and Hakanen (2013); Pinho et al. (2014)

- The concept of value is extensively thought to be co-created and shared with several players in wider networks and service systems in the contemporary markets.

Table 3. Summarising chapter 2.3. Sustainability and value.

### 3. Communicating sustainable value

Studies that discuss specifically sustainable value communication appear to be nearly non-existent. Though, sustainability marketing and communications have been examined quite often as well as are studies that discuss sustainable value creation and/or sustainable value proposition. However, there is a clear limitation in specifically examining sustainable value communication which indicates that sustainable value creation is not something that is naturally a part of companies' marketing communications and therefore examining signaling works better to study how sustainable value is brought to the stakeholders' attention. Consequently, the chapter aims to look into studies closely related to communicating sustainable value, such as sustainability marketing and communications and different scopes of communicating companies' sustainable capabilities and/or commitments.

Majority of the prior research on sustainability in the context of marketing (in business) focuses on business-to-consumer related studies and cases, leaving research on business-to-business marketing clearly more limited. However, the importance of studies on sustainability in the business-to-business marketing context are growing drastically. (Sharma, 2020) For example, Chabowski, Mena and Gonzalez-Padron (2011) found that during a long time period between 1958 to 2008 there were 1320 articles published that discussed sustainability. Though, notably most of these papers are written about consumers and business-to-consumer strategies (Sharma, 2020).

Furthermore, to drive sustainable development, the United Nations Sustainable Development Goals (SDGs) set concrete and ambitious targets for governments, companies and individuals alike to push them towards implementing different aspects of sustainable development up to 2030 (United Nations a, 2022).

The figure 2 presents the SDG's that the United Nations have identified as the targeted areas that require attention and actions. Some of them are more relevant than other in the scope of this thesis paper; the most relevant ones for professional services organisations are (later based on the interviews) the goals 3, 4, 5, 7, 8, 10 and 13.

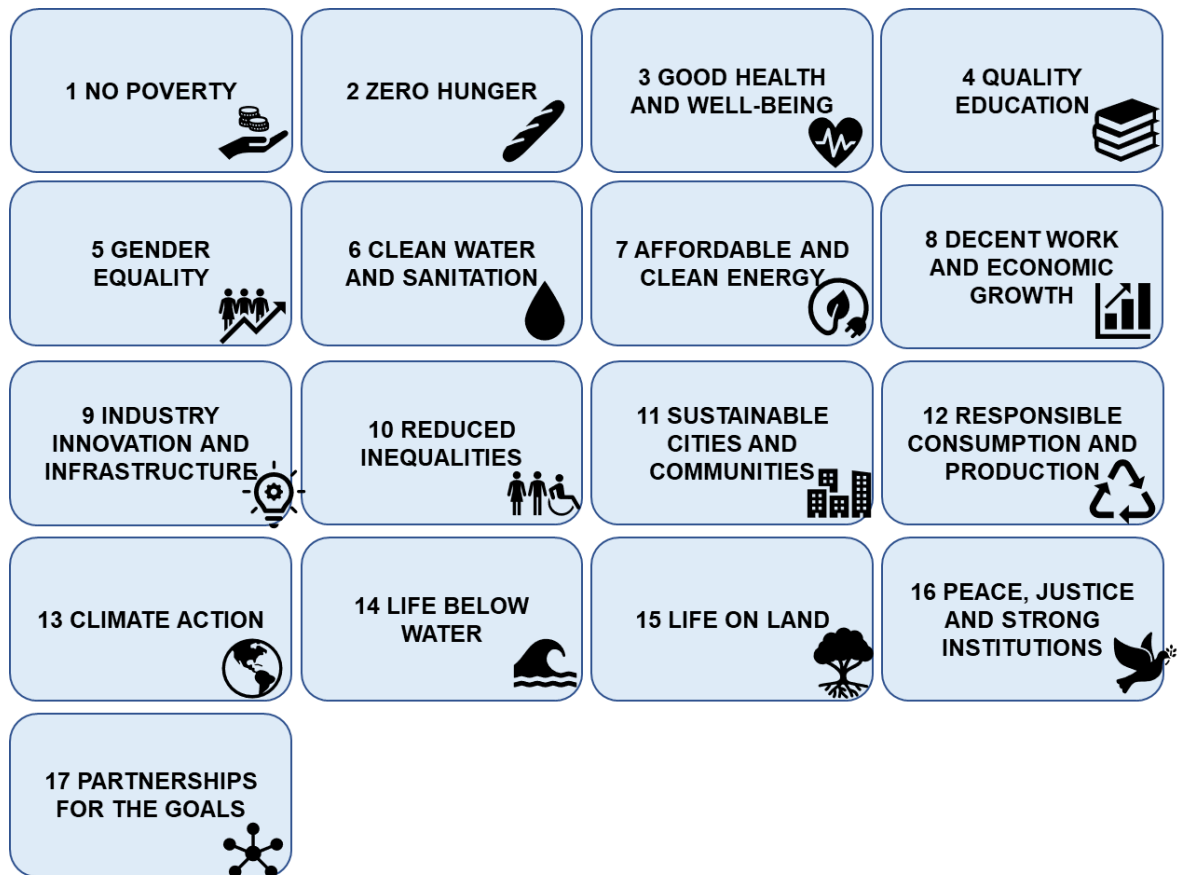


Figure 2. The SDG areas set by the United Nations (United Nations a, 2022).

Furthermore, especially the manufacturing companies have loads of sustainability related pressure coming from the outside of the firm and, therefore, they need to implement the elements of environmental sustainability in their systems and processes through marketing actions to grow awareness among society and gain competitive advantage (Kumar and Christodouloupoulou, 2014; Sharma et al., 2010). This might well be the case for professional services organisations, but perhaps not to the same extent. Moreover, the stakeholders' opinion of an organisation and its offerings and associating its brand with certain values, can be influenced with concentrated efforts of operations and marketing activities (Sheth and Sinha, 2015).

Sustainability is a multidisciplinary concept which has led researchers to address sustainable marketing in various research lines. These include green marketing (Ottman,

1993; Kalafatis, Pollard, East and Tsogas, 1999), ecological marketing (Fisk, 1974; Henion and Kinnear, 1976), environmental marketing (Peattie, 1995), and enviropreunial marketing (Menon and Menon, 1997).

Moreover, according to Vesal et al. (2021), the previous marketing studies handling sustainability focus on corporate social responsibility (CSR) and/or green marketing. The results of these studies have shown that companies implement sustainability in their strategies so that they are able to have an effect on customer and branding outcomes.

Bradley and Botchway (2018) have examined the communication of CSR from the coffee industry's context through sustainability reporting and Alevizou, Henninger and Spinks, (2019) have conducted a research which look into sustainability communication through a case study. Prior research has also studied the communication of sustainability initiatives in corporations' reports (Reilly, 2009), and communicating sustainable development effectively with a stakeholder centric view that offers suggestions to form sustainable communication strategies (Lee, 2020). Further, in terms of linking value (and value creation) to sustainability communications/marketing, Ballantyne and Varey (2006) have conducted a research on value creation through marketing interactions, which additionally discusses the implications for value co-creation.

Moreover, besides having the previously illustrated SDG's, the United Nations have discussed the communication of sustainability values to companies' investors. They offer a Value Driver Model to companies in order for them to "*include environmental, social and governance (ESG) information into all communication with investors*". (United Nations b, 2022)

In the scope of sustainability marketing, Patala et al. (2016) have noted that the consumer marketing researchers have discussed green marketing (Peattie, 1992), green branding (Chen, 2010) and green advertising (Schuhwerk and Lefkoff-Hagius, 1995) as possible marketing strategies telling suppliers the ways they can decrease their environmental impacts. As Polonsky (2011) argues, the approaches tend to highlight ecological product qualities and socially responsible supplier actions as the very basis of a company's

marketing communications, and in fact giving less attention to the concrete added value or benefits that a product can offer to a customer.

Green marketing is defined as: “-- *the practice of developing and advertising products based on their real or perceived environmental sustainability.*” Green marketing is purposed to describe marketing of environmental sustainability of a company’s business operations. (Fernando, 2022) However, Polonsky (1994) has previously argued that green marketing should be considered in a broader manner. He states that green marketing incorporates many activities, such as product changes, making modifications to the manufacturing processes, changing packaging and adjusting marketing. Green marketing has been criticised for its tendency of favouring bigger organisations that are able to absorb the additional expenses needed by green marketing practices (Fernando, 2022).

Telah (2013) have recognised three challenges in green marketing. (1) Need for standardization is the first challenge. It means that at the moment there are no standardization to prove the claims made in green marketing entirely true and to labelling an offering as organic. In fact, just 5 percent of the marketing communications from green campaigns are completely truthful. (2) New concept -challenge highlights the fact that even though consumers are increasingly more sustainability-minded, there are still many people who should be educated about the benefits of green offerings. (3) The third challenge, patience and perseverance, stands for the need of investors and organisations seeing the sustainable solutions as huge long-term investment opportunities which will take time and patience. (Telah, 2013) In addition, Ofori (2021) suggests that challenges in green marketing include challenges from government, within companies, consumers’ doubt towards green products, and limited green financing and investment opportunities.

Green marketing has been a vital subject for academic research over quite a long time, but in comparison fewer have examined green branding in particular (Hartmann, Ibáñez and Forcada Sainz, 2005). Green branding has been increasing in significance due to the overall aspirations for more sustainable growth, and the fact that it can advance customer loyalty, economic performance and brand valorisation. Further, the concept of green branding is a part of the broader green marketing debate which is present in theoretical publications as well as in organisational practices. (Danciu, 2015) Connected to green branding, “*green*

*brand identity is defined by a specific set of brand attributes and benefits related to the reduced environmental impact of the brand and its perception as being environmentally sound* (Hartmann et al., 2005).

Green marketing is regarded as a facet of green marketing. By definition green advertising is “--the use of environment-friendly claims in the advertising message to influence the consumer to purchase the product.” (Agarwal and Kumar, 2021) Eren-Erdogmus, Lak and Çiçek (2016) argue that the concept of green advertising works as a strategy for marketers to “place” their products/services into the clients’ minds. According to Grillo, Tokarczyk and Hansen (2008), green advertising plays a very important part in the communication of green company image alongside with utilising environmental consciousness from clients and companies. Green advertising also makes it possible for organisations to project them as marketer of green offerings (Agarwal and Kumar, 2021). A challenge for green advertising is that companies’ clients are becoming more and more doubtful about its level of credibility and practicality (PR Newswire, 2010).

The table 4 (on the next page) presents some examples of previously conducted research that have discussed green marketing, green branding and green advertising. The table gives a more thorough view on what kind of studies have been examined in the sustainable marketing and communications research area.

Researched concept	Author(s)	Context	Keywords
Green marketing	Papadas, Avlonitis, Carrigan and Piha (2019)	The interplay of strategic and internal green marketing orientation on competitive advantage	green marketing, environmental, competitive advantage, interplay, environmental culture, marketing strategy
Green marketing	Szabo and Webster (2020)	Perceived Greenwashing: The Effects of Green Marketing on Environmental and Product Perceptions	environmental sustainability, website design, interactivity, green value, green risk, purchase intentions, brand attitudes, facial expressions, mouse interactions
Green marketing	Domazet and Kovačević (2018)	The role of green marketing in achieving sustainable development	green marketing, sustainable development, social responsibility, environmental awareness
Green branding	Sarkar (2012)	Green Branding and Eco-innovations for Evolving a Sustainable Green Marketing Strategy	green marketing, eco-market, green branding, eco-labelling, carbon footprinting, eco-innovations, green supply chain management, green consumerism
Green branding	Hartmann, Ibáñez and Forcada Sainz (2005)	Green branding effects on attitude: functional versus emotional positioning strategies	brands, product positioning, green marketing
Green branding	Gong, Sheng, Peverelli and Dai (2021)	Green branding effects on consumer response: examining a brand stereotype-based mechanism	construal level, green brand positioning, brand stereotype, consumer response
Green advertising	Shin, S. and Ki, E.-J. (2019)	The effects of congruency of environmental issue and product category and green reputation on consumer responses toward green advertising	sustainable development, green issues, attribution theory, marketing communications, halo effect, congruency effect
Green advertising	Song and Luximon (2019)	Design for Sustainability: The Effect of Lettering Case on Environmental Concern from a Green Advertising Perspective	lettering case, environmental concern, fear arousal, congruence, green advertising
Green advertising	Schmuck, Matthes, Naderer and Beaufort (2018)	The Effects of Environmental Brand Attributes and Nature Imagery in Green Advertising	green advertising, environmental brand attributes, nature imagery, brand attitude, purchase intention

Table 4. Examples of prior research related to sustainable marketing and communication.

The studies on sustainability in the prior industrial marketing literature have mostly concentrated on how the environmental influences of operations can be decreased and how a company can signal it to external stakeholders as a sign of the company's dedication to environmental values (Fraj, Martínez and Matute, 2013; Sharma et al., 2010; Gupta et al., 2014). Furthermore, the literature also considers customer value propositions as marketing communications that communicate the value delivered to the clients by suppliers' offerings (Ballantyne, Frow, Varey and Payne, 2011).

Value propositions are something that show how a company serves its clients and it basically implies what the company's core strategy is (Kaplan and Norton 2001; Lehmann and Winer, 1991). Rintamäki, Kuusela and Mitronen (2007) clarify this by defining customer value propositions as declarations of the benefits of an offering.

Research on sustainable value propositions are offer another angle to review what has been studied around sustainable value communication, especially in the services context, since value propositions have such a vital part in representing the value of services (Payne and Frow 2014). In fact, value propositions are utilised in defining expectations of value of services (Frow, McColl-Kennedy, Hilton, Davidson, Payne and Brozovic, 2014).

Patala et al. (2016) define sustainable value propositions as *“a promise on the economic, environmental and social benefits that a firm's offering delivers to customers and society at large, considering both short-term profits and long-term sustainability”* which is in line with the triple bottom line approach.

Furthermore, Patala et al. (2016) argue that there are five central steps in developing sustainable value propositions that include the elements from the triple bottom line approach. These parts of their framework are listed below:



1. Identifying potential impacts of the offering
  - this refers to defining the most important benefits of a service representing expected value-in-use for stakeholders
  - the phase includes identifying all the economic, environmental and social value drivers for the client's so that the value proposition can be modified accordingly
2. Identifying key value creation mechanisms
  - selecting indicators for measuring the value of an offering
3. Choosing key indicators
  - deciding on the indicators that can measure the baseline for the triple bottom line elements of an offering
4. Conducting life cycle modeling
  - quantifying the created value of the indicators and analysing their impacts through the life cycle of an offering
  - realising the possible trade-offs among different scopes of sustainable value
5. Demonstrating life cycle value
  - defining the overall value-in-use which is the outcome of the upgraded key performance indicators over the life cycle of an offering

Sustainable value propositions have also been studied in several other papers and from various contexts. Kristensen and Remmen (2019) have examined sustainable value propositions in product-service systems context. They build a framework on it with the purpose of examining the value proposition of the elements of the triple bottom line approach from the angle of finding out what communications are required for each element. Further, the purpose is also understanding the possible sustainable value proposition on product, service and system which are the central parts of product-service systems. The research is conducted as a case study from the scopes of school furniture and learning from a product and a service as well as system perspectives. It suggests that sustainable value proposition is the base of any sustainable business model. (Kristensen and Remmen, 2019)

Another research handling sustainable value propositions by Müller (2012), present the Sustainable Value Proposition Tool (SVPT) with the purpose of aiding organisations in creating offerings that are environmentally, economically and societally sustainable. Whereas Laukkanen and Tura (2022) have looked into sustainable value propositions through a clothing library case study. They argue that sustainable value propositions are

not perceived by the clients as such in practice and that they should be managed at the same time. The study also points out that “*customer perceived value reveals the impact of sustainable value propositions.*” (Laukkanen and Tura, 2022)

The organisational viewpoint on designing sustainable value propositions have been in the central of the prior research about sustainable business model innovations. It has been studied, for instance, by Baldassarre, Calabretta, Bocken and Jaskiewicz, (2017) and Vladimirova (2019), as well as the articles mentioned earlier from Patala et al. (2016) and Kristensen and Remmen (2019). (Laukkanen and Tura, 2022) Moreover, research on sustainable value propositions has recognised the role of stakeholder communications in sustainable business models in designing sustainable value propositions (Attanasio, Preghenella, De Toni and Battistella, 2022).

Since customers are paying more and more attention to environmental and societal elements when making their buying decisions and expect actual proof of the influence of these elements on a company’s business performance, suppliers/companies must enumerate and communicate their economic, environmental and social value that their products/services can provide to their customers. (Drumwright, 1994; Meehan and Bryde, 2011; Ramirez et al., 2014) There is a real demand for better understanding the way that companies are able to implement sustainability factors into their marketing communication (and purchasing) processes (Sharma et al., 2010; Chan, He and Wang, 2012).

