

How Does Transparency in Business Operations Affect the Perceived Credibility of SMEs?

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Abstract

Transparency in business operations is a key factor in building the credibility of SMEs (Small and Medium Enterprises). This research analyses how different aspects of transparency influence the perceived credibility of information provided by SMEs. The findings are based on a survey conducted by a research team at Breda University of Applied Sciences. The survey collected 200 responses from SMEs' customers and showed that companies that implement transparency practices are more likely to be perceived as credible, increasing customer trust and loyalty.

Keywords: Transparency, SME, Credibility

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1. Introduction

Nowadays, in a fast-changing business environment and a world full of fake news, businesses need to ensure that their reputation remains strong.

Customers are looking for trustworthy companies, which makes SMEs implement transparency practices to build trust and strengthen their position in the market. While transparency is perceived as an important factor in building trust, it is not clear which aspects have the most significant influence on credibility perception, or which customer groups prioritize transparency more.

This paper analyses how transparency practices influence the perceived credibility of SMEs, focusing on different customer demographics. By examining survey data, this study explores which elements of transparency are the most valued and identifies which customer groups consider transparency as a key factor in the trust-building process.

While previous studies have explored the general importance of transparency, this study fills the gap by identifying the specific transparency practices that are the most valuable across different demographic groups.

As a result, the research provides specific strategies for SMEs to build credibility with different customer groups.

2. Literature Research

2.1. Citations

Small firms must establish an identity that can be consistently communicated both internally and externally... a clear, consistent and socially valued identity increases recognition of the organization (reputation); attracts employees, customers and other business partners; and nurtures a feeling of trust" (Huang-Horowitz, 2014, p. 4)

In the literature on SBSR, we find a number of instances where the 'moral intensity' of social responsibility issues – the moral imperative that a certain situation generates – varies with firm size. [...] Small business owner-managers are particularly sensitive to activities related to their immediate internal stakeholders (employees, customers and suppliers), involving loyalty in their (often close) relationship with customers and employees; openness, honesty and fairness in contracts, agreements, payments and (marketing) information. [...] On the other hand, such unethical actions as padding expense accounts, often resulting in a higher income for the owner-manager, are experienced as less problematic. Also, SBSR actions in domains external to the firm (e.g., community and the natural environment) are relatively limited and fragmented, predominantly because small

business owner-managers 'have never thought about it.'" (Lepoutre & Heene, 2006, pp. 259–260)

The study found that there are meaningful gender differences in consumer perception and response to online reviews, particularly regarding review valence. Purchase intention for females was significantly higher after reading a positive review compared to males ($F(1, 146) = 14.353, p = 0.000$), while females also exhibited a stronger decrease in purchase intention than males when reading a negative review ($F(1, 146) = 59.276, p = 0.000$). This indicates that the effect of a review's valence—positive or negative—is more pronounced for female consumers. Additionally, the negativity effect, wherein a negative review has a stronger impact on purchase intention than a positive one, was found to be more evident for females than for males" (Bae & Lee, 2011, pp. 209-211)

Males and females have also been shown to express different levels of trust in internet-related activities. Female users, however, were not as positive toward these entities and appeared to be less trusting of web-based activities in general (Rodgers & Harris, 2003, p. 323).

2.2. Conclusions

The sources highlight that credibility and trust in SMEs can be improved through social responsibility and attention to demographic differences in customer perceptions. Establishing clear, consistent communication of the company's values and identity, especially in smaller businesses, can improve reputation and attract new customers. Smaller companies are more responsive to the needs of their stakeholders, which strengthens local trust.

Demographic differences, especially between genders, show that women value transparency and trust more than men when evaluating a business's credibility online. SMEs can build credibility by adopting clear strategies, like honest advertising and sharing company values, especially for certain groups.

3. Research Goals

By trying to understand and answer several questions, this paper will broadly explore the topic of transparency in business operations.

