

The role of expectations on consumer interpretation of new information

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Abstract

Purpose – The purpose of this paper is to investigate the role of consumers' expectations and their antecedents on beliefs, attitude and behavioral intentions when they respond to new corporate social responsibility (CSR) information about a service firm.

Design/methodology/approach – Empirically, the authors measure prior beliefs, and then calibrate how those beliefs change in response to a piece of news. The authors develop a conceptual model articulating the nature and antecedents of three types of expectations: would, could and should. The authors use structural equation modeling to test how these expectations influence the consumer evaluation process.

Findings – The results show that the effect of could expectations on the evaluation process is felt via their influence on would expectations; that is, would expectations fully mediate the relationship between could expectations and attitude toward news. Similarly, attitude toward news fully mediates the relationship between would and should expectations and updated beliefs about the firm.

Research limitations/implications – In the selected service industry, the findings show that expectations are mediated by the new information that consumers receive when they are updating their prior beliefs. The authors demonstrate the ability to understand the antecedents of expectations, which provides a vehicle by which the organization can influence the consumer evaluation process.

Practical implications – In practice, managers can identify the antecedents of consumer expectations and thus influence the reference points against which those consumers will evaluate news about their product.

Social implications – CSR has important implications for multiple stakeholders and the authors calibrate the determinants of how news about the organization's performance on it may affect consumer decision processes.

Originality/value – The paper introduces "could" expectations into the services literature, examines the antecedents of the different types of expectations, and studies how their effect is felt through the evaluation process.

Keywords Corporate social responsibility, Services, Expectations, Behavioural intentions, Updating

Paper type Research paper

1. Introduction

This paper examines the role of expectations and their antecedents in shaping consumer evaluations and behavioral intent toward a service organization. It does so by studying the effect of a piece of news about the firm, specifically information about its corporate social responsibility (CSR) performance. Firms are facing increasing pressures to both maintain profitability and market share, as well as to be socially responsible (Korschun *et al.*, 2014; Du *et al.*, 2010). Surveys of public expectations consistently show an organization's social responsibility matters (e.g. Epstein-Reeves, 2010; Cone, 2013). Epstein-Reeves (2010) demonstrates that consumers expect companies to achieve their corporate objectives while improving society and the environment in which they operate. Imagine the CEO of a



services firm. She knows that expectations shape the way in which consumers evaluate her service, but she does not know the total nature of those expectations, whether expectations operate by the consumer evaluating news about the firm differently or by directly operating on beliefs and attitudes, and what factors lead to those expectations. We aim to address those issues.

In assessing how consumers integrate new information, we consider their expectations. Expectations represent an influential force in shaping judgments and subsequent behavior (Boulding *et al.*, 1993; Korschun *et al.*, 2014; Polo and Sese, 2013). CSR expectations are already being felt by many industries, with consumers now far more likely to demand more socially and environmentally responsible products and fair employee treatment and compensation (Lii and Lee, 2012; McPherson, 2016), and ethically oriented product communications demonstrating beneficial impact on the brand performance of firms (McPherson, 2016; Shaw *et al.*, 2005). A number of studies suggest that media exposure of a corporation's CSR practices has the potential to influence consumer beliefs and reactions toward it (e.g. Manheim and Albritton, 1984; Raghuram *et al.* 2010). The adverse consequences of media coverage of a range of negative news such as the Enron accounting scandal, the GlaxoSmith Kline off-label marketing fraud and the mishandling hazardous waste by ValuJet have underscored the importance of meeting stakeholders' varied social expectations (Dezenhall and Weber, 2011).

The literature on consumer service encounter evaluations suggests that a judgment of a firm's CSR activities is likely to be evaluated relative to a set of preformed expectations (e.g. Boulding *et al.*, 1993). Recently, understanding consumer expectations has become increasingly important (Klein and Dawar, 2004; Korschun *et al.*, 2014) as evidence mounts that they are linked to the firm's value creation, firm valuation and revenue performance (e.g. Luo and Bhattacharya, 2006; Ioannou and Serafeim, 2015). Although the role of expectations is widely acknowledged as an integral part of CSR evaluation, few studies have calibrated and discussed them in detail (Smith *et al.*, 2010). Another relatively unexplored area of research is the identification of the antecedents of expectations. Within the service quality literature, Zeithaml *et al.* (1993) acknowledge enduring and transitory service intensifiers, situational factors (such as random excess demand), word of mouth and predictions as influencers of expected and minimum service levels. However, their study does not identify antecedents of consumer expectations, nor their impact on evaluative and behavioral outcomes. Thus, as well as consequences of consumer expectations, there is a need to develop a deeper understanding of expectations' antecedents and the role they play as comparative referents for CSR news evaluation.