Understanding the customer value is essential for a marketer to successfully communicate their message. Currently customer value is one of the focal areas in marketing and management theories and practices, which makes it a very valid theme for conducting further research on. Company managers are urgently aiming striving to better understand the ways that they could be adding value to their clients’ operations (Terho, Haas, Eggert and Ulaga, 2012). This is due to the fact that in many industries pricing and product features have become less and less vital differentiating factors, which is the effect of overall increase in competition (Kotler, 2017).

Marketing communications can have a vital part in building a brand that implies trust and in growing a positive reputation in terms of operative effectiveness by utilising sustainability

initiatives to a company's supply chain (Musteen, Rhyne and Zheng, 2012). Nili Safavi's earlier findings (2011) back up this view by showing that 93 percent of CEOs see sustainability initiatives having a crucial role in the success of their company, 96 percent of CEOs relate them with the company's supply chain, and 72 percent consider brand, trust and reputation to be the three most important factors in pushing for the implementation of sustainability initiatives (Gupta et al. 2014). These statistics show just how significant marketing and operations are for a firm as they strive to achieve sustainability goals set by its managers.

Furthermore, Safavi's results underline the importance of marketing activities in building a stronger brand which signals trust and strengthens a reputation of efficient supply chain operations through sustainability initiatives (Musteen et al., 2012). Consequently, marketing and operations that are done efficiently create an environment where a company can accomplish their sustainability targets by utilising innovativeness in management, supervising and assessing of the company financials and actions (Closs, Speier and Meacham, 2011). However, as Gupta et al. (2014) have stated, regardless of the clear imperatives presented, the existing research does not provide tools for company executives which would help them coordinate their various business practices to get to the sustainability targets, especially through the mentioned marketing and operational integration.

When a company and its management succeeds to gain an overall awareness of sustainability, they are more likely to identify key indicators that enable evaluating performance and results of sustainability initiatives (Szekely and Knirsch, 2005). Various frameworks are used to direct these signs as different pointers on value chains which enables pulling suppliers, customers and competing firms towards the same goal (Bose and Luo, 2011; Law and Gunasekaran, 2012). This can increase companies' operational efficiency and reflect the marketing capabilities to produce value when they are achieved in a sustainable environment based on recognised key indicators (Mish and Scammon, 2010).

Moreover, Hagel and Brown (2011) discuss that delivering value by utilising the results from sustainability initiatives makes it possible for company executives to recognise the things required in designing, creating and delivering value that is seen as being suitable when it is

calculated with business sustainability indicators. Further, by communicating about their sustainability an organisation can gain a good reputation, enable increments to increase profits, and reflect on the organisation's performance regarding sustainability indices (Gunasekaran and Spalanzani, 2012).

In table 5, the chapter 3. Communicating sustainable value is summarised by showing its main points in a compact manner. The information on table 5 (see the next page) shows the most significant parts of this part of the literature review as well as the authors of that information who are placed on top of their respective statements and/or findings in the table.

#### Sharma (2020)

- The importance of studies on sustainability in the business-to-business marketing context are growing drastically.
- Sustainable value propositions are *“a promise on the economic, environmental and social benefits that a firm's offering delivers to customers and society at large, considering both short-term profits and long-term sustainability”*
- There are five central steps in developing sustainable value propositions: identifying the possible outcomes of a product/service, identifying the most vital value creation mechanisms, choosing key indicators, conducting life cycle modeling, demonstrating life cycle value

#### Patala et al. (2016)

- New processes and tools need to be created to better integrate sustainability into organisations' value chains, marketing and purchasing activities.

#### Vesal et al. (2021)

- The previous marketing research handling sustainability focus on corporate social responsibility (CSR) and/or green marketing.
- The results of these studies have shown that companies implement sustainability in their strategies so that they are able to have an effect on customer and branding outcomes.

#### Fraj et al. (2013); Sharma et al. (2010); Gupta et al. (2014)

- In the industrial marketing literature studies on sustainability have mostly concentrated on how the environmental impacts of operations can be decreased and how a company can signal it to external stakeholders as a sign of the company's commitment to environmental values

#### Ballantyne et al. (2011)

- Prior literature also considers customer value propositions as marketing communications that communicate the value delivered to the clients by suppliers' offerings.

#### Polonsky (2011)

- Green marketing, green branding, green advertising tend to highlight ecological product qualities and socially responsible supplier actions as the very basis of a company's marketing communications, and in fact giving less attention to the concrete added value or benefits that a product can offer to a customer.

#### Sharma et al. (2010); Chan et al. (2012)

- There is a real demand for better understanding the way that companies can incorporate sustainability factors into their marketing communication (and purchasing) processes.

#### Musteen et al. (2012)

- Marketing communications can play a vital role in building a brand that implies trust and in growing a good reputation based on operative efficiency by utilising sustainability initiatives to a company's supply chain.

#### Gupta et al. (2014)

- 93% of CEOs see sustainability initiatives having a crucial role in the success of their company.

#### Closs et al. (2011)

- Marketing and operations that are done efficiently create an environment where a company can accomplish their sustainability targets by utilising innovativeness in management, monitoring and evaluation of the company financials and procedures.

#### Gunasekaran and Spalanzani (2012)

- A company can gain a good reputation, enable increments to increase revenue, and reflect on their performance on sustainability indices by communicating about sustainability.

#### Kristensen and Remmen (2019)

- Sustainable value proposition is the base of any sustainable business model.

#### Laukkanen and Tura (2022)

- Sustainable value propositions are not perceived by the clients as such in practice and that they should be managed at the same time.
- *“customer perceived value reveals the impact of sustainable value propositions”*

Table 5. Summarising chapter 3. Communicating sustainable value.

## 4. The signaling theory

The way that companies signal different things to the stakeholders has historically been a very relevant subject in the management literature (Connelly et al., 2011). The signaling theory has been utilised in many different kinds of studies. For instance, examining debt holders (Elliot, Prevost and Rao, 2009) and incorporate shareholders (Certo, Daily and Dalton, 2001) as being the receivers of signals. Meanwhile, marketing research has looked into the customers as the receivers in signaling (Basuroy, Desai and Talukdar, 2006; Rao, Qu, and Ruekert, 1999). The main point of signaling is the chance for the receivers to gain something from basing their decisions on the signals. For instance, customers can benefit from the knowledge that they are buying products or services that signal high quality. (Connelly, Certo et al., 2011)

Essentially the signaling theory is based on a phenomenon in which different signals from, for instance, an organisation (the signaler) may ease customer's (the receiver's) mind regarding their risk perceptions, giving guidance for them to make decisions and increase the value to their own reputation (Brach, Walsh and Shaw, 2018; Sharma, Davcik and Pillai, 2016).

Furthermore, the signaling theory is used in describing behaviour in a situation where two parties have access to dissimilar information (creating information asymmetry), and usually one of them, the sender of the signals (signaler), needs to make the decision if they want to signal/communicate and how they should signal/communicate the information that they possess. The other party's, the receivers, "role" is to decide how the signal should/can be understood. Thus, the signaling theory has a significant status in many management literature areas, and it has been used to various research purposes. (Connelly et al., 2011) The primary idea of the signaling theory is to reduce unevenly distributed information between a sender of a signal and a receiver of it (Spence, 2002). The unevenly distributed information can also be referred to as information asymmetry.

When making choices, information plays an essential role for all decision-makers in companies, governments, and households alike. Making decisions is based on information that is publicly available and private information which is not evenly distributed. (Connelly,

Certo et al., 2011) When information is not spread evenly with all involved parties, it ends up causing information asymmetry. In other words, situations of information asymmetry happens when two or more separate parties know different things (Stiglitz, 2002).

There are two cases where information asymmetry proves itself especially important. These two types of information are information concerning quality and intent. (Stiglitz, 2000) Firstly, the importance of information asymmetry regarding quality emerges, when one party does not entirely know the characteristics of another party. While, in terms of information about intent, the importance of information asymmetry shows when there are concerns from one party about the other party's behavioural actions and/or intentions. (Elitzur and Gavious, 2003)

According to prior research, companies that adopt/implement socially responsible operations are able to decrease information asymmetry between them and important stakeholders (King, Lenox and Terlaak, 2005; Montiel, Husted and Christmann, 2012). And in addition, to improve companies' financial results (Doh, Howton, Howton and Siegel 2010; Ramchander, Schwebach and Staking, 2012). Signaling studies also suggest that corporate social responsibility (CSR) practices may signal underlying/unobserved qualities of a company to stakeholders which can be for instance clients and/or employees. These CSR practices include voluntarily performed actions by companies that do more than the required economic, technical and legal operations. (Fombrun, Gardberg and Barnett, 2000; Carroll 1979) Moreover, these stakeholders put real value to the signals of underlying qualities/value that are the result of CSR practices (Barnett and Salomon 2012; Bhattacharya, Sen and Korschun, 2008; de Luque, Washburn, Waldman and House 2008; Surroca, Trib and Waddock 2010).

Moreover, in a situation of irregularly distributed information, one party may seek to signal their underlying qualities to other parties (Connelly, Certo et al., 2011). An example of signaling underlying qualities could be a situation where the top managers grow their possession in their respective companies, and by doing this they end up signaling to the capital markets that diversification strategies greatly benefit the owners' (Goranova, Alessandri, Brandes and Dharwadkar, 2007). To give another example; company CEOs signal underlying quality of their organisation to the stakeholders through the quality that

they show in their (observable) financial announcements (Zhang and Wiersema, 2009). One more instance could be a situation where managers of a company that is in a process of initial public offering hire diverse board members with a good track record in a bid to communicate to prospective investors the company's lawfulness (Certo, 2003; Filatotchev and Bishop, 2002).

Based on the signaling theory, a company's value (or brand image) can signal its trustworthiness or notable qualities that the organisation possesses which are unviewable to the markets or the customers are unaware of them (Brach, Walsh and Shaw, 2018; Sharma, Davcik and Pillai, 2016). In fact, a company can differentiate itself from competition through this kind of signaling (Ruhnke and Gabriel, 2013). Furthermore, from the Connelly et al. (2011) point of view, achieving differentiation through signaling so that the competitors cannot copy the signals into their systems can be accomplished when it is too expensive for them to do it. By sending signals of underlying value to the markets, an organisation reduces information asymmetry occurring in it, and helps the customers to estimate which companies are sincerely dedicated to their values and qualities which they say that they have (Brach et al., 2018; Connelly et al., 2011).

Further, organisations that sincerely do sustainability implementation can signal it to the customers and grow their trust in the claims and practices that the organisations make (Blenkhorn and MacKenzie, 2017; Homburg Stierl and Bornemann, 2013).

It has been presented in previous studies that the signaling theory is able to offer insights into company activities regarding (at least) environmental sustainability (Connelly et al., 2011; Kuzey and Uyar, 2017). In business-to-business markets it is common that companies and their customers have close relationships and, therefore, the customers have a chance to continuously monitor how their expectations are met (Narayandas and Rangan, 2004; Stock and Zacharias, 2013). Hence, business-to-business manufacturing companies can send visible signals about their true commitment towards the environment to their supply chain partners, for instance, by investing in environmental sustainability systems (Connelly et al., 2011; Ruhnke et al., 2013).



Furthermore, Lai, Wong and Lam (2015) have observed this as well, and state that a company that utilises environmental sustainability practices can signal interest towards the environmental issues and consequently create a credible ecological brand image among the customers. This communication (signaling) and its effect on brand image occurs outside the usual (visible) marketing efforts (Vesal et al., 2021). When a company's dedication to the environmental sustainability practices is signaled efficiently, they are able to advance their reputation and through that reinforce their brand image (Blenkhorn and MacKenzie, 2017).

According to Gupta et al. (2013), establishing close business relationships with suppliers to ensure that their practices are environmentally sustainable allows an organisation to send a clear signal to their customers. This allows the company to create a favourable, strong, and genuine connection to its brand image in the market (Gupta et al. 2013). In fact, business-to-business customers that take environmental sustainability issues seriously actively seek signals about organisations that are involved in environmental sustainability practices (Vesal et al., 2021).

Moreover, information can be signaled/communicated with stakeholders more clearly and dependably when a company possesses a strong competence in CRM (customer resource management). Together with effective CRM capabilities and the implementation of environmental sustainability activities, an organisation can improve the customers' ability to receive and engage with the signals regarding organisation's environmental sustainability practices. This effect reinforces the influence of the signals and through that better's customer trust levels and the company's reputation based on their level of dedication of operating an environmentally sustainable business. (Vesal et al., 2021)

The vast majority of prior signaling frameworks have ended up deciding to use quality as the distinguishing attribute. However, quality can be viewed from various relevant angles, such as interpreting it as the underlying, unobservable ability of the signaler to satisfy the needs or demands of an outsider that receives and detects the signal. (Connelly et al., 2011) Moreover, for example, quality can also refer to the unobservable capability of a company to have positive future cash flows which could be signaled with, either one or both, financial structure and managerial incentives (Ross, 1977). Quality as a concept shares a couple of

similar elements with terms such as prestige (Certo, 2003) and reputation (Kreps and Wilson, 1982), which are both from the most part socially created and originate from signaler's unnoticed quality or its shortage (Connelly, Certo et al., 2011).

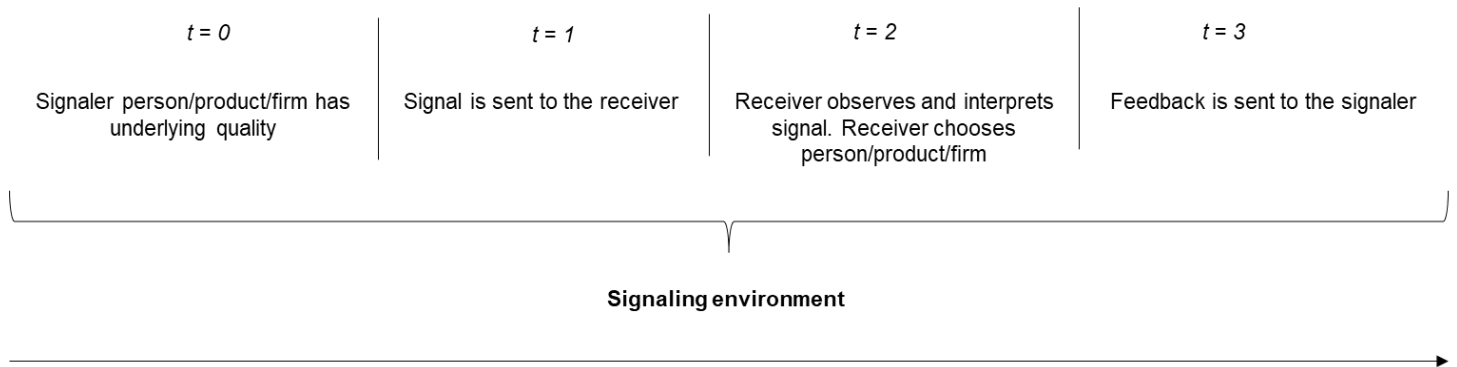


Figure 3. Signaling timeline. (Adapted of the graph from Connelly, Certo et al., 2011)

The figure 3 illustrates an adaptation of the signaling timeline presented by Connelly, Certo et al. (2011), which shows the main elements of the signaling theory: the signaler, the signal, and the receiver of the signal. Additionally, the signaling timeline displays potential feedback to the signaler themselves and the signaling environment. Though, it is not that straightforward, because in some circumstances there can be several signalers, receivers, and/or signals involved. For example, countless number of individuals may notice many signals from different directions inside the same company, which might even compete with each other. (Connelly, Certo et al., 2011)

In the beginning of the timeline presented in the figure 3, the signaler is at  $t=0$ . The signalers are insiders in terms of obtaining the relevant information, which causes information asymmetry and, therefore, is at the very centre of the signaling theory. The information that is not accessible to outsiders can be about a product (Kirmani and Rao, 2000), an organisation (Ross, 1977) or an individual (Spence, 1973). In other words, private information gives insiders a viewpoint about the hidden quality of a quality of an offering, an individual or an organisation. An example of this kind of information could be details about an organisation's products or services that are not commonly available. (Connelly, Certo et al., 2011)

Furthermore, the next part on the timeline is the signal ( $t = 1$ ). The signalers/insiders of information possess positive and negative information that is private to them, which consequently allows them to make the decision whether they want the external stakeholders to receive their signal of it or they do not want it to be signaled at all. Deliberately communicating positive information has the primary focus in signaling theory. Its purpose being sending positive organisational attributes to various stakeholders (receivers). Although, some researchers have also studied insider actions that can signal negative information regarding an organisation's attributes. (Connelly et al., 2011) For example, such negative signals could be communicated when a company issue new shares because managers may issue equity since they see that the company's stock is priced higher than it should be (Myers and Majluf, 1984). Sending out these types of negative signals to outsiders is often unintentional result of insider's actions, and not conducted by aiming for the reduction of information asymmetry (Connelly, Certo et al., 2011).