This research is focused on answering the following questions:

3.1. Q1

Research Question: To what extent is business transparency important when deciding to trust a small or medium-sized enterprise (SME)?

Based on this question, the research will test the following hypotheses.

H0: Business transparency does not significantly influence consumers’ trust in SMEs.

H1: Business transparency significantly influences consumers’ trust in SMEs.

3.2. Q2

Which demographic groups consider business transparency an important factor in establishing the credibility of SMEs?

3.3. Q3

What types of business transparency practices are considered most credible by consumers and are they different across demographic groups?

3.4. Q4

How often do consumers verify the credibility of SME-related information before making decisions and does this influence their trust in SMEs?

4. Methods

Various quantitative statistical methods were used to analyse the survey data and explore relationships between transparency, credibility and demographic variables.

4.1. Quantitative Data Analysis Approach

Methods used include chi-square tests for association, confidence interval estimations and two-proportion Z-tests. Each method was chosen to test specific hypotheses about transparency and credibility across demographic groups.

4.2. Statistical Tests and Analysis Justification

For the quantitative data analysis, chi-square tests were used to evaluate relationships between categorical variables, such as transparency importance and trust levels. Confidence intervals were calculated to show the range of transparency scores across demographic groups and Z-tests were used to compare proportions between groups.

These methods were selected based on their suitability for analysing survey data, ensuring that conclusions are statistically correct.

5. Q1:Business Transparency

To what extent is business transparency important when deciding to trust a small or medium-sized enterprise (SME)?

H1: Business transparency significantly influences consumers’ trust in SMEs.

H0: Business transparency does not significantly influence consumers’ trust in SMEs.

To answer the research question and test the hypothesis we use responses for the following questions:

Business Transparency Variable: Indicate the extent to which you agree or disagree with the following statement: Transparency in business operations is important when deciding to trust an SME.

Trust in SMEs Variable: Indicate the extent to which you agree or disagree with the following statement: we find the information given by SMEs to be trustworthy.

5.1. Categories

This questions use a Likert scale (1-5, from "Strongly Disagree" to "Strongly Agree"), which we convert into categories.

Business Transparency Variable:

- Low Transparency Importance (Strongly Disagree, Somewhat Disagree, Neither Agree nor Disagree)
- High Transparency Importance (Somewhat Agree, Strongly Agree)

Trust in SMEs Variable:

- Low Trust (Strongly Disagree, Somewhat Disagree, Neither Agree nor Disagree)
- High Trust (Somewhat Agree, Strongly Agree)

5.2. Chi-Square Test

We perform a Chi-Square test to determine whether there is a significant association between the importance of transparency and trust in SMEs.

The contingency table:

	Low Trust	High Trust	Total
Low Transparency Importance	10	9	19
High Transparency Importance	66	115	181
Total	76	124	200

5.3. Chi-Square Test Results

The Chi-Square statistic is calculated using the formula:

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

(1)

Where:

- *O* is the observed frequency.
- *E* is the expected frequency under the null hypothesis of independence.

For our data, the calculated results are as follows:

$$\chi^2 = 4.533, \quad p\text{-value} = 0.0333, \quad \text{degrees of freedom} = 1$$

The expected frequencies under the null hypothesis are:

	Low Trust	High Trust
Low Transparency Importance	7.22	11.78
High Transparency Importance	68.78	112.22

Since the p-value is less than 0.05, reject the null hypothesis and conclude that there is a significant association between Transparency Importance and Trust in SMEs.

6. Q2:Demographic Groups and Transparency

Which demographic groups consider business transparency an important factor in establishing the credibility of SMEs?

To answer this question, we are going to analyse results of following survey questions:

- How old are you?
- How do you describe yourself? - Selected Choice
- Indicate the extent to which you agree or disagree with the following statements: Transparency in business operations is important when deciding to trust an SME

6.1. Age

The age data that is used in this research is not balanced. Out of 200 survey answers, these are the results:

- 18-24 years old: 49
- 25-34 years old: 102
- 35-44 years old: 31
- 45-54 years old: 11
- 55-64 years old: 5
- 65+ years old: 2

Because of this disproportion, it is necessary to use proportions or percentages to present the results accurately.