In this research, we empirically investigate different types of expectation that exist for consumers evaluating CSR news about an airline and identify the key antecedents that drive consumer expectations of the airline's corporate social performance. In addition, we explore the role that expectations play in influencing airline passenger beliefs about, attitude toward, and intentions regarding the airline. This paper aims to add to the service marketing literature by providing a conceptual model of how different types of expectation constitute an important mechanism with which to understand consumer response to CSR news. In developing and testing the model, we make both theoretical and practical contributions to literature. From a theoretical perspective, our work is the first of which we are aware to distinguish between the antecedents of three expectations standards – would, could and should expectations – and to explore the direct and indirect relationships between them. Results of the current study also contribute to the knowledge of the factors driving airline passenger expectations and consumer attitudes and reactions toward new information. Our study exploits the theoretical complementarities of a number of related literatures including, first, the resource-based view of the firm (RBF) and second, external environmental constraints. It also contributes by proposing a third expectations standard – could expectations (where could expectations refer to possible performance, not ideal or

should performance). We expect empirical findings on could expectations will provide insights into consumers' attributions as to whether good or poor CSR performance is the result of the internal or external constraints that the firm faces or a lack of desire or culture to harness its resources to address the situation. This has implications for marketing managers, who may need to undertake different actions, depending on whether news is perceived to be within the control of the firm or not.

2. Expectations and their antecedents

2.1 Expectations

Expectations may be defined as beliefs and predictions about the future (Olson and Dover, 1979). They represent an essential psychological mechanism that affects virtually all human behavior. The significance of expectations and their role in evaluating the perceptual outcomes from the customer's perspective have been emphasized by scholars. For example, Bandura's (1977) general social cognitive theory focuses on the formation of expectations, the selection of choice options, and performance. He classifies these expectations into categories of physical outcomes, social outcomes and self-outcomes. In the social psychology literature, attribution theory describes how an individual uses expectations and information to explain events. Attribution theory holds that expectations for specific outcomes ultimately help to shape emotional and behavioral responses (Weiner, 1985). Expectancy-theory posits that intentions to perform behaviors and perceived behavioral control can be used as proxies for expectations (Ajzen, 1991). Ajzen (1991) notes that when studying individuals' behaviors that have a clear moral dimension, it is appropriate to add a measure of moral norm in the expectancy-value model to determine whether it adds to the prediction of intention and behavior. In the present study, we considered should expectations as an additional determinant of beliefs and attitudinal formations.

Within the studies on customer satisfaction, expectations are postulated to have an effect on satisfaction mainly due to their role as a continually adjusted anchor of information in the satisfaction evaluation process (Johnson *et al.*, 1995; Polo and Sese, 2013). This anchor of information is the psychological equivalent of the cognitive process of anchoring and adjustment (Tversky and Kahneman, 1974). The idea of a reference point around which to benchmark evaluations is common in many management disciplines (see, e.g. Herzberg *et al.* 2011). In marketing, the disconfirmation model (also known as the gap model) refers to judgments that a person makes with respect to his or her satisfaction with a firm's product or service performance in comparison to the person's prior expectations. According to Oliver's (1980) expectancy disconfirmation paradigm, one of the three outcomes will occur when disconfirmation takes place: confirmation, when the actual product/service performance matches expectations; positive disconfirmation, when the actual product/service performance exceeds expectations; and negative disconfirmation, when the actual product/service performance fails to meet expectations. In particular, the disconfirmation model posits that expectations have a negative influence on disconfirmation; higher expectations are less likely to be met (negative disconfirmation) thus leading to lower satisfaction levels while lower expectations are more likely to be exceeded and are predicted to lead to higher satisfaction levels. In a similar manner, Zeithaml *et al.* (1993) described service quality as a comparative function between various types of consumer expectations (desired, adequate and predicted) and actual service performance. Of particular interest is the zone of tolerance between the range of customers' desired (should) and minimum acceptable (would) expectations and the actual performance. Performance below the zone is seen as dissatisfying and performance above the zone is seen as delighting. See Yuksel and Rimmington (1998) and James (2009) for a critique of the disconfirmation model. Several studies point out that the discrepancies between perceived performance and expectations increase the likelihood of disconfirmation effects (Ho *et al.*, 2015; Teas, 1993).

It is possible that when testing the disconfirmation model, the direct path from expectations to satisfaction will not be significant, indicating the need to look for a more complete model of expectations. Of particular relevance to our study is the operationalization of could expectations as they relate to new information about a firm.