Moreover, according to Connelly, Certo et al. (2011), signaling theory focuses mainly on actions that insiders take to deliberately communicate positive, unnoticeable qualities of the insider party. Further, the insiders have the possibility to overwhelm outsiders with noticeable actions which are not always the useful kind of signals to the outsiders. Effective signals have two main characteristics that should be considered: signal observability and signal cost. Signal observability simply means to what extent outsiders can notice the signal. This is an essential but not sufficient signal characteristic. (Connelly, Certo et al., 2011)

Moreover, signal cost is the second characteristic of effective signaling. It is so vital to the whole signaling theory that in fact it is sometimes called costly signaling (Bird and Smith, 2005). Cost in signaling contain the reality that signalers can be in different positions in terms of absorbing the associated costs of a signal, some in a better position and some in a weaker one (Connelly, Certo et al., 2011).

A signaler might be tempted to attempt false signaling in situations where the signaler party has not got the hidden quality linked with a signal but nonetheless thinks that the (potential) advantages of signaling compensate the costs of creating it enough to make the action worthwhile. Furthermore, using false signaling could create an effect where these signals

will increasingly multiply until receivers realise to ignore them. The costs of signals (in general) need to be organised so that misleading false signals are not worth using. By doing so, signals would preserve their effectiveness among receivers. (Connelly, Certo et al., 2011)

The next (relevant) part in the signaling timeline is the receiver (see  $t=2$  in the figure 3). Prior signaling models suggest that receivers are people and/or organisations that do not have the information that they would desire to have about another organisation, making them outsiders to the information (Connelly, Certo et al., 2011). Furthermore, the receivers have somewhat differing interests compared to the signalers, namely that effective dishonesty in the signals is negative to the receivers but in contrast benefits the signalers (Bird and Smith, 2005). Overall, in terms of the signaling being useful enough to do, the signaling organisation must gain some kind of concrete benefit from an action conducted by a receiver which the receiver would not have done without the effect of the signal (Connelly, Certo et al., 2011).

All in all, the literature review reveals that previous studies in the business-to-business context focus heavily on explaining sustainability and its marketing from the perspectives of manufacturing, technology and supply chains. This thesis paper provides a new perspective to the previous studies conducted on sustainability by investigating the professional services industry. The prior studies have mainly focused their attention to manufacturing or technology-based companies and there seem to be very little (if any) insights about companies offering consultancy or other expert services, such as auditing. This case study of PSC is set up to fill some of that gap in literature, by giving a new angle to signaling and communicating sustainable value in a business with intangible offerings instead of focusing on supply chains or business-to-business manufacturing companies. The next chapter starts the empirical part of the research paper and, later on, offers further discussion on these topics.

The table 6 illustrates in a compact manner the findings from prior literature regarding the signaling theory and signaling in general. The focal points and their authors from the literature review's third chapter, chapter 4. The signaling theory, are presented with the purpose of summarising the most relevant literature utilised in this thesis paper.

Connelly et al. (2011)

- The way that companies signal different things to the stakeholders has been a relevant subject in the prior management literature.

Connelly, Certo et al. (2011)

- The focal point of signaling is the chance for the receivers to gain something from basing their decisions on the signals.
- The signaling theory is used in describing behaviour in a situation where information asymmetry occurs.
- The vast majority of prior signaling frameworks have used quality as the distinguishing attribute.
- Deliberately communicating positive information has the primary focus in signaling theory.
- Effective signals have two main characteristics that should be considered: signal observability and cost.
- A signaler might be tempted to attempt false signaling in situations where the signaler party has not got the hidden quality linked with a signal but nonetheless thinks that the (potential) advantages of signaling compensate the costs of creating it enough to make the action beneficial.
- The signaler should gain some kind of concrete benefit from an action conducted by a receiver which the receiver would not have done without the effect of the signal.

Spence (2002)

- The primary idea of the signaling theory is to reduce information asymmetry between a signaler and a receiver.

Stiglitz, 2000

- There are two cases where information asymmetry proves itself especially important: information regarding quality and intent.

King et al. (2005); Montiel et al. (2012)

- Companies that implement socially responsible operations are able to decrease information asymmetry between them and important stakeholders.

Ruhnke and Gabriel (2013)

- Companies can differentiate themselves from competition through signaling.

Brach et al. (2018); Connelly, Certo et al. (2011)

- By sending signals of underlying value to the markets, an organisation reduces information asymmetry and helps customers to estimate which companies are sincerely dedicated to their values and qualities which they claim to have.

Blenkhorn and MacKenzie (2017); Homburg et al. (2013)

- Organisations that sincerely do sustainability implementation can signal it to the clients and grow their trust in the claims and practices that the organisations make.

Vesal et al. (2021)

- Together with effective CRM capabilities and the implementation of environmental sustainability activities, an organisation can improve the customers' ability to receive signals about organisation's environmental sustainability practices. It reinforces the influence of the signals, improves customer trust levels and the company's reputation based on their dedication to utilise environmental sustainability practices.

Table 6. Summarising chapter 4. The signaling theory.

## 5. Methodology

### 5.1. The research process

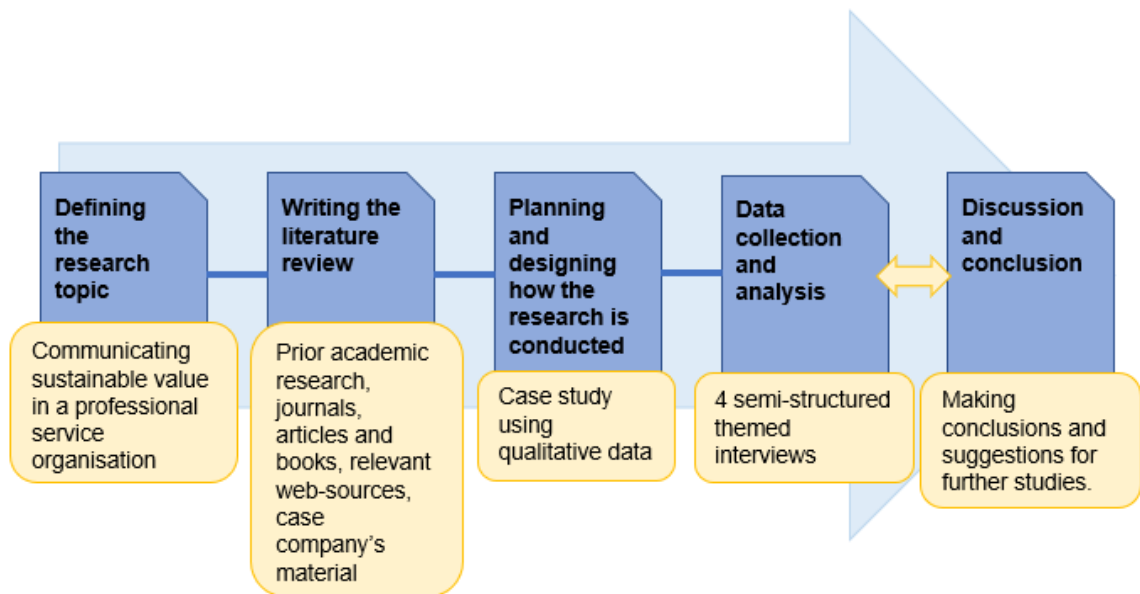


Figure 4. Illustration of the research process.

The figure 4 showcases the focal points of the research process. Even though it seems like the process has moved steadily in a linear one part at a time method, the fact is that many of the phases were in continuous development during the research. This is because the different stages are developed in different times and with information of the topic increasing towards the end, which leads to a need to adjust them for a better unity of the thesis.

Choosing and defining the topic was the first step to begin the research process, which included also forming a preliminary research plan. The plan included initial thoughts about how the topic is approached, the design of the study and a timetable to set a target pace to the process. The second part of the research was conducting a literature review and forming a theoretical background. The majority of the secondary data used in this was from academic journals and articles. Furthermore, the next step in the process was to have a plan and a design of how the research should be conducted, which was followed by the

actual data collection through four semi-structured themed interviews from the case company and then analysing this information.

Moreover, the research plan concluded that the research questions would be answered best through a qualitative study design which allows an in-depth approach to a research problem with a limited amount of prior information (Raschid, 2019). The thesis paper aims to collect and analyse non-numeric data which a qualitative study is designed to generate. In addition, the qualitative research method is generally used to examine, for instance, people's experiences and beliefs which makes it possible for the research paper to make relevant findings in the study's context. (Vibha, Bijayini and Sanjay, 2013) The research study method also fits well in examining how organisations function and therefore it serves well in answering the research questions of this thesis (Teherani, Martimianakis, Stenfors-Hayes, Wadhwa and Varpio, 2015). The use of qualitative research enables findings that have concrete insights from the business-to-business services companies' day-to-day actions. These insights are collected by conducting semi-structured interviews.

The final part of the research process includes writing discussion and the conclusions of the study. The discussion is based on the previously conducted findings and analysis and it aims to give fresh views and thoughts on the researched topic. While the thesis-ending conclusions chapter provides an overall sum-up to the research paper and takes a look at possibilities for further studies on the topic and themes presented. Finally, the very last step on conducting the study was to make the final adjustments to the formatting and readability of the thesis.

#### 5.1.1. Data collection

Semi-structured interviews support the qualitative approach of the thesis paper. This data collection method is well suited and has been used in studying marketing, research methodology and social sciences among other fields of study. They are also commonly utilised so that every interview has the same theoretical framework to work with but at the same time enabling investigating different aspects of the research problem and the research questions. (George, 2022) The interviews of this research paper were also conducted with the aim of collecting different kind of information from different viewpoints in the case

company. Semi-structured themed interviews also facilitate collecting comparable and reliable information and gives the flexibility to ask follow-up questions which enabled gathering more specific details and otherwise potentially undiscovered insights to answer the research questions thoroughly (George, 2022).

Furthermore, the themed interviewing method was chosen also because it supports well the main focus area of the study since it enables to look into signaling sustainable value from PSC's point of view as broadly and yet deeply as possible without setting any strict limits to the interview dialogues (Metsämuuronen, 2008). As a part of the interview process the interview questions were sent to the respondents prior to the meetings so that they got a chance to review and think about their answers with time (Tuomi and Sarajärvi, 2002).

The respondents were also given a lot of freedom in providing their answers so that the information would be relevant and bring out the knowledge and know-how of the interviewees. The answers are then used to mirror them to the previous academic literature and studies (presented in the literature review). This is in line with the basic idea of a theme interview which specifically gives an interviewee the freedom. The freedom in answering the questions makes it easier to use different viewpoints in the study. (Tuomi and Sarajärvi, 2002) Moreover, due to the used data collection method, the interview questions (see Appendix 1) were asked in a relatively (non-structured) informal manner with the idea being that the interviewed PSC professionals would have the best chance to speak out their mind (Hirsjärvi, Remes and Sajavaara, 2009). Though, in the nature of semi-structured themed interviews, the given answers were clarified and elaborated, with additional questions when it was found necessary and/or rephrase when needed (George, 2022).

Moreover, the research's data collection was conducted by interviewing four experts of marketing and communication from a professional services organisation PSC. The respondents were chosen to the interviews based on purposive sampling. According to Robinson (2014): "*Purposive sampling is intentional selection of informants based on their ability to elucidate a specific theme, concept, or phenomenon.*" The criteria which the respondents were chosen to the sample are listed below:



- The relevance of their current positions in the organisation to the scope of the study.
- Involvement at some level in PSC's communications, marketing and sustainability were required.
- The level of responsibility in their roles. Having C-level respondents was a priority, but also day-to-day communications professionals were looked for.

All of the interviews were executed as one-to-one meetings by using Microsoft Teams meeting that were recorded for later inspection. The interviews were designed to be from approximately 45 minutes to an hour and were executed following the nature of semi-structured theme interviews (see the interview questions in Appendix 1) which led to broader and also more specific answers (depending on the question) than the question pattern solely by itself would have facilitated. Therefore, additional questions were also used when the topic that had come up was seen as important to the research. Afterwards the interviews were transcribed.

Moreover, in addition to the information that was gathered from the PSC employees, secondary information is also used through the usage of articles, reports, and other relevant materials from the organisation in a bid to gain a better understanding of the research subject and to deliver more thorough answers to the research questions. To conclude, the case company is analysed in the sustainable value signaling context through a diverse set of sources of data.

#### 5.1.2. Data analysis

The collected research data was studied by using thematic analysis method. Braun and Clarke (2006) define it as a method “--for identifying, analysing and reporting patterns (themes) within data. It minimally organizes and describes your data set in (rich) detail. However, frequently it goes further than this, and interprets various aspects of the research topic.” The method is used for analysing qualitative data and it is commonly applied to data sets in text forms, such as for interviews and transcripts. Hence, the thematic analysis fits very well to the data that is collected in this study paper.

Furthermore, in the thematic analysis, the data is inspected by recognising common themes from it and ideas that are continuously brought up. (Caulfield, 2022) Thematic analysis was found to be an efficient method in this study for analysing the data collected from the case company interviews, since the analysis process is set up so that these most highlighted aspects are focused on effectively to draw results and conclusions from them.

Moreover, thematic analysis is a well-suitable approach to research when the study is aiming to discover something regarding people's views, knowledge, opinions, values or experiences (Caulfield, 2022). In the case of this thesis paper the information that was needed from the interviewees in order to answer the research questions was to a large extent precisely their knowledge, views, opinions and experiences. Therefore, the thematic analysis method suited extremely well to analyse the data in this study. Moreover, the analysis was decided to be conducted by using an inductive approach and a semantic approach to analyse the data.

Most commonly the thematic analysis consists of six main steps which were used to conduct the thematic data analysis, which were utilised in this research paper. The steps are listed in order below (Braun and Clarke, 2006; Caulfield, 2022):

1. Familiarisation
2. Coding
3. Generating themes
4. Reviewing themes
5. Defining and naming themes
6. Writing up / Producing the report

1, The thematic analysis starts with familiarisation to the collected research data. In this thesis paper the familiarising happened through transcribing the audio data from the recorded Microsoft Teams interviews. Further, this phase also includes taking an overall look to the data which, in this thesis, was done simultaneously with transcribing the recorded audio (and video) material (Caulfield, 2022).

2, Coding is the next step in the thematic analysing process. It means highlighting and adding some sorts of labels to match those highlighted parts of the data (Caulfield, 2022). In this research coding was executed in a somewhat general manner by firstly highlighting all the parts that were seen to be the most important ones and then categorising them to match each interview question.

3, In the generating themes -phase, the coded data is (usually) sorted and organised in a way that all the potentially relevant information extracts into themes (Braun and Clarke, 2006). Once the themes are identified, they link considerable portions of the data together (DeSantis and Ugarriza, 2000). Generating themes was utilised in a quite simplified way in the thematic analysis of this thesis. The categorisation of the data was done by combining the interview questions and the research questions. The interview questions were placed under each research question that they were thought to provide answers to, so that the relevant (highlighted) parts of the interviews could be found under the main problems that the research paper was set up to examine.

4, After generating themes for the collected data, they were reviewed so that nothing relevant would be left out, as the thematic analysis method suggests doing (Caulfield, 2022). In this thesis paper this part of the analysis did not produce any actions, since the themes were found to present the data in an informative form and there were no larger parts of the data that would have gone unnoticed. Though, the review enabled to carry on with the analysis so that there was a certainty that all the relevant information were gathered under the themes.

5, The fifth step on the thematic analysis method is defining and naming themes. This part includes creating names and definitions for each of them. (Caulfield, 2022) Defining what the themes are was, in fact, done already earlier in the analysis process when the themes were decided to be the research questions themselves. Therefore, no additional defining was considered to be useful. Though, naming the themes was conducted to simplify the topic areas. The used names for the themes were: sustainability, how, stakeholders and challenges.

6, The last phase, namely writing up the report/study, in the thematic data analysis is started when all the other steps of the process are conducted (Braun and Clarke, 2006). The writing was executed through the utilisation of the work that had been done previously with the research data. The produced text aims to be as informative and logical as possible for the readers.

## **5.2. The research context**

The research is conducted from a professional services organisation's point of view as a case study, the case company referred to as PSC (Professional Services Company). PSC was chosen to represent the industry in this study because of its central presence in the professional services industry.