The other aspect of data analysis is to convert answers which use the Likert scale to numeric values. In this case, we combine question about age with question: **Indicate the extent to which you agree or disagree with the following statements: - Transparency in business operations is important when deciding to trust an SME.**

We use mapping during python data analysis:

```
1 mapping = {
2     'Strongly disagree': 1,
3     'Somewhat disagree': 2,
4     'Neither agree nor disagree': 3,
5     'Somewhat agree': 4,
6     'Strongly agree': 5
7 }
```

Code 1. Python mapping dictionary 1

After implementation, we plot the graph:

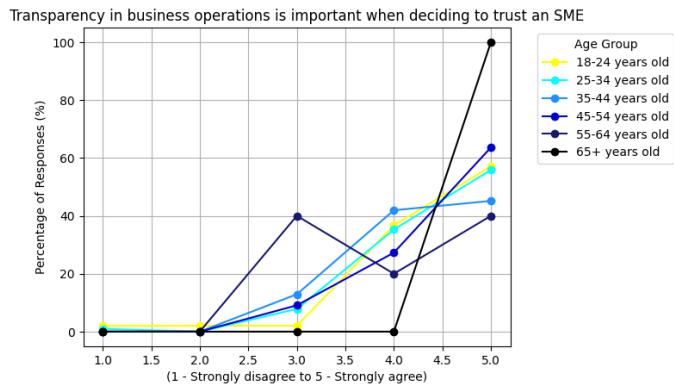


Figure 1. Age and Transparency

This distribution shows that all age groups have similar outcomes, except for the 65+ age group. However, this is a tiny group that contains only two respondents, which makes it not representative for this age group and sensitive to outliers.

Other outstanding results belong to 55-64 years old group, where 40% of answers to the question are “Neither agree nor disagree”. For other groups, this percentage is around 10%. The reason for this distribution is the same as for the previous case. Group 55-64 years old years contains only 5 respondents, which also makes it not representative and sensitive to outliers.

How old are you?	Mean	Median
18-24 years old	4.448980	5.0
25-34 years old	4.450980	5.0
35-44 years old	4.322581	4.0
45-54 years old	4.545455	5.0
55-64 years old	4.000000	4.0
65+ years old	5.000000	5.0

Table 1. Mean and Median Values for Different Age Groups

After calculating the mean and median, we can observe that the results across different age groups are not significantly different from each other, except for two groups: the 55-64 and 65+ age brackets, which were discussed earlier. We notice one other group with slightly distinct results. Respondents in group 35-44 years old reported slightly lower values compared to the other groups, showing that they value transparency in business operations slightly less.

This is evident from the lower median in this group compared to the 18-24, 25-34 and 45-54 age groups. A similar case is observed

with the mean, which is also lower in the 35-44 group compared to these other groups.

6.2. Gender

Out of 200 survey answers, these are gender-related question results:

- Female: 107
- Male: 89
- Prefer to self-describe: 2
- Prefer not to say: 1
- Non-binary / third gender: 1

Groups: prefer to self-describe, prefer not to say and non-binary/third gender and very small. It means that their results won't be representative. Since there are only 2% of the surveyed population, they will not be included in the gender-case analysis.