### **5.2.1. The respondents of the interviews**

The chosen interviewees are all professionals in marketing, communication, and PR related areas of business. Three of the responders are positioned in management roles at PSC and, therefore they were ideal for collecting the corporate and (especially) Nordic level information. Meanwhile, one interviewee represents more the concrete "doer" side of communications which enables the collected data to be more relevant. Moreover, all of the responders have (a little bit) different job descriptions, giving a better chance of different viewpoints in the organisation and therefore, also to the questions they were asked. In addition, there were efforts to get interviews from different PSC offices, over country lines and that is why one of the interviewees is from Norway, while the others are from PSC's Finnish office. However, it should be pointed out that all four of them are very actively involved in a wider Nordic collaboration and day-to-day activities.

The table 7 showcases the respondents who were interviewed from the case company. In addition, it presents what their current role is at the organisation and shows how long each of their interviews lasted.

Respondent(s)	Role at PSC	Length of the interview
Respondent 1	Communications specialist	53 min
Respondent 2	Brand Strategy Leader	39 min
Respondent 3	HR Director-[name] and [name] HRBP for Strategy & Transactions	42 min
Respondent 4	PR and Communications Manager	53 min

Table 7. The interview respondents, their role at the case-company and the lengths of their interviews.

## **6. Signaling sustainable value in a professional services organisation: case PSC**

This chapter goes through the findings and results of the empirical part of the research. The chapter contents are based on the primary data that has been gathered from interviews from the case company, which is used to answer the research questions. When necessary, the primary data is combined with the previously introduced secondary data so that the study would fulfil its purpose.

### **6.1. Sustainability and sustainable value at PSC**

According to Respondent 1 sustainability is one of the core values of PSC's organisation, it is part of their strategy and a big part of the services they offer/sell to their clients. Moreover, Respondent 2 says that sustainability at PSC should be looked from two different perspectives:

*"First of all, how does [PSC] act on sustainability in our own operations and then the second one is how do we help our clients become more sustainable."*

Respondent 4 also highlights the dual role of sustainability at the company and tells that the part of helping their clients to become more sustainable and selling that kind of services contains additionally offering services in sustainable reporting. In addition, he states that PSC is building up a large portfolio of sustainability services. Respondent 4 continues by adding how the organisation aims to connect the "external" and "internal" parts of their sustainability:

*"--we are working a lot with the principle of taking our own medicine, so we are in fact using a lot of our own sustainability competence that we sell to our clients also on ourselves which is good really really good."*

Respondent 3 makes the same point of the dual role of sustainability at the company, but notes that it is on its way of becoming a central theme at PSC:

*“I think that sustainability is becoming a really central theme at [PSC] both, how we operate perspective and also what kind of services do we deliver to our clients. So, we’ve got those two perspectives—”*

#### 6.1.1 The operational implementation of sustainability

The first perspective of the two recognised sustainability perspectives at PSC (the dual role), their own sustainability implementation, is something that is clearly communicated in their communication channels (mentioned in more detail later in the chapter).

Since PSC is a company that’s business is based on people (rather than production etc), their CO2 footprint is not that large (Respondent 4, 2022). Although PSC does employ many people globally, so they still do need to take sustainability into consideration to be seen as a sustainable company and then to be taken seriously when signaling about their sustainable value and they do, as all the respondents in the interviews have discussed (Respondent 1, Respondent 2, Respondent 3 and Respondent 4, 2022).

Furthermore, Respondent 1 mentions the following when asked about PSC’s implementation of sustainability to their operations which also signals the company’s intents towards sustainability:

*“Sustainability is also one of our main themes of our corporate social responsibility program [name]. So, we have a lot of different programs that aim to decrease global warming, climate change and there might be very small different projects here and there around the world, but I feel like they all contribute to the big sort of challenge ahead of us at the project of becoming more sustainable. And we also comply to not the rules, but the guidelines provided by the SBTi (Science Based Targets initiative) global warming –guidelines for acting to decrease global warming and keep it to like one or one and a half degrees.”*

The SBTi's give companies a "clearly-defined pathway" to help them to reduce greenhouse gas emissions, prevent the most damaging impacts of climate change and future-proof business growth. They give companies an easy way to set their own targets accordingly to limit global warming to less than 2°C above the levels before industrialisation and aim to keep the warming to maximum 1.5°C per year. (Science Based Targets, 2022)

Respondent 2 states says that PSC is extremely good with social responsibility, diversity, and inclusion, taking care of people and ensuring their well-being by offering well-being services, (and things similar to that). And it is followed actively through for example so-called [name] surveys where metrics on employees' sentiments, for instance, how they are feeling in their work and are they happy to work at PSC are followed-up on a quarterly basis.

Moreover, according to Respondent 4 it is in the social aspects of sustainability where PSC's sustainable value really comes into play internally. Especially aspects of the social sustainability are the most visible and predominant (Respondent 4, 2022). Respondent 3 talks about PSC's social sustainable value from the (HR) employee viewpoint and sees it as an underlying sustainable value that benefits the company:

*"--what do we do with the people that we have--are we helping them, developing them, are we taking care of their well-being, helping them help themselves, and are we taking responsibility in making sure that they've got long and prosperous careers. So, I think that's something that doesn't necessarily pop-up first as a sustainability but it's there, it's there in the background"*

In addition (regarding social sustainable value), Respondent 3 says that PSC employs many people globally and puts time and effort to take care of those people by making sure that they have the possibilities to learn and develop themselves and that overall, they have great experiences in their work-life. As an example of learning and developing, Respondent 3 mentions that PSC has different badges which are received when completing learning courses, and in terms of having a sustainable mindset they also provide a master's badge in sustainability which is communicated both, internally and externally.



Furthermore, PSC acts and chooses to make decisions that indicate their sustainability agenda. For example, as Respondent 3 points out, one of the main reasons why a new office location was picked [name] was the building's potential of fulfilling the LEED (Leadership in Energy and Environmental Design) Platinum certification (the highest available). LEED offers a framework for healthy, efficient, carbon and cost-saving green buildings, and the certification is recognised as a symbol of sustainability achievement and leadership all over the world (LEED, 2022). This kind of decision-making reaches to the very last details in a bid to be seen as a sustainable and enable being transparent in every way (as an auditor should be), such as choosing to use only green energy (Respondent 3, 2022).

In the very core PSC, as its competitive counterparts as well, is first and foremost an auditing firm (Respondent 2). This role itself puts the company in a position where it must be transparent in their actions. Respondent 2 discusses this fact as well and says that as an auditor PSC must make sure that they operate by following governance practices and support good operating principles. Therefore, for example, all employees have to do code of conduct trainings regularly, and they have to report their dependencies to other companies (Respondent 2).

They also need to be transparent in what they do which can be seen in other business areas as well, including communication. Respondent 1 states that the company aspires for transparency in what they are doing, for instance, through press releases. According to Respondent 1 PSC is also very transparent about in their sustainability activities and targets they have set for themselves, such as reaching net zero in [name]. The pursuit for transparency shows in PSC's more official publications as well, Respondent 1:

*"--we also released the [name]-report last year which was the first of under that name but very similar to like an annual report. This time we included quite a lot of different sustainability metrics there --, and I think it was a really big step towards being more transparent about sustainability because not all companies are reporting the same numbers and same metrics that we are."*

Furthermore, PSC is also “taking their own medicine” in terms of sustainability solutions, as Respondent 4 points out. Meaning that the sustainability services and solutions that are provided and marketed to the clients are also used at PSC.

However, investing a lot of time and money into sustainability and aiming to create sustainable value are quite new vital focus areas at PSC. Respondent 3, who has been at the organisation for over three years discusses this progress that has been made quite recently:

*“-- when I started I don't think we had a sustainability team, so it's been built in the last couple of years and we appointed the first [name] sustainability officer -- who's since left us, but those are -- kinds of signals and then not only that -- it's no longer this one team whos' responsibility it is; it's actually the business side -- in all of the teams we have to have that kind of capability and knowledge to translate it (sustainability) to what does it mean to us and then, also, how do we support our clients in it.”*

This might also be the case for other professional services organisations as well.

#### 6.1.2. Sustainability's second role at PSC: creating sustainable value

The second role of sustainability at PSC, the services that they provide to their clients, is the one with the most impact. By having the sustainability related services and striving to be seen as a sustainability expert and an organisation that has solutions to issues related to it, which is connected to their aspiration of being thought leaders, as Respondent 1 puts it. Respondent 2 describes PSC creating sustainable value through their operations, especially the ones that are provided to their clients:

*“-- first of all, as an auditor I mean we bring an enormous amount of like good governance practices to society. We bring trust to the capital markets and so on, and through other operations as well not only through auditing. But I think the biggest impact we can have in society like the absolute biggest impact is when we do projects with our clients, that's helped*

*them, for example, decrease their carbon footprint or something like that. And it's a little bit of a pity we can't actually measure that impact today because it's so huge. It's bigger than any single company on their own can do."*

Moreover, Respondent 2 also provides an example of this and notes that the actual full impact regarding the sustainable value provided by PSC for the client organisations is hard to grasp, since they are not part of PSC's own numbers/results:

*"--we do a project to help our client to reduce their carbon emissions for example or improve the sustainability of their supply chain. The impact of that one project to their total figures might be difficult to estimate, so that's why it's difficult to calculate our full impact."*

Furthermore, as another example that PSC provides to their clients, is sustainability consulting that is purposed to offer help to other companies to become more sustainable (Respondent 1, 2022). In addition, as has been stated earlier, Respondent 2's view is that through these sustainability services the organisation provides the most sustainable value to the world.

Respondent 4 mentions that PSC has many clients that work in manufacturing or with energy such as oil and gas, industries that are considered as brown energy and unsustainable companies that have a significant environmental footprint. PSC's contribution and the sustainable value they are able to offer comes into play when they aid these companies to be more sustainable (not in numbers though, as has been mentioned previously). Respondent 4 says that these services can be, for instance, measurement control or sustainability in reporting, so through the "typical" professional services organisation offerings. This way PSC has a significant impact on the world.

Moreover, Respondent 2 mentions that sustainability begins to be embedded into most of PSC's projects in some way, and a lot of this value is still value that they cannot really measure. Respondent 2 also says that, for example, when she talks with the company's business lines, they say that there are no supply chain projects at least in the [name] which would not have an aspect of sustainability included. As has been said earlier, but it should

be stated again since Respondent 2 and Respondent 3 mention it as such a big part of PSC's way of signaling and providing sustainable value, is that the biggest impact that the organisation has is through the way that PSC helps its clients to become more sustainable. In addition, Respondent 2 says:

*"I think it's (sustainability) something that the clients realise that they must do, first of all because of all the regulation that has been put into place in the EU. But it's also something that our clients' customers want, require, and I would say even if the clients wouldn't request things like that it would be something that [PSC] would offer them."*

Furthermore, regarding the importance of sustainability at PSC and how their clients need it to be offered to them, Respondent 4 states the following:

*"--the role of sustainability within [PSC] is basically that it is prioritised topic in our strategy--our corporate strategy, our communications strategy, our [name] strategy and everybody's talking about the position it should have--. So, it's not only important to us as a company internally, it's important because of this is what our clients and society needs, so we need to adapt our services to it. --not a day goes by when I don't talk about sustainability at work in some way."*

Respondent 4 also mentions that, from the social viewpoint of sustainability, a part of PSC's corporate responsibility and responsibility towards society is in fact to further educate people. Enabling personal learning and growth internally at PSC has already been mentioned, but here Respondent 4 speaks specifically of potential new hires, since PSC takes a lot of newly graduates and educates them in to how does business and society run and how does it all work. The same is actually done in (at least) a few larger professional services organisations as well.

Overall, it is quite clear to notice that sustainability has been taken seriously and it is something that is aspired at the case company, whether it is out of the requirements of doing or not. The relevant thing is that there are clear motivators for PSC to signal their sustainability and(or) sustainable value to the stakeholders, both externally and internally.

The next sub-chapter (6.2.) will give insights about, the main focus area of the research paper, signaling.

The table 8 offers a compact summary of the findings about the dual role of sustainability and the aims for creating sustainable value at the case company.

### Sustainability's role 1 at PSC:

#### Operational implementation of sustainability

- Sustainability is a core value at PSC
- Sustainability is part of the organisation's strategy
- Sustainability is implemented into offerings
- PSC is "taking their own medicine" in using sustainability services
- Transparent sustainability targets
- Reporting about sustainability
- Commitment to SBTi guidelines
- Social responsibility, employee well-being, diversity and inclusions are the strengths of PSC
- Transparency highlighted due to the role as an auditor
- Creating sustainable value and focusing in sustainability are quite new focus areas at PSC

### Sustainability's role 2 at PSC:

#### Creation of sustainable value

- Most of PSC's sustainable value created through offerings to their clients and it is by far their biggest impact on society
- PSC's sustainable value impact is hard to fully grasp, it shows in other companies' results
- Specific team created to provide sustainable value
- Sustainability tends to be implemented in most of PSC's projects
- Programs in social and environmental sustainability that create sustainable value
- Employees are developed and trained continuously

Table 8. Summarising findings of the chapter 6.1.

## 6.2. What and how does PSC signal sustainable value?

This chapter aims to dive more into signaling; what can a professional services organisation signal and/or communicate, how can sustainable value be signaled and to who is it signaled to, in other words who are the receivers. In addition, the channels that are used in doing this are looked into.

### 6.2.1. What does PSC signal and how?

As has been said PSC is a large organisation with a wide range of different service offerings in various service lines. From this starting point it is quite natural that PSC also communicates and signals a lot through their actions. Respondent 2 states this as well and says that the company wants to communicate their purpose (includes all three aspects of ESG), which essentially should be included on some level at least in all their communications. Respondent 3 also mentions this: “--it’s about [name] and how we can help clients do that and how we can do that ourselves.”, although noting at the same time that originally the “tag” line was not created only for the sake of signaling sustainable value, but it has stayed relevant for that context too when it has grown its importance.

According to Respondent 4, PSC basically communicates about all their offerings, all the services, although they are aiming to focus it more on sustainability, and it is one of the most important and prioritised topics at the organisation (alongside with employer branding). Respondent 3 says that PSC focuses on three main themes in their communication: employer branding, technology, and sustainability. Further, Respondent 2 also tells that (overall) PSC aims to indicate the impact that they have on the world, societies, and companies.

Moreover, as PSC’s core business is auditing, one of their central roles is to bring trust and confidence to the capital markets by helping their clients assure their financial and non-financial figures which already has a huge impact on the economic and social initiatives of sustainable value (Respondent 2, 2022). Further, Respondent 2 continues this by stating that on top of that they also want to communicate more and more to the markets that they are capable of much more than just auditing, tax and transactions which are the more traditional parts of PSC’s business. The organisation can also help their clients in sustainability in terms of strategy and its implementation.

Respondent 2 adds to the topic that perhaps the challenge in a professional services industry is that the companies operating in it have such a broad set of topics and themes that they can consider and communicate about that it is almost impossible to sensibly

include sustainability in everything. However, Respondent 2 notes that, even though the challenge, sustainability begins to be there and within the next couple of years the topics are probably looked through a sustainability lens. Further, Respondent 2 also says about signaling sustainable values that:

*“I think the way to go -- is that you somehow -- communicate the challenges you are trying to solve in the world like there’s always some kind of a challenge whether it’s the global plastic waste problem or whether it’s climate change or something like that, and then you tell -- in a little bit more concrete terms -- what exact challenges there are and then you start to talk about how you solve them. And I think what [PSC] is good at, and typically these professional service firms and consulting firms are really good at, is producing insights on - - general insights on you know -- what are the challenges that for example CEOs need to tackle.”*

Furthermore, Respondent 1 says that PSC continuously aims to be the first to communicate about relevant topics and themes and, therefore, to be the first to do something. This also enables PSC to be thought leaders and action leaders of a sort. The interviewee continues by stating that, in fact, sustainability is a very good theme for thought leadership.

Moreover, Respondent 2 adds that professional services companies produce quite a lot of general advice on how companies can tackle these issues or challenges, and in terms of sustainability, it could be productised more than it currently is. This sort of communication could be done, for instance, through client success stories or by talking about a problem and then telling a narrative that indicates to PSC as the solutions provider to that challenge. This is very much based to a principle that Respondent 4 sees as the key for professional services organisations in sending believable and trustworthy signals, and to be effective in their communications: “show don’t tell”. Respondent 4 states that when communicating something to the markets a company cannot simply tell how good and great they are, how sustainable they are, according to Respondent 4 they are not supposed to say that at all. PSC along with other companies in the professional services industry (perhaps in other industries as well) are just supposed to execute sustainable things and through those actions show it, and therefore signal it, through their concrete behaviour. In addition, if a company is only saying that they are good or the best at something and not in fact showing

it, nobody will believe the signals that they receive from them. Respondent 4 gives the following example about showing not telling:

*“--creating the [name] to lift focus on diversity in business is a way of showing not telling--. And we think that by showcasing -- how does the biggest companies in the [name] rank on the [name], that puts pressure on all of them to both join the [name] and do something about their diversity--within their own organisation. So, our cooperation with [name] and how we are creating the [name] is actually a pretty good example of showing and not telling type of communication.”*

In terms of showing/signaling PSC’s focus on sustainability and sustainable value that they aim to create to the markets, the company does co-operations and takes part in various events, as Respondent 4 points out. They are important in terms of signaling PSC’s sustainability focus and profile them as an important player in that field, without claiming to have all the solution to everything themselves which, as Respondent 4 says, could be seen quite arrogant. Respondent 4 offers another example of these cooperation’s:

*“--the [PSC] [name] program in [name] which is hopefully going [name]. --basically, we are amplifying sustainability focused start-ups by helping them with a lot of free hours free working hours from several of our experts to lift up a selected few sustainability focused start-ups to make it, break through and actually make it.”*

Furthermore, Respondent 4 recognises client cases as an example of highly regarded form of communication used a lot in PSC’s industry, because they concretely show what the company has done. However, the planned communications are not the best way of doing this, Respondent 4 states that the best way of signaling PSC’s offerings and sustainable value is through the work that is conducted by interacting with their clients. The communication and the marketing teams do not do the most important part of communication, it is done by the solution experts, such as consultants, working in the service lines, if they do a great job for their clients, they signal/communicate much more than the marketers (etc) can ever do because the service lines are demonstrating how good the organisation actually is. And according to Respondent 4, that is the key. Respondent 3 brings up the similar topic and discusses that signaling sustainable value happens when



the clients are interacted with, so what kind of propositions are provided to them which is connected with how equipped/capable the people who work in the company's business teams are to talk about sustainability. As Respondent 4 puts it, they are the brand because PSC's brand consists of people. The company ensures this by educating its employees.

Moreover, Respondent 2 provides further information to the topic by saying that 70 percent of the perceptions of PSC on the market are formed through their client engagement activities. So, through the daily business and interaction with clients. The remaining 30 percent is formed through communications and marketing.

Another thing which signals sustainable value (also internally) is mentioned by Respondent 3, and it is having a Chief Sustainability Officer and having him/her on the executive board. It signals that PSC is serious about putting time and effort into sustainability. Moreover, Respondent 3 discusses other sustainable value signaling elements as well:

*"Having teams on it (sustainability), having people in leadership positions with sustainability responsibilities and targets, doing the ISO (International Organization for Standardization) certification, -- and then I think [PSC] is sort of involved in kind of developing some of the accounting standards, so ESG accounting standards, so we've got people involved in government working groups and helping to inform that. So, -- really there at the source of progress in this field."*

Also, through hiring diverse people and having diverse teams there are advantages because it is sustainable (from the social point of view) and useful in general. Through this, PSC achieves better performing teams (a known fact) so there are better results, it is the right thing to do, and it is what the company's clients need. Having diverse teams, signals knowledge, and to the potential new hires it signals that diversity and inclusion are taken care of at PSC. (Respondent 4, 2022) Moreover, Respondent 3 mentions that many of PSC's leaders were present in a [name] climate summit as a part of an exclusive group of companies involved in the discussions.

Furthermore, Respondent 3 continues to say that these sorts of things might divide opinions because some people think that professional services organisations should be quite neutral and conservative with their public opinions, even when they are related to sustainability. However, Respondent 3 has the opposite perspective to the topic and states that the younger generations expect companies to take a stand in important topics. For instance, themes of sustainability, diversity, and similar themes with what is happening currently in Ukraine. Respondent 3 also states that:

*“So, I do think that it is important to be active around these topics, and then to be where the decisions are made—of course it’s about the visibility but the more important thing is that you are around the right tables so that you can be sort of part of the solution going forward.”*

Further, more specifically about what PSC signals just internally regarding sustainable value, Respondent 1 says that PSC’s sustainability team organises sustainability [name] which have all sorts of sustainability related content. PSC has internal newsletters as well which are mostly used for marketing webinars as well as different campaigns and projects. Moreover, Respondent 1 discusses that sustainable value is communicated internally through [name] -updates, so that the employees would be well informed about the company’s targets for sustainable value creation.

#### 6.2.2. Who are the key receivers that PSC signals sustainable value?

In general, PSC is communicating all their services to all existing and potential clients (Respondent 4, 2022). Respondent 1 says that the organisation tries to signal and market things that would indicate that they aspire to be thought leaders in all their service lines (business areas). Regarding to who this is communicated, Respondent 1 states that the company’s potential clients and prospects are the main target groups for being at the receiving end of the signals.

However, Respondent 1 also argues that PSC’s current and potential future staff are targeted. Continuing about the employee receiver groups, Respondent 3 says the same about current and prospective employees and partners being targeted in signaling as well.

In fact, according to Respondent 3, the general public is also a group that PSC wants to signal their sustainability to, and about what the company thinks is and does overall. Moreover, Respondent 2 provides the following insight on PSC's prioritised communicational targets:

*"--prioritised target audience for us are the biggest companies in the [name], so you can almost take 100 or 200 biggest companies in each [name] country and then their C-level executives and board members."*

Moreover, Respondent 4 mentions that PSC's target groups are the company's current clients and the potential ones, employees, and potential employees. Those are the biggest target groups who receive communications from PSC's sustainability services and signals of their sustainable value. Respondent 4 goes on saying that the organisation does also signaling through their PR actions. The PR communications use channels such as paid media which is seen as an important part of the communications by Respondent 4:

*"—the press is an important channel to reach society as a whole and the public agenda, and stakeholders within--the authorities, the government, but also our clients and our employees —[PSC's] actually hitting a broad range of stakeholders at the same time when communicating through this (press)—"*

Signals are not always received well and there might also be differences between different receivers. Depending on the receiver the communication that they receive needs to be tailored a little bit accordingly. In terms of whether the signals are received as well by all the receivers Respondent 2 says the following:

*"In general, I think when it comes to sustainability that resonates quite well to everyone because basically almost everyone on all the way C-level and board members have woken up to the importance of sustainability in the last couple of years at the latest, most many have woken up already before. So, I think sustainability in general resonates well but then at least I believe, and I don't have data that much to back this up yet, but I believe if we*

*tailor the message to for example to speak directly to CFOs or board members, I think that will resonate even better.”*

Furthermore, also Respondent 4 points out that not everything that is signaled by PSC resonate equally well with everybody. Especially so when the organisations’ experts, who are trained to discuss sustainability and sustainable value, for instance, talk about the importance of sustainable reporting to companies/people who are opposing the sustainability agenda. They might not be happy about having a lecture on the topic.

### 6.2.3. Channels PSC uses in signaling

PSC uses several channels to signal/communicate sustainable value (and sustainability in general). Respondent 4 lists the following one as being quite regularly used:

*“--the channels that we’re using--are social media, internet, digital marketing which is basically--banners and things like that on websites, newsletters, our own website, google searches, webinars and things--that are really not covered by social media, and of course what I would say -- the press is one of the most important channels here because it sets the public agenda—contributes setting the public agenda”*

Moreover, adding to the list mentioned above, Respondent 1 speaks about using a marketing automation system [name] in sending newsletters, for example, and conducting different reports on a regular basis. Though, Respondent 1 feels like PSC’s marketing and communicational efforts are shifting from that kind of automation towards facing their client and other people as they are, and not being just an “untouchable” corporation. Meanwhile, according to Respondent 2, PSC signals/communicates their sustainable value and builds awareness on overall sustainability agendas through having sustainability specific services, and through various communication and marketing channels, such as search engine marketing, both paid and organic search and display advertising in selected media and targeted advertising towards, for instance, C-level executives and boards on LinkedIn where PSC brings out insights and promote their people who work in sustainability. In addition,

Respondent 2 discusses that there are also multiple more local or country specific things that PSC does to signal sustainability:

*“--on local level -- in the different [name] countries we do of course more -- we participate in local events. -- for example, in [name] our like main sustainability spokesperson is on tv [name] talking, she’s been positioned as the sustainability expert on the [name] market which is fantastic for [PSC].”*

Respondent 2 continues by mentioning that PSC also uses PR-related channels and all kinds of engagement programs and events, both internal and external events, which are also brought up by Respondent 3. For example, in [name] PSC has a well-working co-operation with [name] that runs sustainability themed events which is a great way to get additional visibility. However, Respondent 2 notes that not all the countries have that type of operators, at least yet, that would actively drive a sustainability related agenda, so the co-operations that PSC can do are somewhat limited.

Furthermore, Respondent 3 says that every client interaction, such as client meetings, is an opportunity to communicate PSC’s sustainable value and sustainability services in general. In terms of internally communicating these themes/topics, the company has [name] meetings, service line [name] meetings and [name] updates. In these internal meetings sustainability is discussed every now and then, so it is not a consistent topic. Although, as Respondent 3 states:

*“--I’m kind of seeing it go in the direction that I wouldn’t be surprised in the future if one aspect of a [name] would be always around sustainability. I think it is becoming one of those bits alongside talent and -- other client related topics to talk about.”*

The table 9 (see the next page) summarises the findings of this research paper regarding what and how the case company signals and communicates sustainable value to their stakeholders. In addition, the most important receivers of PSC’s signals and the channels that the organisation uses to communicate are also summarised in the table.

### What does PSC signal and how?

- PSC communicates all their offerings and aims of focusing more on sustainability
- PSC tries to indicate the impact that they have on the world, societies, and companies
- The company's relatively new capabilities of providing sustainable value are signaled
- As an auditor PSC brings trust and confidence to the capital markets
- Walk the talk / showing not telling = signaling through concrete actions to back up marketing communications and other statements
- If companies do not show that they act the way they claim, their signals will not be believable and trusted by the receivers
- Co-operations (limited possibilities)
- Client cases are relevant in professional services to signal sustainable value concretely
- PSC's best way of signaling sustainable value is through the straight interactions with their clients and the company's experts from their service lines
- The company's professionals' capabilities of talking about sustainable value is very important
- Having a CSO in the executive board & specific teams specialised in sustainability
- Top managements commitment to creating sustainable value
- Commitments to sustainability targets
- Being where the decisions are made
- Having diverse teams
- PR communications through paid media
- Internal newsletters
- Webinars, campaigns and projects
- Meetings that discuss sustainability

### Who are the key receivers that PSC signals sustainable value?

- Clients
- Potential clients
- Board members
- C-level executives
- Employees
- Potential new hires
- The society
- Sustainability resonates well with C-level executives and board members
- Not everything that is signaled is likely to be received as well with everybody

### Channels PSC uses in signaling

- The press
- Social media
- Digital marketing
- Newsletters (signaling internally)
- Website
- Webinars
- Reports
- Search engine marketing
- Display advertising in selected media
- Targeted marketing communications e.g., on LinkedIn
- Country specific actions
- Engagement programs & events
- Team meetings (signaling internally)

Table 9. Summarising findings of the chapter 6.2.

### 6.3. Challenges in signaling sustainable value

This chapter examines the difficulties that may occur in signaling sustainable value to the receivers. This section continues to utilise the interviews conducted from the case company, offering a first-hand knowledge to provide information for the research questions (which are gone through even further in the discussion section in chapter 7).

#### 6.3.1. Challenges in signaling to external receivers

There are several challenges to signal sustainable value to external stakeholders, including clients (potential and current), people, governments, and the society as a whole. However, not all aspects to it are difficult, some things seem to be relatively easy to execute. Respondent 1 says that it is quite easy from the perspective that PSC has so many things that they want to communicate about; the organisation has, for instance, all kinds of trivia information, larger projects, and themes. Respondent 3 is on the same lines with Respondent 1 and states that signaling and communicating sustainable value is easy in a sense that PSC as a firm knows what they want to talk about, and they have expertise and experience to get the signals/messages that they want to the market.

Although, there are also easy elements to signaling externally, as presented above, clearly more challenges are recognised in it. Both Respondent 4 and Respondent 3 see greenwashing as a major difficulty in signaling sustainable value. In addition, Respondent 1 thinks that there are, on top of greenwashing accusations, a lot of pinkwashing accusations as well which could end up being brought up, for instance, when doing collaborations with the [name]. Respondent 3 comments the following on greenwashing and sees a solution to it as well:

*“Difficult in that, you know, this whole concept of greenwashing and are you then pitching it (sustainable value) right or is it something that people just think you’re saying because you need to say it. So that’s why I think the communication always needs to be coupled with action. -- you can communicate certain thing, but you need to you know walk the talk and do the doing for to be real.”*

So, companies need to “walk the talk” and show that they are for real when they are aiming to be seen as sustainable operators. Even though, there might be signals through a company’s processes and other communications which show that as well, it can end up still being not enough because different receivers have different perspectives. PSC and other service providers should concretise their signals and make them more “real” by doing what they are saying and having it present in their operations every day to send a strong signal to the stakeholders and the markets. Respondent 3 mentions an example of working with LGBT themes:

*“--it’s not enough to sponsor [name] and have the [name] week, we need to be doing this kind of everyday work you know which is more Mondain—”*

Further, Respondent 4 (2022) has the following view to greenwashing and the challenges that it presents to professional services companies:

*“Yes, communicating sustainability is difficult. --One of the things is the fear of being accused of greenwashing, because when the sustainability megatrend hit society some years back everybody started talking how sustainable they were, but they were not, and then the greenwashing wave came, right. This is one of the things that EU taxonomy is trying to get rid of. Making it harder for companies to greenwash themselves by saying look at how sustainable we are. But it’s still a concern today--. So, when [PSC] is doing something that is pretty sustainable but kind of actually expected from us, we always have to make the decision: do we communicate this in a big way and brag about it kind of way, or do we just say okay and we put it on our website and let it be with that because it’s actually expected of us so it’s not a thing to brag about.”*

Moreover, Respondent 4 mentions that another aspect which is difficult is sustainability as a concept itself. Even though PSC operates as an expert on this field, sustainability is such a tricky thing to grasp that it is not easy to communicate. Respondent 4 describes PSC’s sustainability communication as translating what the experts of the topic know and how the company is working on it, into a form that PSC’s target groups understand it. Respondent



4 adds that it is difficult towards all target groups, but that there is no alternative concept for sustainability, so it needs to be signaled to the stakeholders even though it is difficult to figure out.

One challenge that Respondent 2 brings up regarding PSC's efforts of signaling sustainable value is that the organisation is simply not yet that recognised as a provider of sustainability services, and there is still work that needs to be done to even create awareness that they can offer help and guidance in this area. As has been said before, PSC is still very much seen by many as a provider of auditing, tax, and transactions services. Therefore, PSC is re-positioning themselves as a provider of sustainable value, which (re-positioning), according to Respondent 2, is one of the hardest things an organisation can try to do in branding.

Moreover, Respondent 1 says that one thing that is difficult comes from deciding how steady or proactive a company chooses to be in their communication. It might be hard to spark interest if the approach is too stable/steady, but then again, as Respondent 3 states, some people do think that professional services organisations should be quite neutral in their opinions.

Respondent 4 points out that another difficulty for PSC in signaling sustainable value comes from the perspective of what clients the company operates with. There might be the wrong kind of, or contracting, signals that are unintentionally sent through working closely with many brown energy firms, even though PSC does provide them sustainable value with their service offerings. Respondent 4 states the following:

*"--a bit difficult part is when we are talking about when we are talking about sustainability -- from an energy point of view, because we all want to move the world into a better place and use green energy and instead of brown energy, but [PSC] of course has a lot of -- clients within oil and gas and the more traditional brown energy -- the world still needs this this energy, needs the energy also to do the green transformation. -- that is a difficult way in our communication to be really forward leaning when talking about the green transformation, but at the same time we are of course supporting our clients within -- brown energy because we know that the solution comes in co-operation with the industry and not by rejecting it."*

### 6.3.2. Challenges in signaling to internal receivers

There are challenges in signaling sustainable value internally as well. Respondent 1 has recognised it and believes that one of the issues is that the people, the employees, do not engage actively enough to the company's sustainability communications and they do not really read the content created for them. This might well be the result of an information overload typical to big companies, as Respondent 4 points out. Further, Respondent 4 states that breaching that barrier of stepping out from the mass with something that creates an impact and engagement is very difficult. Moreover, Respondent 2 views the challenges in internal signaling as follows:

*"I think especially in a company like [PSC] where people are so focused, and it's very natural for a professional services firm, people are--so much concentrating on their clients and delivering client value that [PSC] internal things are like secondary to them, and that's the way it should be also."*

There might also be challenges of communicating the right kind or relevant enough sustainability agenda to the different teams within the organisation. As has been said, PSC is a large company with many service lines and other operational parts, and people receive a lot of communications and are busy in their own fields. Respondent 2 says that:

*"--there's such a wide spectrum of things and such a wide spectrum of topics that it's difficult to address sustainability from a perspective (maybe) that would be super relevant for all different areas."*

Therefore, there is likely to be serious difficulties to signal sustainable value at companies that have so many different branches of business and it is too demanding to personalise the internal communication and actions to attract all the subjective and more specific interests of such a wide range of professionals.