We use the same approach and combine this data with question: **Indicate the extent to which you agree or disagree with the following statements: - Transparency in business operations is important when deciding to trust an SME.**

e apply mapping during Python data analysis and, after its implementation, plot the graph:

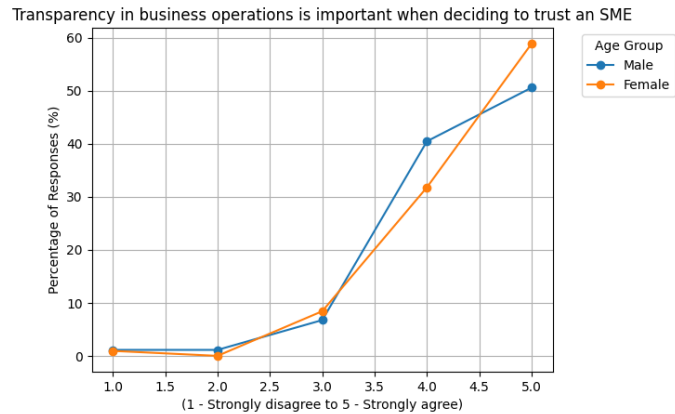


Figure 2. Enter Caption

There is a visible difference between these two groups. Women are more likely to consider transparency in business operations as an important factor of credibility than Men. This difference is visible especially while valuing transparency as “Somewhat agree” and “Strongly agree”. In both cases, the difference in percentage of responses is around 10%. Men are more likely to answer “Somewhat agree”, while women “Strongly agree”.

To have even stronger evidence, we calculate the mean and median for both genders.

How do you describe yourself?	Mean	Median
Male	4.382022	5.0
Female	4.476636	5.0

Table 2. Mean and Median scores based on gender

Even if the median is the same, there is a visible difference in the mean between the two genders.

6.3. Confidence Intervals

We analyse confidence intervals for responses about transparency in business operations across different demographic groups. These intervals help us estimate the range of scores for each age and gender group, giving insight into how strongly each group values transparency in SMEs. By using confidence intervals, we can see differences across demographics in their views on the importance of transparency.

```

254 1 # Mapping transparency ratings to numerical
255   scores
256 2 transparency_score_mapping = {
257 3     'Strongly disagree': 1,
258 4     'Somewhat disagree': 2,
259 5     'Neither agree nor disagree': 3,
260 6     'Somewhat agree': 4,
261 7     'Strongly agree': 5
262 8 }
263 9
264 10 # Mapping transparency ratings to categories of
265     importance
266 11 transparency_category_mapping = {
267 12     'Strongly disagree': 'Low Transparency
268     Importance',
269 13     'Somewhat disagree': 'Low Transparency
270     Importance',
271 14     'Neither agree nor disagree': 'Low
272     Transparency Importance',
273 15     'Somewhat agree': 'High Transparency
274     Importance',
275 16     'Strongly agree': 'High Transparency
276     Importance'
277 17 }
278 18
279 19 # Converting text ratings to numerical scores
280 20 df['Transparency Score'] = df[
281 21     'Indicate the extent to which you agree or
282     disagree with the following statements: -
283     Transparency in business operations is
284     important when deciding to trust an SME'
285 22 ].map(transparency_score_mapping)
286 23
287 24 # Applying category mapping
288 25 df['Transparency Importance'] = df[
289 26     'Indicate the extent to which you agree or
290     disagree with the following statements: -
291     Transparency in business operations is
292     important when deciding to trust an SME'
293 27 ].map(transparency_category_mapping)
294 28
295 29 # Filtering data for only 'Female' and 'Male'
296     values
297 30 df_filtered = df[df['How do you describe
298     yourself? - Selected Choice'].isin(['Female',
299     'Male'])].copy()
300 31
301 32 def confidence_interval(data):
302 33     mean = data.mean()
303 34     std_err = stats.sem(data)
304 35     return stats.t.interval(0.95, len(data)-1,
305     loc=mean, scale=std_err)
306 36
307 37 # Calculating confidence intervals for age
308     groups and transparency importance levels
309 38 age_conf_intervals = {}
310 39
311 40 for age in df_filtered['How old are you?'].
312     unique():
313 41     for importance in ['Low Transparency
314     Importance', 'High Transparency Importance']:
315 42         scores = df_filtered[(df_filtered['How
316     old are you?'] == age) &
317         (df_filtered['
318     Transparency Importance'] == importance)][
319     'Transparency Score']
320 43
321 44     if len(scores) > 1:
322 45         ci = confidence_interval(scores)
323 46         age_conf_intervals[(age, importance)
324 47     ] = ci
325 48
326 49 # Calculating confidence intervals for genders
327     and transparency importance levels
328 50 gender_conf_intervals = {}
329 51
330 52 for gender in ['Female', 'Male']:
331 53     for importance in ['Low Transparency
332     Importance', 'High Transparency Importance']