Another challenge in internal signaling is a similar one to what is experienced difficult externally as well. It is the challenge of different opinions and expectations towards sustainability and what a company that seeks and communicates sustainable value should act like and what it should not do. Respondent 3 recognises that there are people (PSC's employees in this case) from different ends of a spectrum regarding what they expect the company do in terms of sustainability. Respondent 3 gives an example to illustrate how even the little things might send a wrong signal when the receiver sees it in their own way:

*"The [name] update in [name] had a sustainability focus and then we announced the Christmas gifts, and someone said: first you're preaching about sustainability and then you are sending--actual gifts to people--instead of making charitable donations--. So, it's very hard to win everybody's approval, but then can't not do things either and you have to evaluate and balance and make judgement calls."*

Furthermore, Respondent 2 has recognised that one internal challenge in signaling sustainable value is due to the difficulty of the case company's employees even knowing what the full role of sustainability is at PSC. Respondent 2 says that:

*"I think a lot of people in [PSC] are still confused about what do we actually do in sustainability. Even the sustainability field of play team, who should be on top of these things, I think sometimes doesn't really understand what our full offering is, they know (their) own area but beyond that (I'm) not sure."*

The table 10 displays and summarises the challenges/difficulties that were recognised in the findings of this study.

External signaling challenges	Internal signaling challenges
<ul style="list-style-type: none"> <li>•Risk of greenwashing accusations</li> <li>•Risk of pinkwashing accusations</li> <li>•The concept of sustainability is hard to grasp because it is so broad</li> <li>•PSC is not traditionally recognised as a provider of sustainable value /having sustainability offerings</li> <li>•Having important brown energy clients can send wrong signals</li> </ul>	<ul style="list-style-type: none"> <li>•Lack of employees' engagement in sustainability communications, lack of time</li> <li>•Information overload</li> <li>•Main focus is on clients</li> <li>•Sustainability communications are general, not super relevant to specific services, too demanding to personalise</li> <li>•Differences in expectations towards the company's sustainability</li> <li>•Not knowing the full extent of how PSC creates sustainable value</li> </ul>

Table 10. Displaying the main challenges/difficulties in signaling sustainable value.

The figure 5 (on the next page) acts as a summarising figure of the whole chapter 5. It illustrates the findings and their connections to the respective parts of the signaling timeline (see figure 3 on page 45). These three four (the phases in the signaling timeline) of the framework are utilised here to simplify and showcase the findings that were discussed during the chapter.

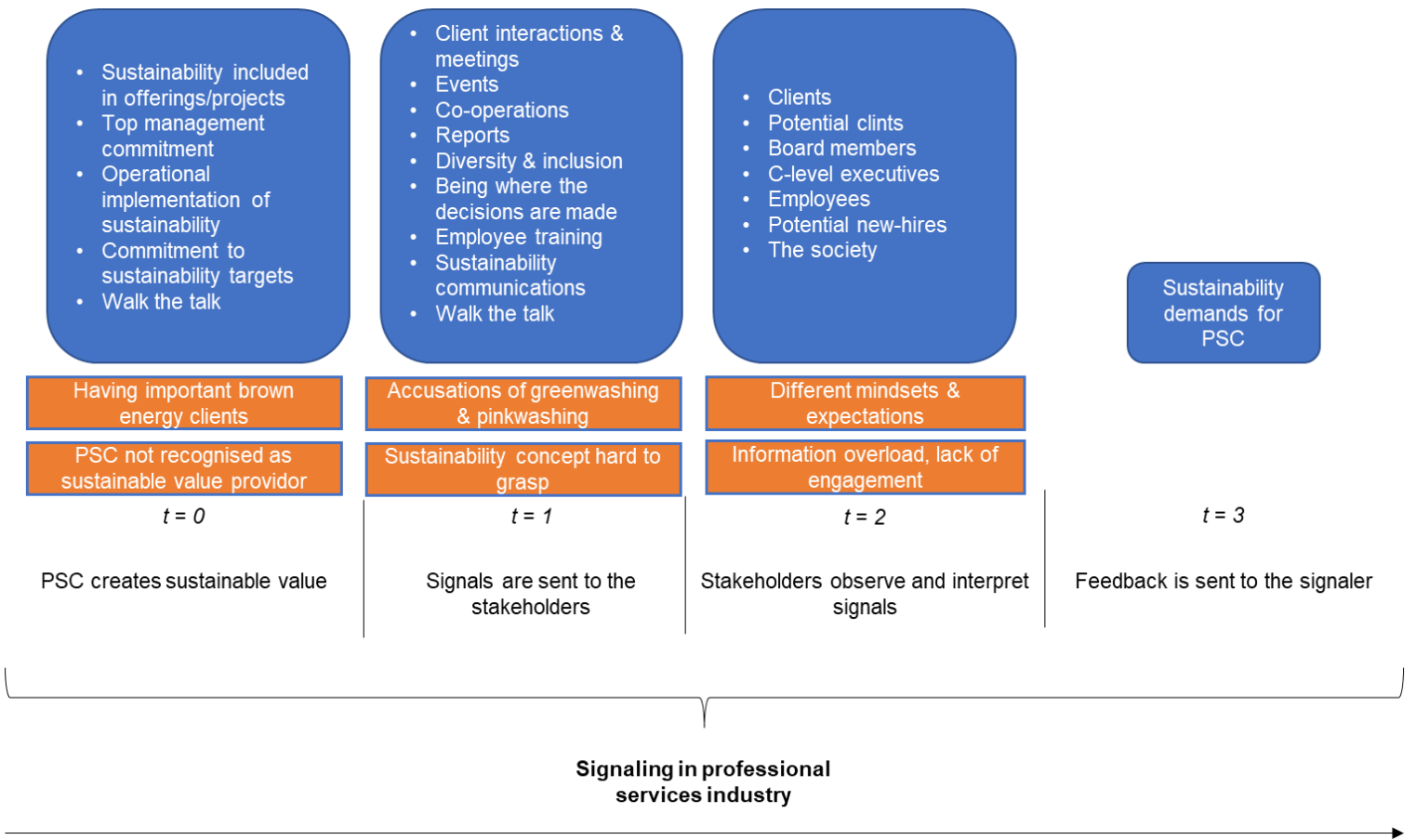


Figure 5. The updated signaling timeline.

## **7. Discussion and Conclusions**

The last chapter returns to the research questions which are answered based on the previously presented findings of the conducted study. It also provides further discussion to the central topics of the study and goes through the results by mirroring them towards the research questions. In addition, the chapter points out the (potential) contributions that the study can offer to the theoretical and practical real-life perspectives. Finally, the limitations of the research are recognised which is followed by presenting opportunities for further future research.

### **7.1. Discussion**

This research paper is set to explore signaling, based on the signaling theory, from the sustainability context in a business-to-business company. Prior to that the signaling theory was chosen as the framework which was also used in forming the theoretical framework for this study. The theory was accompanied by the concept of sustainability and more specifically sustainable value. All these concepts were opened up and discussed in the literature review going through prior research, academic articles, books and other publications on sustainability, value creation, and signaling/communication. However, the potential of the prior academic literature in terms of utilising it to this thesis paper was somewhat limited due to the fact that there were no studies from the context of this research. Therefore, the most relevant information to answer the research questions were received from the interviews from the case company.

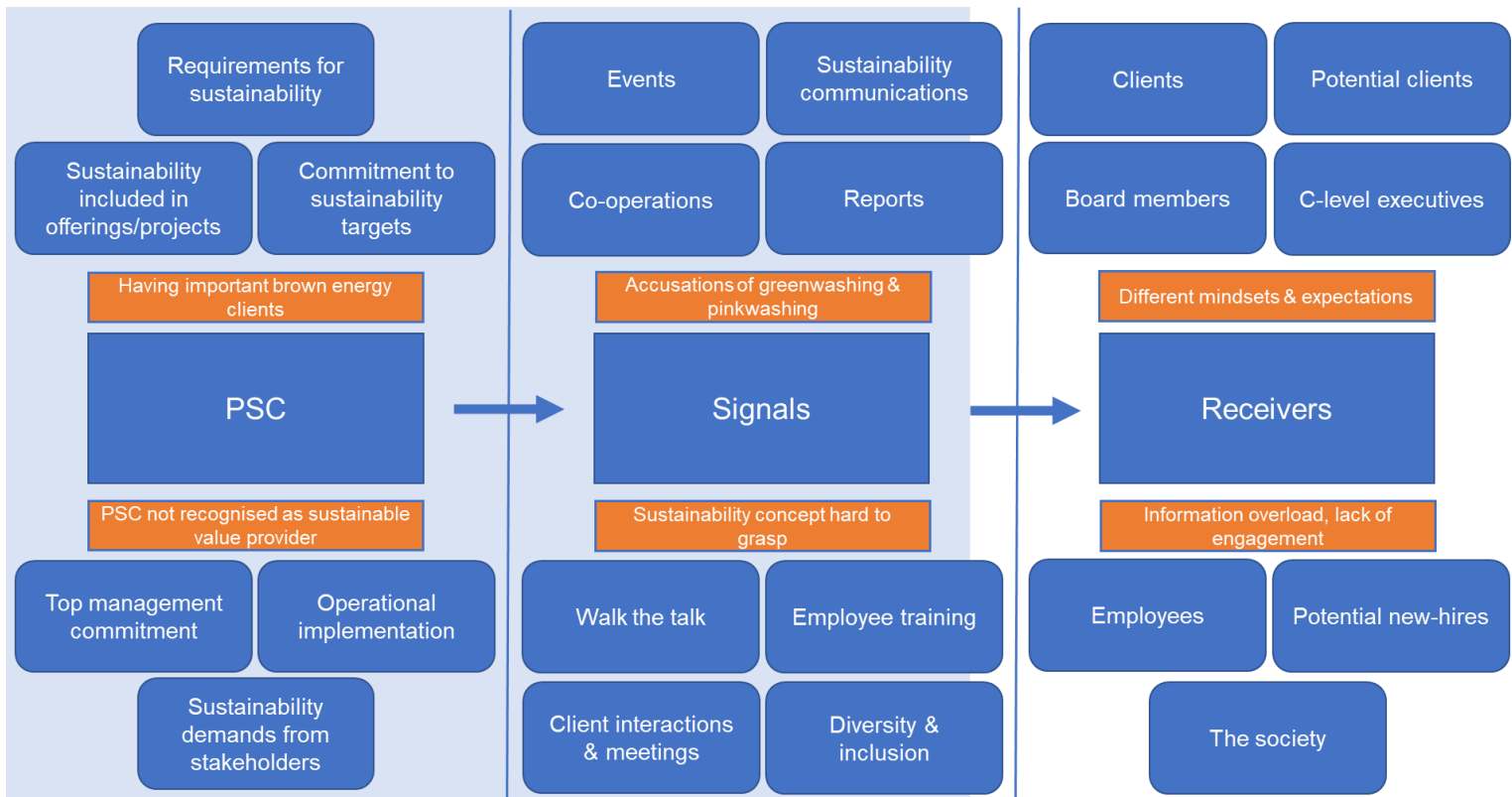


Figure 6. Theoretical framework updated with empirical findings.

The figure 6 illustrates the empirical findings from the case company in the theoretical framework of the study (see figure 1 on page 9). It aims to further summarise the results of the study to another informative form besides the previously presented figure 5 (on page 80).

Moreover, going back to the goals and aims of this thesis paper, the research's purpose was to provide insights on "How can a B2B professional services company signal sustainable value?" which was studied through finding answer to three research questions. These research questions were attempted to be answered by using a case company and interviewing their professionals from relevant positions.

### 7.1.1. RQ1: How can a professional services organisation signal sustainable value?

The figure 7 aims to display in a simple manner which part of the signaling process is looked into under this research question.

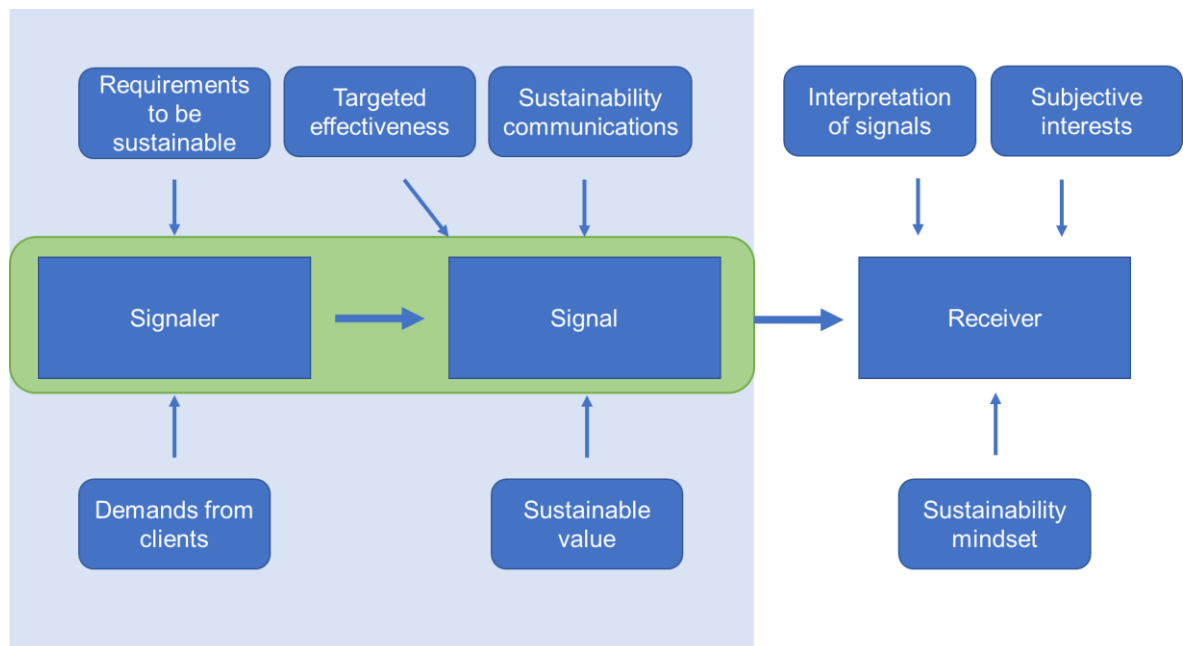


Figure 7. Signaler and the signal.

PSC's purpose is very much connected to the most important and the biggest way that they can signal sustainable value and create it. As the findings of the research paper show, a professional services company has by far the biggest sustainability impact and creates the most sustainable value through the sustainability services and solutions that they offer and provide to their clients. And this value is, according to Respondent 3, larger than any other company (from other industries) can produce themselves. In addition, by far the most signals to them are sent through this work and the interactions with the service professionals of these expert service companies.

This is also closely related to the principle of showing not telling or in other words the walk the talk statement (which are evidently the same things) that were given in the interviews by Respondents 2,3 and 4 (Respondent 2, Respondent 3, Respondent 4) as very important aspects of signaling sustainable value and sustainability overall. In previously conducted



research there have been arguments that organisations which are genuinely implementing sustainability into their systems are through it able to signal it to the stakeholders and back up the claims that the organisations communicate about themselves (Blenkhorn and MacKenzie, 2017; Homburg et al., 2013) This seems to be the key signal that a professional services company can send to the stakeholders and brings believability to it and makes sustainability feel more concrete in the clients' minds. This is important because, as the study from Vesal et al. (2021) has shown, clients in business-to-business industries that have a sustainable mindset seek organisations that send signals of similar aspirations. Furthermore, other research has discovered similar findings, such as that clients who have an environmental mindsets are usually more interested in offerings that are provided with less energy and more ecologically (Delmas and Montiel, 2009; Jaiswal and Kant, 2018).

The prior literature on signaling tells that companies can differentiate themselves by signaling about their credibility or clear qualities (Brach, Walsh and Shaw, 2018; Sharma, Davcik and Pillai, 2016; Ruhnke and Gabriel, 2013). Signaling these qualities, such as sustainable value, is essential because, as prior academic studies have found out, sending signals of underlying value to the various stakeholders reduces information asymmetry and helps the customers to estimate which companies are truly committed to their values and qualities (in sustainability) which they are marketing that they have (Brach et al., 2018; Connelly et al., 2011). The findings of this thesis paper show that professional services organisations can signal this by showing and not just telling what they do, in the study's context regarding sustainable value. In other words, these service companies need to "walk the talk".