```

```

54     ]:
55         scores = df_filtered[(df_filtered['How
56     do you describe yourself? - Selected Choice'
57     ] == gender) &
58         (df_filtered['
59     Transparency Importance'] == importance)][
60     'Transparency Score']
61
62     if len(scores) > 1:
63         ci = confidence_interval(scores)
64         gender_conf_intervals[(gender,
65     importance)] = ci
66
67 print("95% Confidence Intervals for Transparency
68     Scores by Age Group and Importance Level:")
69 for (age, importance), ci in age_conf_intervals.
70     items():
71     print(f"Age {age}, {importance}: 95% CI = {
72     ci}")
73
74 print("\n95% Confidence Intervals for
75     Transparency Scores by Gender and Importance
76     Level:")
77 for (gender, importance), ci in
78     gender_conf_intervals.items():
79     print(f"Gender {gender}, {importance}: 95%
80     CI = {ci}")

```

Code 2. Python code for calculating confidence intervals by Age and Gender

- **Age 18-24 years old, Low Transparency Importance: 95% CI = (-0.48, 4.48)**
- **Age 18-24 years old, High Transparency Importance: 95% CI = (4.46, 4.76)**
- **Age 55-64 years old, High Transparency Importance: 95% CI = (3.23, 6.10)**
- **Age 25-34 years old, Low Transparency Importance: 95% CI = (2.27, 3.29)**
- **Age 25-34 years old, High Transparency Importance: 95% CI = (4.51, 4.71)**
- **Age 35-44 years old, Low Transparency Importance: 95% CI = (nan, nan) – Insufficient data**
- **Age 35-44 years old, High Transparency Importance: 95% CI = (4.32, 4.72)**
- **Age 45-54 years old, High Transparency Importance: 95% CI = (4.35, 5.05)**
- **Age 65+ years old, High Transparency Importance: 95% CI = (nan, nan) – Insufficient data**
- **Gender Female, Low Transparency Importance: 95% CI = (2.35, 3.25)**
- **Gender Female, High Transparency Importance: 95% CI = (4.55, 4.75)**
- **Gender Male, Low Transparency Importance: 95% CI = (2.00, 3.25)**
- **Gender Male, High Transparency Importance: 95% CI = (4.44, 4.67)**

The confidence intervals for age and gender groups show consistent transparency scores in both 'High' and 'Low Transparency Importance' categories.

- **High Confidence Intervals for "High Transparency Importance"** (e.g., 4.46–4.76 for ages 18-24 and 4.55–4.75 for females) suggest that respondents who value transparency highly are more likely to give high scores, showing a strong agreement on its importance.
- **Broader Confidence Intervals for Some Groups** (e.g., ages 55–64) show a wider range of opinions, suggesting a greater spectrum in how transparency is perceived among these groups.
- **No Confidence Interval (nan)** for some groups show insufficient sample sizes.

The data shows that people who consider transparency important give it consistently high ratings.

7. Q3: Demographic Groups and Transparency Practices

What types of business transparency practices are considered most credible by consumers and are they different across demographic groups?

To answer this question, we are going to analyse results of the following survey questions:

- What type of business transparency practices do you find the most credible?
- How old are you?
- How do you describe yourself?

7.1. Age

In the previous section, we noticed that groups aged 55-64 years old and 65+ years old are not representative. Because of this, they won't be included in this part of analysis.

7.1.1. Abbreviations Used

- HA for Honest Advertising
- CPP for Clear Pricing Policies
- PDPI for Publishing Detailed Product Information
- OCaCV for Open Communication about Company Values

7.1.2. Results by Age Group

Distribution of answers:

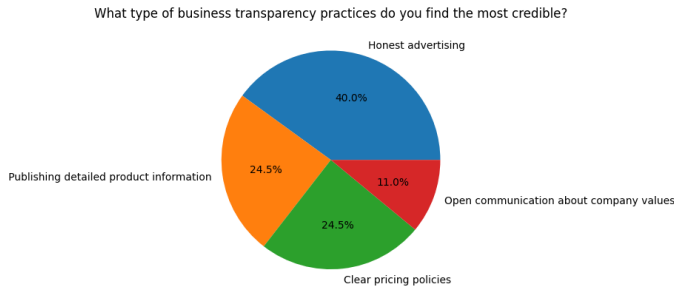


Figure 3. Pie chart of Business Transparency Practices

This chart demonstrates that consumers value honest advertising the most. On the other hand, open communication about company values is considered the least important practice.

To gain a deeper understanding of the topic, we analyse the table where data is separated by age groups. For each age group, the table shows the percentage of responses for each business transparency practice.

Practice	18-24	25-34	35-44	45-54
HA	34.69%	47.25%	35.29%	36.36%
CPP	30.61%	28.57%	17.65%	18.18%
PDPI	22.45%	28.57%	23.53%	18.18%
OCaCV	12.24%	7.69%	14.71%	27.27%
	100%	100%	100%	100%

Table 3. Percentages of preferred business transparency practices by age group.

Honest advertising is the most valued practice across all age groups, especially among the 25-34-year-olds, where nearly half of the respondents prioritize it.

Clear pricing policies and publishing detailed product information also rank high but show variation in importance depending on the age group.

Interestingly, open communication about company values is least valued overall, except for the 45-54-year-olds, where it ranks higher. This suggests that younger consumers prioritize straightforward advertising, while older consumers may be more interested in company values.

7.2. Gender

In the previous section, we noticed that groups beside "male" and "female" are only 2% of the data and they are not representative groups. Because of this reason, they will not be included in this part of the analysis.

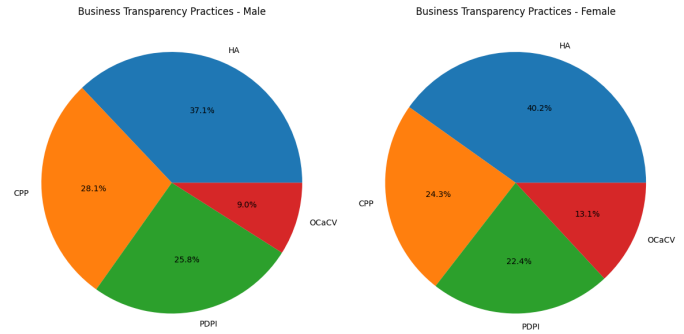


Figure 4. Gender Opinion Comparison

Differences between genders are not significantly big. The biggest difference in results is between "Open Communication and Company Values". Women chose this option 13.1% of the time, while men chose it only 9% of the time. This difference is over 3 percentage points.

To test whether the difference between males and females in their preference for "Open Communication and Company Values" is statistically significant, we perform a two-proportion z-test. This test compares the proportions of two independent groups (males and females) to see if there is a significant difference in their preferences.