Moreover, the walk the talk -mindset seems to be, according to the conducted interviews, a very effective solution to signal sustainable value to the stakeholders in many ways. First of all, it concretely pushes and motivates the companies to go through with their sustainability strategies and benefit from growing the trust in client relationships. Narayandas and Rangan (2004) as well as Stock and Zacharias (2013) argue that having close customer relationships is common in business-to-business markets, and professional services are definitely not an exception, in fact, it seems so that it is highlighted in importance. They also state that these close company-customer relationships make it possible for the clients to monitor/survey if and how their expectations are handled.

As the findings of this research paper illustrated, a professional services organisation's most important and the best way to create sustainable value by far is through the work that they do to their clients. This of course implies only when a professional services company is committed to offering sustainable value through those services and have implied sustainability elements into them and in their overall operations. Therefore, this finding from the case company is not that well generalisable since there might be even significant differences inside the industry.

Furthermore, PSC put time and resources into sustainability, as was said previously in the thesis, so it is hard to tell if the other companies are doing it extensively and truly creating sustainable value through that, which then would efficiently signal about their sustainability. The finding is somewhat generalisable in a sense that the other professional services companies can also implement sustainability in their operations and especially offerings to send strong signals to the stakeholders to be seen as a provider of sustainable value.

Regarding showing and not telling (or walk the talk) what a professional services organisation does in terms of creating sustainable value, there are several different actions through which the companies can signal it, according to the professionals interviewed from PSC. The ways of creating and signaling sustainable value to the stakeholders that were found out in this study are listed in the figure 8 (on the next page). As can be seen, there are both external and internal actions that signal positively about a company aiming to create sustainable value to different stakeholders, such as their clients, employees or to the society.



Figure 8. The ways that sustainable value can be signaled.

According to the findings, another effective approach for a professional services organisation to signal their sustainable value creation and agenda is through relevant co-operations and through sustainability related events. The co-operations are searched with well-known organisations that operate with a purpose of advancing some aspect in sustainability, either social or environmental. These sustainable operators give a certain credibility to the sustainability image that the professional services company is aiming for, and to their creation of sustainable value.

Further, regarding the sustainability connected events and/or webinars provide a great platform for communicating/signaling sustainable value to the participants and other

stakeholders that are aware that such events and/or webinars are being held. These could include the most relevant target groups for the company's signaling/communications and enables them to show that the company is on top of currently the most important themes in sustainability and to present these issues in a way that will include the professional services organisation as having a solution or that they can help to in solving those issues. Also, here comes to play the level of the relationships between the clients and the companies. The clients are willing and eager to participate in these kinds of events when the relationship with the company is on a good level. For instance, PSC utilises this and has various webinars around both broader and more specific themes.

However, a concern in having sustainability themed events that are provided just by the professional services company (without engaging in a co-operation) might create a risk that it can be interpreted as greenwashing and/or pinkwashing if the event itself does not provide concrete sustainable value, for instance, through educating the audience about new requirements of sustainable auditing. The challenges of greenwashing are discussed further in the sub-chapter 7.1.3. which answers to the research question three: "*Are there challenges in signaling sustainable value?*".

Moreover, something that also seems to be at the top of the list in signaling and communications is sustainable value that is related to employer branding. This is not surprising in a sense that the employees are the most valuable resource that professional services organisations have. They are the ones who provide sustainable value externally to the clients and internally as well, in fact they are the ones who produce most of the value in general at the industry. This is also the reason why the recruitment of the best talent is extremely competed. And this competition goes beyond the professional services industry to other industries as well. Furthermore, Jabareen (2006) highlights diversity's role as fundamental in enabling social sustainability. The research conducted in this thesis paper can confirm through its findings that taking diversity into account in the operations of a professional services company sends positive signals about the company's commitment to social sustainability and creating sustainable value for employees.

The importance of tailoring the signals and overall communication to individual targets was also highlighted in the findings as an essential piece of making the communications be

efficient and work as planned. This finding complements a point made in previous academic research that differentiation by signaling can be achieved when the signals are too costly for competitors to copy and execute them as well (Connelly et al., 2011). When the signals (and other communications) are tailored well enough then differentiation can be the result. This might be very useful way to seek proper differentiation, since, for example, sustainability targets and statements can be relatively easily copied.

The prior research indicates that companies that combine economic stability and social consciousness are bound to succeed in creating value to the stakeholders (Collins, Lawrence, Pavlovich and Ryan, 2007). This appears to be true according to the findings of this study. As an auditor and a provider of tax services, consequently, they are a stabilising “entity” in the capital markets. The case company succeeds in being economically stable and socially conscious at the same time which could be seen a very useful and almost a required skill for other companies in the professional services industry as well. However, economic stability might not be so deeply implemented at every company operating on the industry, since not all of them provide auditing or tax services, in other words if a similar company to PSC only provides consulting services, being economically stable is not as clearly a matter of reputation. Further, this research finding does not also prove that other professional services companies would be socially conscious, although the fact that PSC combines these two elements to create stakeholder value shows what can be done and, further, what it signals about the company.

Furthermore, the fact that PSC’s top management is committed to creating sustainable value through all sustainability initiatives by allowing investing a lot of time and resource (no clear numbers of these) into sustainability related activities, programs, co-operations, etc, and having sustainability implemented into the operations as one the organisation’s core strategies. This also helps the company to achieve (environmental) sustainability, as Gattiker and Carter (2010) have argued.

Also, what was discovered in the findings of this research paper related to the C-level involvement, is that being where the decisions are made sends (positive) signals regarding an organisation’s sustainability commitment and the level of sustainable value that they are able to provide. A great example of such involvement was mentioned by Respondent 3

about some of the PSC's top executives taking part of a [name] summit, PSC being among an exclusive group of companies there.

Although there are clear indicators and findings that sustainability implementation and creating and signaling sustainable value to the stakeholders are regarded as very important at the case company, they have been seen as vital for a relatively short period of time. The findings of this study reveal that creating and signaling sustainable value has not previously been seen as important as the traditionally vital monetary value in the investigated professional services organisation. However, they have started to really utilise its potential in the recent years, striving for leadership in it out of their competitors. Perhaps the external and internal demands/requirements alike from the stakeholders might be a big factor in this increased focus. These demands also drive the company to signal that they are sustainable in their operations and that they provide sustainable value. This finding might also be true in the other professional services organisations, since they are in a sense expected to be experts in the most important business areas which sustainability undoubtedly is nowadays.

7.1.2. RQ2: Who are the key receivers that a professional services organisation communicates sustainable value?

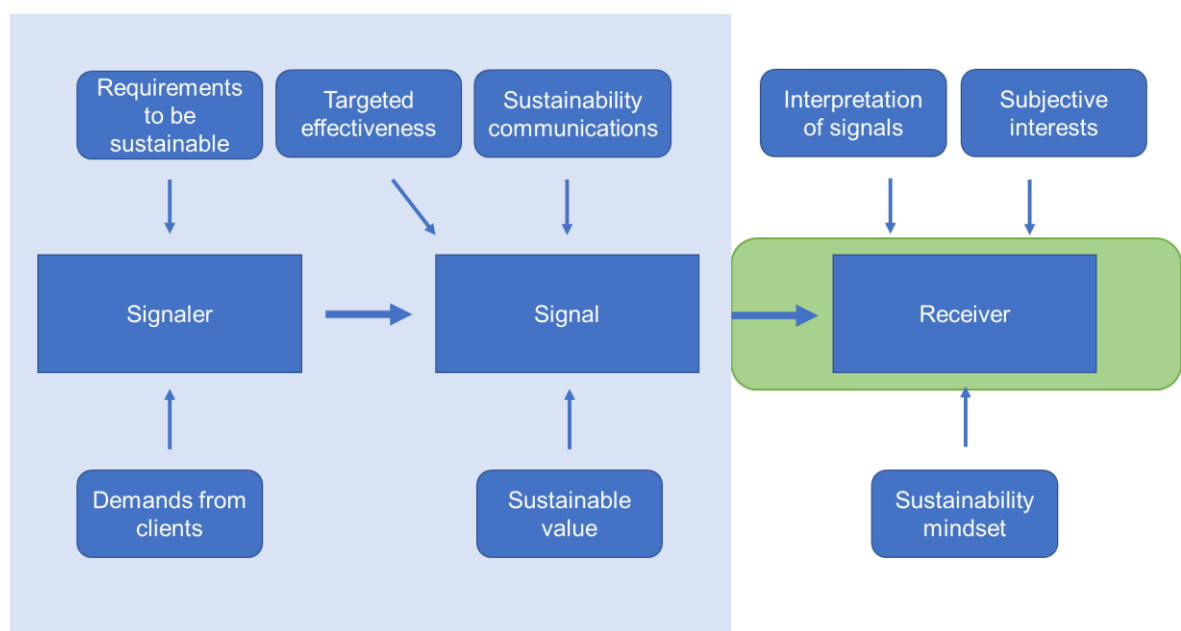


Figure 9. The receivers of the signals.

The figure 9 illustrates the relevant part of the theoretical framework for the discussion about to whom does a professional services company signal their sustainable value.

There were no real surprises or revelations found during the interviews about who are the targeted receivers of PSC's signals and communications. Two main target groups are recognised to be more important than others. Naturally the clients, both current and prospective, were the most mentioned ones and the most important target groups for signaling sustainable value. These groups consist of PSC's top priority targets, the C-level executives and board members of the roughly 100-200 largest companies within a given country. These target groups can be thought to be generalisable to be true in other professional services organisations as well. Of course, this cannot be validated from solely based on this study and its interviews.

Furthermore, besides clients the second main target groups for signaling and communicating PSC's sustainable value and their overall sustainability aspirations are current and potential employees. These are seen as vital groups to signal sustainable value and communicate about the sustainability related actions that the organisation does and tries to achieve, so that they would attract the best talent and, on top of that, those who would possess a sustainable mindset. Although, all the other companies, including PSC's closest competitors, want to hire them too, as Respondent 4 told in the interview. Therefore, the relevant things could be how truly and deeply is a professional services company trying to implement sustainable value into their overall operations and offerings. People and client firms are becoming increasingly demanding in terms of sustainability in companies, as has been stated many times in the thesis, and are not likely to tolerate apparent actions from their employers or neither do they want to work for one that does not show what they are telling.

Furthermore, as the study's literature review brought up, the academic research has shown that business customers seek for companies that have a similar sustainability mindset to theirs and they also prefer to do business with firms that have a good image in environmental sustainability. This way the clients can be more confident that the provider of the offering is able to provide what they want. (Wadhwa, Saxena and Chan, 2008) Therefore, as the trend of sustainability increasingly has the clients, governments,

employees, and the whole societies to demand and require sustainability and businesses to create sustainable value, there is clearly a push to professional services organisations to progressively implement sustainability to their operations and communicate and signal it.

The case company PSC themselves state that they seek for clients that are committed to creating sustainable value, and consequently through this have adopted a broader value disclosure. Thus, a mutual understanding and the company managers drive towards more sustainable solutions, especially in environmental sustainability, as Wadhwa, Saxena and Chan (2008) have stated, is something that benefits all parties involved and send out positive signals for both of the companies.

The signals from a professional services organisation do not seem to be received as well by everybody, but then again, these things are not properly measured or tracked as far as the respondents of the case study were informed, which leaves this assumption on a rather weak ground. Sustainability related topics and sustainable value itself as a topic is in general received quite well, but the thing is that there might be many communications coming out of the company like PSC that there are not enough tailored direct targeting towards the different receivers to properly reach them from the right angles of the broader sustainability theme. Moreover, there are also a number of receivers with other kind of mindset regarding sustainable value signals from professional services companies. These are, for example, clients or potential clients who do not appreciate having a reminder of how badly or wrongly they are operating their business instead of being more sustainable.



### 7.1.3. RQ3: What kind of challenges are there in signaling sustainable value?

The figure 10 provides a view of which part of the thesis' framework is discussed under this particular research question

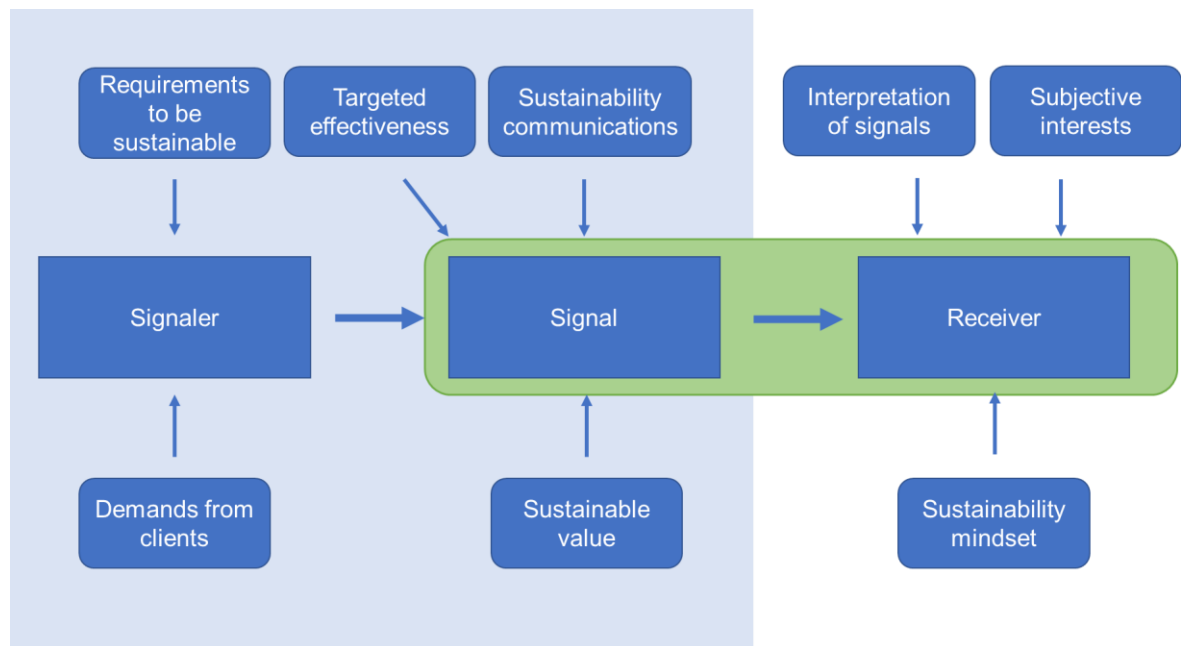


Figure 10. Challenges in signaling comes down to the signals and the receivers.

Signaling sustainable value (or even sustainability in general) is not as easy as it might seem when surrounded by all kinds of reports and articles about sustainability being one of the biggest trends in the world and that efforts towards it are encouraged and demanded by stakeholders (e.g., Porter et al., 2007; Kotler, 2011; O'Shea, Golden and Olander, 2013). Although, it is true that implementing it into a company's operations and offerings is a positive thing, there are challenges in signaling/communicating it to the stakeholders due to some companies taking advantage of the trend and attempting to cheat the markets by, for instance, doing greenwashing or pinkwashing. This casts a shade of doubt into stakeholder's minds about the reliability of companies' signals and other sustainable value (and sustainability) related communications.

Perhaps the way to minimise these doubts is, what was mentioned in the interviews, through applying the concept of walk the talk. It is essential that particularly the professional services

organisations note this because the business is intangible, it is very hard to measure the full impact of their services (no proper meters). Consequently, they cannot concretely show everything that they are capable of in terms of creating sustainable value straight away. One way is to be as transparent as possible about what is done with clients, though it might be difficult due to the confidentiality of the services. A thing that is used quite commonly in the industry, as the findings of this study revealed, are doing client cases and reports which are already used to signal sustainable value.

Again, the key for making the signals to be strong enough when received is to walk the talk and do what is said in the organisations' marketing communications. Many companies are trying to show their commitments to sustainability and aim to plan and design their communications (Gershoff and Frels, 2015; Olsen, Slotegraaf and Chandukala, 2014). There is, however, a clear difference in communicating about sustainable value that a company provides and really implementing it to their day-to-day operations, and offerings. This is something that professional services organisations should be very careful at because reputation plays a big role in the industry and they do not have too many potential clients if they make mistakes, as is the case in many business-to-business firms. The research from Vesal et al. (2021) has brought up, in a different context than in this research paper, that an organisation can avoid the accusations of greenwashing and gain real differentiation through environmental sustainability when they act on sustainability instead of solely marketing it.