7.3. Hypothesis and Two-Proportion Z-Test

H0: There is no difference in the proportion of males and females who prefer "Open Communication and Company Values" as a transparency practice.

$$p_{\text{male}} = p_{\text{female}} \tag{2}$$

H1: There is a difference in the proportion of males and females who prefer "Open Communication and Company Values" as a transparency practice.

$$p_{\text{male}} \neq p_{\text{female}} \tag{3}$$

To test the difference between the proportions of males and females who prefer "Open Communication and Company Values," we conduct a two-proportion Z-test. The test is performed using the following formula:

$$Z = \frac{(\hat{p}_1 - \hat{p}_2)}{\sqrt{\hat{p}(1 - \hat{p})\left(\frac{1}{n_1} + \frac{1}{n_2}\right)}} \tag{4}$$

Where:

- \hat{p}_1 = Proportion of males who prefer "Open Communication and Company Values"
- \hat{p}_2 = Proportion of females who prefer "Open Communication and Company Values"
- \hat{p} = Pooled proportion = $\frac{x_1 + x_2}{n_1 + n_2}$
- n_1 = Number of males surveyed
- n_2 = Number of females surveyed

- x_1 = Number of males who prefer "Open Communication and Company Values"
- x_2 = Number of females who prefer "Open Communication and Company Values"

Using the data:

- $x_1 = 8, n_1 = 89$
- $x_2 = 14, n_2 = 107$

The pooled proportion \hat{p} is calculated as:

$$\hat{p} = \frac{8 + 14}{89 + 107} = \frac{22}{196} \approx 0.1122 \quad (5)$$

Now, calculate the Z value:

$$Z = \frac{(8/89 - 14/107)}{\sqrt{0.1122 \times (1 - 0.1122) \times \left(\frac{1}{89} + \frac{1}{107}\right)}} \approx -0.90 \quad (6)$$

This Z value of -0.90 will be compared to a critical value (1.96 for 95% confidence level) to decide if we should reject the null hypothesis.

Since $|Z| < 1.96$, we do not reject the null hypothesis. This means that the small difference in preferences (13.1% of women vs. 9% of men) might be because of random chance, rather than a real difference in opinions between men and women.

7.4. Power Analysis

To verify if the sample size was sufficient to detect a meaningful difference, We conducted a power analysis for the two-proportion Z-test. Power analysis helps determine if the sample is large enough to reliably detect an effect, reducing the risk of Type II error (failing to detect an actual difference).

```

1  x1 = 8          # Number of males who prefer "Open
2    Communication and Company Values"
3  n1 = 89         # Total number of males
4  x2 = 14         # Number of females who prefer "
5    Open Communication and Company Values"
6  n2 = 107        # Total number of females
7
8  # Proportions for each group
9  p1 = x1 / n1    # Proportion of males who prefer
10     the value
11  p2 = x2 / n2    # Proportion of females who prefer
12     the value
13
14 # Pooled proportion
15 pooled_p = (x1 + x2) / (n1 + n2)
16
17 # Two-proportion Z-test
18 stat, p_value = proportions_ztest([x1, x2], [n1,
19     n2])
20
21 # Effect size as the difference in proportions
22 effect_size = p2 - p1
23
24 # Power analysis parameters
25 alpha = 0.05    # Significance level
26 power = 0.8     # Desired power level
27
28 # Calculate required sample size per group to
29 # achieve the desired power
30 sample_size_needed = zt_ind_solve_power(
31     effect_size=effect_size, alpha=alpha, power=
32     power, alternative='two-sided')
33
34 # Print results
35 print(f"Z-statistic: {stat:.2f}")
36 print(f"p-value: {p_value:.3f}")
37 print(f"Effect size (difference in proportions):
38     {effect_size:.3f}")
39 print(f"Required sample size per group for 0.8
40     power: {sample_size_needed:.2f}")

```

Code 3. Python code for Z-test and Power Analysis

The results:

- **Z-statistic:** -0.90
- **p-value:** 0.366
- **Effect size (difference in proportions):** 0.041
- **Required sample size per group for 0.8 power:** 9359.55

The power analysis shows that to detect such a small difference with adequate power (0.8), a much larger sample size is needed (9359 individuals per group). The lack of significant results might be explained by the small sample size, which may not have been large enough to detect a true difference in preferences.

7.5. Summary

For future studies, increasing the sample size would allow for a more precise analysis of small differences and improve the likelihood of detecting subtle associations between gender and preferences.

8. Q4: Frequency of verifying credibility

How often do consumers verify the credibility of SME-related information before making decisions and does this influence their trust in SMEs?

To answer this question, We are going to analyse the results of the following survey questions:

- How often do you verify the credibility of SME-related information before making a decision?
- How old are you?
- How do you describe yourself? - Selected Choice
- Indicate the extent to which you agree or disagree with the following statements: Transparency in business operations is important when deciding to trust an SME

8.1. Demographic Groups

In the previous sections, we noticed that groups aged 55-64 years old, 65+ years old, Prefer to self-describe, Prefer not to say and Non-binary / third gender are not representative. Because of this reason, they won't be included in this part of analysis.

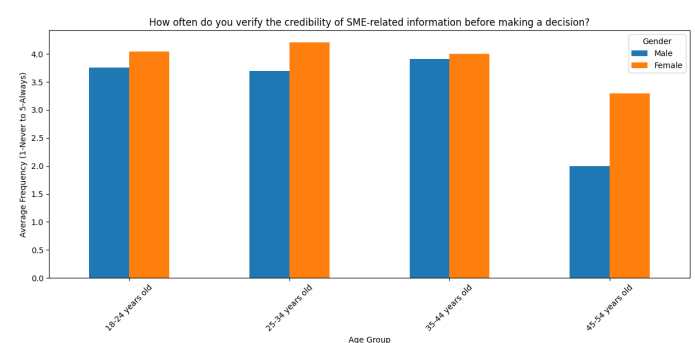


Figure 5. Frequency of Credibility by Groups

There is visible difference between Male and Female groups in every age groups.

Women tend to verify frequency of SME-related information before making a decision more often than men. We can notice the biggest difference in age group 45-54 years old and the smallest in 35-44 years old. Both genders verify credibility at similar level in groups 18-24 years old, 25-34 years old and 35-44 years old. The significant difference can be noticed only in between these groups and 45-54 years old group. In 45-54 years old group people seem to verify less credibility of SME-related information before making a decision.

9. Discussion

The findings of this study highlight how transparency practices impact the perceived credibility of SMEs. It analyses differences in preferences across demographic groups, especially between genders. Women are more likely to value transparency and trust in their evaluations of SMEs online. This finding suggests that SMEs that want to build credibility should improve their transparency practices that resonate with this customer group.

Practices like honest advertising and clear communication of company values were found to be especially important. Honest advertising is particularly valued by younger age groups, while older customers pay more attention to understanding a company's values. These results suggest that SMEs should adopt transparency strategies to meet the specific expectations of each demographic group.

Trust is also a critical factor connected to transparency. Customers who view an SME as transparent are more likely to find it trustworthy, supporting the idea that clear communication is a foundation for credibility. This relationship highlights the importance of SMEs being open and straightforward in their operations, especially in today's competitive market, where consumers may approach unfamiliar brands with scepticism.

The study's sample size is too small to research the preferences of non-binary and gender-diverse groups. Future research with a more diverse participant pool could provide a deeper understanding of these perspectives.

9.1. Recommendations for Future Research

While this research explores the role of transparency in building credibility, future studies can investigate how transparency impacts specific outcomes, such as customer loyalty. Expanding the sample size and collecting data from a broader range of demographic groups would improve understanding of customer preferences for transparency. Because of limited data in certain segments of this study, a larger sample would improve statistical power, making hypothesis testing more reliable.

10. Conclusion

This study demonstrates that transparency in business practices is an essential factor for building trust and credibility among SME customers. Gender differences indicate that women prioritize transparency and trust more than men, particularly in online purchases. This suggests that SMEs should consider demographic preferences when implementing transparency strategies. Honest advertising and clear communication about company values can help SMEs meet customers' expectations, improving their credibility and trustworthiness.

11. References

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