Furthermore, another challenge can come from the connections that a professional services company has. The case company does a lot of co-operations with many organisations and events that are considered as sustainable and in many cases more in detail corporate social responsibility, and these actions do send positive signals about the company creating sustainable value. However, PSC has numerous important clients that operate in brown energy industries and/or do not have providing sustainable value or even acting sustainably on top of their priorities as is likely to be the case in many other professional services organisations as well. The fact that PSC supports them as their clients might send unwanted negative signals to the stakeholders. As Connelly, Certo et al. (2011) have stated, sending negative signals is often due to information insider's (the signaler's) actions which are not conducted so that they would result in reducing information asymmetry. However, even though there are risks of sending unintentional negative signals, working with the brown

energy clients could be turned into the company's advantage through efficiently communicating the sustainable value that offering professional services can concretely provide, especially to the clients' sustainability performance in the brown energy industries.

The possibility of sending the unintentional signals from the sustainability perspective runs a real risk in these client cases. As was said in the literature review, the prior academic research show that a company's sustainable reputation is affected by not only their own sustainability implementations but also by their supply chain partners' commitment towards acting sustainably and creating sustainable value (Sheth and Sinha, 2015). Although there are no real supply chain partners in the professional services industry, the previous point can be thought to involve all the closer, established relationships with big clients which could also have the same signaling effect regarding the organisations reputation. Vesal et al. (2021) partly confirm this assumption, since they have stated that besides that the organisation has internal operations that communicate/signal their sustainability practices is as important as acquiring customers with a similar sustainable mindset that the organisation has.

In the case company's case, there might be a need to really invest time and effort to communicate what is done with the brown energy clients to reduce the information asymmetry, and not trust only that the other signals that indicate sustainable value from the company would minimise the effect of these other signals. This would also show transparency which is something that the case company aims for in general as well, partly through their large role as an auditor.

One point made in prior academic research by Keränen (2017) does not seem to be the same at least at the case company PSC (representing the professional services). The argument made by Keränen (2017) is that investments in the creation of social sustainable value (or shared value more specifically) can often be seen as causing irrelevant extra costs and profit drains. While, on the contrary PSC's professional services business sees the opportunities to create more value in these sustainability actions and capitalises on them.

Moreover, PSC and in general (nearly) the most of professional services industry is not generally recognised as a provider of sustainable value/sustainability solutions and

services. As was mentioned in the previous chapter, PSC, as many other professional services companies, is aiming for implementing those aspects more and more into their operations and offerings which signals their sustainable agenda and are also aiming to communicate this actively. However, re-positioning is very difficult for all companies (Respondent 2, 2022). In addition, the concept of sustainability and therefore sustainable value is hard to grasp because it is such a broad concept (Respondent 4, 2022).

The challenges do not occur only externally but internally as well. First of all, there is an enormous information overload especially in large companies which leads to lack of engagement towards the communications. In addition, employees are also generally very busy at professional services organisations which further feeds their lack of time to engage with signals. Perhaps partly due to that reason PSC's employees are generally not fully aware about everything that the organisation does in sustainability and about all the different aspects that they can create sustainable value.

Furthermore, also the main focus of the employees is on their clients (as it should be) which leads to certain level of ignorance towards the internal communications and other similar things of a professional services company. Even when the signals are noted by the receivers/employees there are many different viewpoints in what is considered as relevant to them. PSC is such a large organisation with a broad range of service lines and other business departments that it is difficult or even impossible in terms of time and resources to try to tailor the communications to be more specified for every service line.

Thus, it seems that the internal communications are not working properly. They do not recognise enough the fact that the employees simply do not have the time nor the needed level of interest towards the signals from their employee. The interviews showed that there are really no alternative to the current way that it is done which is just increasing the problem of information overflow. In addition, even when the issue of massive amounts of emails and other information that is poured on the employees on daily basis is achieved to pass and the people have the resources to focus on the signals/communication about the company's sustainable value, the communications are not detailed enough for many of them. This undoubtedly leads to disengagement.

Therefore, signaling internally is more challenging than one might think, and there are no immediate straightforward solutions to make it better. Although PSC does have obligatory trainings and courses that provide internal sustainable value and signal the company's sustainability agenda. Perhaps the only sure way to communicate sustainable value to the employees in generally extremely busy professional services organisations is to "force" the employees to raise their awareness in organisational sustainability besides the mandatory sustainability trainings that are assigned to them. Through this the sustainable value in a company's operations could be increased and the employees would receive clear signals about the sustainable value that the organisation creates internally and externally. This would also prepare them to provide it better to the external stakeholders. Hence, making these things as mandatory learnings could be the answer to the issue.

## **7.2. Conclusions**

### 7.2.1. Theoretical contributions

In the study paper's introduction chapter (chapter 1) the research gaps were mentioned and discussed, and then further justified by the literature review (chapters 2,3 and 4). The main scope of this study being signaling sustainable value in a business-to-business professional services industry. Consequently, this research paper delivers insights on how can a B2B professional services company can signal sustainable value. To provide these insights, the following aspects of it were considered and investigated:

*RQ1: How can a professional services organisation signal sustainable value?*

*RQ2: Who are the key receivers that a professional services organisation communicates sustainable value?*

*RQ3: What kind of challenges are there in signaling sustainable value?*

First of all, this thesis paper brings a new scope to the sustainable value and signaling research by focusing specifically on professional services industry. The prior literature has mostly concentrated on signaling in different contexts than this research paper provides (Connelly, Certo et al. 2011). For instance, Robinson, Kleffner and Bertels (2011) have

studied the relationship between companies' sustainability, reputation, and organisational value by examining whether or not signaling sustainability leadership by being a member of a known sustainability index generates value, Ndofor and Levitas (2004) have looked into companies competing with knowledge and signaling its strategic value to the external stakeholders, while Kanani, Moradi and Valipour (2013) have researched corporation's risk and sustainable growth through the scope of signaling.

By investigating and providing answers and analysis to the research questions and the main research problem regarding signaling sustainable value, the study gives glimpses of how signaling can be handled in an industry where the companies depend on good reputations or in other words good and strong customer relationships, transparency, reliability and employee expertise. Research on sustainability related themes, such as sustainable value and signaling, are widely and growingly required in today's academic literature and by company managers. In terms of signaling, the question how companies signal various things to stakeholders has been a central topic in the managerial writings (Connelly et al., 2011). This thesis adds to this increasingly important area of academic literature a fresh angle.

The thesis can agree with Vesal et al. (2021) who have stated that genuine differentiation through environmental sustainability happens when an organisation does not just promote it, they act on them through their operations. This ultimately connects with the findings of this research paper through the walk the talk principle in particular. The walk the talk (or show do not tell) finding essentially is likely to impact a company's differentiation through their environmental sustainability among sending strong signals about sustainable value.

The findings of this thesis paper back up to some extent another argument made by Vesal et al. (2021) that CRM is the vital contingency that reinforces signals to receivers (clients in this case) regarding their suppliers' environmental sustainability operations. The findings of the thesis hint that in professional services CRM plays an important part in signaling sustainable value, since the most important communications (70 percent of all PSC's communications) are made through client interactions.

Furthermore, prior literature says that through sending signals of a company's underlying value to the markets, they can reduce information asymmetry and help customers to estimate which companies are the ones truly committed to the things that they claim to have and/or act on (Brach et al., 2018; Connelly, Certo et al., 2011). The findings of this thesis are on the same lines because it illustrates that there are clear aspirations to reduce the information asymmetry between the case company's sustainable value creation and their stakeholders. Reducing information asymmetry seems to benefit all parties.

This research paper's results indicate also that co-operations with relevant sustainability driven organisations are seen as great ways to signal sustainable value. This backs up prior research on the topic, which has indicated that value is progressively thought to be co-created and shared among several stakeholders which includes the environmental and social results. (Jaakkola and Hakanen, 2013; Pinho, Beirão, Patrício and Fisk, 2014)

Moreover, there have been arguments in that organisations are able to lessen the basic problem presented in the signaling theory, the information asymmetry towards stakeholders, when companies implement social sustainability into their systems and practices (King, Lenox and Terlaak, 2005; Montiel, Husted and Christmann, 2012). This can also improve the financial outcomes of these organisations (Doh, Howton, Howton and Siegel 2010; Ramchander Schwebach and Staking, 2012). The findings of this research paper cannot confirm the latter statement, but it can verify that it indeed seems so that the implementation of social sustainability into the case company's operations sends signals of sustainable value creation which reduces the stakeholder's "blindness" towards the company's capabilities and commitments to social sustainability actions.

Moreover, the results of this thesis paper highlight the walk the talk statement which has been mentioned multiple times due to its importance. The finding that the strongest signaling happens when a company actually shows that they are doing the things that they say in their communications, support the findings from prior research which has indicated that true implementation of sustainability in a company's operations enables signaling the stakeholders that the company is sincere in their public sustainability communications (Blenkhorn and MacKenzie, 2017; Homburg et al., 2013).

Through the utilisation of the walk the talk principle in sustainability, which came out several times in the interviews, and the aspiration close and trustworthy customer relationships, this thesis agrees with the statement, made by Vesal et al. (2021), that companies can improve the influences that signals have on their clients (the receivers).

### 7.2.2. Managerial implications

Although it is slightly challenging to make generalisable managerial suggestions based on a qualitative case study, the research design also enables discovering deeper and more detailed findings that can provide relevant practical importance for managers especially in professional services organisations (George, 2022).

The walk the talk -principle/statement has been mentioned multiple times in the research paper and it is perhaps the most important finding for company managers to take from the study. It is vital for professional services organisations and other companies, especially with intangible offerings, to realise that they will not be able to successfully signal/communicate sustainable value if they are just communicating about it and not showing it through concrete actions. Three out of the four interview respondents mentioned and highlighted this principle.

Companies should also note that this does not only apply with the clients, it is also extremely important with company employees and the potential new hires who increasingly want to be aware of their employer's true dedication to the creation of sustainable value and the truthfulness of their signals and other communications. Company managers must not underestimate the importance of putting real efforts in signaling sustainable value internally which will also turn into their advantage in external signaling when the employees are trained and committed to the cause as well. Then they will signal it too through the extremely crucial, particularly in professional services, interactions with potential new hires and clients where the most and the strongest signaling is conducted.

In addition, by following the walk the talk principle, companies can tackle and/or avoid some challenges related to signaling that were recognised in this research paper. First of all, every



action will evidently affect the signals that a company is sending intentionally and unintentionally about sustainable value. Therefore, company managers should always evaluate the possible outcomes of any sustainability related action that they plan to take because stakeholders receive and interpret signals differently. Furthermore, the risks of being accused of greenwashing and/or pinkwashing can be avoided by being transparent, actually doing what is communicated and thoroughly committing into creating sustainable value.

Regarding the dedication to sustainable value creation, managers in professional services companies should also realise the signals that can be given through “taking their own medicine”. This means that the services and solutions that the company provides to their clients are similarly used to help their own business to create more sustainable value.

Moreover, the thesis paper’s findings shows managers in professional services the potential ways that their companies can signal sustainable value to the stakeholders. Recognising how all company decisions, actions and operational implementations of sustainable value creation signal the company’s commitment and capabilities in sustainability to the most relevant stakeholder groups is very important and will increasingly be that going forward.

Companies in services industries that plan to signal sustainable value benefit from the information of the stakeholders that are mostly receiving them. By knowing who should receive the signals, better decisions can be made in what the company wants to signal the most, for instance which initiative from sustainable value, and potentially help in tailoring the communications accordingly.

The challenges of signaling sustainable value are very important for managers to recognise in all professional services organisations. This study paper has answered to this by illustrating potential risks and difficulties that may occur in signaling sustainable value (see figure 8 on page 86). Professional services organisations should consider and evaluate all the mentioned challenges in their signaling so that they would avoid sending weak signals or even harmful outcomes from signaling, such as accusations of greenwashing and/or pinkwashing. By realising the potential challenges associated with signaling, the companies

should be able to do better decisions on what and how sustainable value should be signaled.

Another thing for managers to take from this thesis paper is that at least in professional services companies (should be studied further) it is important to be visible and to be where the decisions are made. In this context being visible means all the co-operations and events that professional services utilise to be in the middle of the most relevant themes regarding sustainability (in the scope of this study) and ask vital questions and provide answers to them or just generate discussion. These discussions are elevated especially through various events that create sustainable value by advancing knowledge in important sustainability related topics and educating people about them.

Moreover, through co-operations with sustainability-based organisations, companies can send strong signals regarding their desire to be sustainable and providing sustainable value. However, it is also important for managers to recognise that this is not enough on its own due to the already mentioned risks of being accused of greenwashing and/or pinkwashing. Though, by showing a long-standing commitment to sustainable value creation and not conducting just one-off co-operations, which could look a little bit shallow, companies should send strong signals that are probably received quite well.

### 7.2.3. Limitations and suggestions for future studies

The limitations of the study and propositions for future research are presented in the table 11 (on the next page). First the limitations of the research paper are discussed which is followed by suggestions for future studies.

The research limitations	Suggestions for future research
<ul style="list-style-type: none"> <li>• One case company</li> <li>• Limitation to professional services industry</li> <li>• Qualitative study</li> <li>• Primary data collection might have limitations being from interviews</li> </ul>	<ul style="list-style-type: none"> <li>• Studying other professional services organisations to validate results</li> <li>• Investigating whether there are similarities among other services as well</li> <li>• Creating a measurement system for sustainable value to evaluate the signaling success</li> <li>• Differences in receiving signals</li> </ul>

Table 11. Limitations of the study and potential areas of future research.

As has been already mentioned, the generalisability of the research results are limited due to the design of qualitative case studies. Their results are not objective enough which leads to non-generalisability, and the interviewees that are chosen to some extent dictate the outcomes of the study (Mashizha, 2014). These issues are present in this research paper. Moreover, analysing one specific industry further limits the generalisability of the study (Homburg, Klarmann and Schmitt, 2010; Zablah, Brown and Donthu, 2010), in this case regarding the findings' usability in other service industries. Though, the purpose of this research paper was to concentrate specifically on the professional services industry and, therefore, these limitations on the context were made consciously in the beginning of the research process.

Furthermore, reducing how thoroughly and deeply the research questions could be answered were the potential limitations in knowledge and subjectivity of the respondents. Therefore, if the research would be repeated in a larger scope with more interviewees from other companies and from other roles, a better and more profound understanding of the research themes/context could be achieved. A bigger sample of companies and respondents from the professional services industry could be able to provide different insights on the industry's practices in signaling sustainable value.

The suggestions for future research are connected to the limitations of this thesis, and if investigated, they would provide useful and much needed information to managerial practices and academic literature. First of all, by doing an extended research on more than one professional services organisation the results would be more generalisable and relevant for managerial use and new aspects that did not appear in the findings of this thesis paper might appear.

Moreover, adding to the previous suggestions a little bit more out from the main scope of this research paper, developing a system to measure how effective signals of sustainable value are or what kinds of signals resonate the best with the different receivers would be eye opening and useful for company managers to know. In practice this would save time and resources and give a much better idea of what actions that send the signals are worth of doing and what catches the attention of stakeholders.

In addition, the receivers of the signals of sustainable value could be examined further in terms of how well they receive the signals that they get and analysing the differences in interpretations and opinions of them. This could help company managers enormously in deciding what things their company should and should not do, and in knowing what aspects are worth signaling, since people have subjective views on sustainability and what they want from companies which likely leads to both positive and negative conclusions from signals of sustainable value.

Another interesting area for future studies would be investigating if the findings from the professional services company/companies would have similarities with firms from other service focused industries. It would be beneficial to know if there are certain generalisable actions in signaling that could be utilised regardless of the industry.

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## **APPENDIX 1. Interview questions.**

1. In what ways PSC acts on sustainably? What is the role of sustainability at PSC?
2. How does PSC implement sustainability into their operations?
3. Does PSC have underlying, invisible sustainable value?
4. How does PSC pursue sustainable value? How would you evaluate the economic, environmental and social benefits/value of the company's offerings?
5. What does PSC communicate/signal?
6. Does PSC communicate/signal sustainable value/benefits, what?
7. How does PSC signal sustainable value/sustainability benefits? And how can underlying (intangible) value be signaled/communicated?
8. What marketing actions PSC conducts to be seen as sustainable?
9. To whom does PSC communicate about their sustainability? Does this communication resonate as well to all receivers, or are there differences?
10. What are the main platforms used to communicate sustainable value, and how actively are they used?
11. Is communicating sustainable value/sustainability benefits to outsiders difficult or easy to do, why?
12. Are there "inner" challenges regarding communicating/signaling sustainable value/benefits?
13. Which sustainability initiative is the easiest/hardest to communicate: economic, environmental, social?
14. Does PSC measure the level of success regarding signaling sustainability value, how?