The importance of expectations in judging quality specifically in service industries has attracted much attention (Ho *et al.*, 2015; Johnston, 2004; Polo and Sese, 2013; Sachdev and Verma, 2004; Saunders, 2015; Strombeck and Shu, 2014; Zeithaml, 2002). Expectations have also attracted attention in the study of CSR. A growing body of studies on CSR have demonstrated that firms are increasingly aware of the need to address stakeholders' humanitarian, social and environmental concerns beyond immediate financial rewards (Bhattacharya *et al.*, 2009; Carroll and Buchholtz, 2011; Friedman, 1970; Raghurir *et al.*, 2010). Creyer and Ross (1997), Homburg *et al.* (2013), and Vallaster *et al.* (2012) all find that expectations have a positive influence on stakeholders' decision making. In addition, several studies have suggested that individuals' perceptions of CSR issues may depend on pre-existing views and the type of news to which they were exposed (Klein and Dawar, 2004; Ioannou and Serafeim, 2015). Specifically, individuals may evaluate a piece of information about the firm relative to a set of expectations, and these expectations may influence how they perceive and react toward the focal firm. With the increasing institutionalization of CSR (Du *et al.*, 2010; Korschun *et al.*, 2014), understanding stakeholders' diverse expectations has become a key variable to a firm's success (Freeman, 1984; Raghurir *et al.*, 2010; Smith *et al.*, 2010). Past research has found that expectations that are relevant to an individual's needs are frequently activated and, therefore, are likely to influence changes in his/her perceptions when presented with a stimulus (Boulding *et al.*, 1993; Korschun *et al.*, 2014). Behavioral responses can be in the form of altered purchase intentions (upwards or downwards), word of mouth, shareholder activism, boycotts and adverse publicity in the media (Bhattacharya *et al.*, 1995; Klein *et al.*, 2004; Smith *et al.*, 2010). In this study, consumer expectations about a firm are decomposed into their beliefs about what the firm would, should and could do in a given situation. Hence, to understand how consumers update their beliefs about, attitudes toward, and intentions with respect to future consumption of the firm's services in the light of new information, we focus on these three expectation benchmarks (would, should and could expectations). We identify likely antecedents of each of these expectations in a CSR context.

2.2 Would expectations and their antecedents

Would expectations are the most commonly used benchmark for evaluating future performance (Boulding *et al.*, 1993). Would expectations represent the pre-stimulus beliefs about the firm's expected future performance (Olson and Dover, 1979). In the CSR context, would expectations are described as a consumer's prediction of the likely performance of the firm, based on prior beliefs, commitment and explicit and implicit promises made by it. When a consumer recalls past behavioral experiences with a service provider, he/she is likely to recall evaluative judgments (Mather and Johnson, 2000). This in turn can influence his/her expectations about the firm's future likely performance. Organizational culture underpins a firm's past actions and implicitly makes promises about how the firm will operate in the future (de Vries and Miller, 1986). Consumer perceptions of organizational culture provide a frame of reference for them to predict what a firm would do in a given situation (Trice and Beyer, 1984). Boulding *et al.* (1993) acknowledge that consumers' would expectations act as a positive reality filter of a firm's future actions.

2.3 Should expectations and their antecedents

While would expectations, as a predictive concept, has dominated most of the literature, it fails to account for the innate wants and personal values of individuals (Kahneman and

Miller, 1986). In contrast, should expectations add a normative aspect to the simple would expectations model (Ajzen, 1991). Normative expectations have been described as “ideal expectations,” or “wished for” or “desired” level of performance in meeting consumers’ needs and wants (Cadotte *et al.*, 1987; Miller, 1977; Swan and Trawick, 1980; Zeithaml *et al.*, 1993). They describe the customer’s preferred level of product performance (Swan and Trawick, 1980) and suggest how a brand should perform (Prakash, 1984). In the CSR context, should expectations are viewed as reflecting the needs or values of consumers (Donaldson and Preston, 1995) – that is, what they feel a firm should do rather than what it would do in the provision of CSR. Should expectations involve a quality that philosophers sometimes term “ought” (Tse and Wilton, 1988). Should expectations may incorporate what a stakeholder has learned, such as personal experience with a competing firm, thus at least partially holding all firms to a common standard (Boulding *et al.*, 1993; Cadotte *et al.*, 1987). While positive service encounters with the firm can increase a consumer’s would expectations of a firm’s next service level, should expectations are more dependent of external factors such as when consumers experience a higher standard of service quality from a competing firm (Boulding *et al.*, 1993; Ho *et al.*, 2015; Teas, 1993).

Past research has found that should expectations relevant to an individual’s needs are activated frequently and are likely to influence the perceptions that consumers have when presented with a stimulus (Becker-Olsen *et al.*, 2006).

2.4 *Could expectations and their antecedents*

Should and would expectations do not directly provide a basis for the stakeholder to estimate a firm’s ability to engage in CSR. In this paper, we propose a third standard of expectations – could expectations. The nature of could expectations has not, to our knowledge, been studied in a services nor CSR news context.

The expression “could expectations” has been used in communications theory (Olkkonen and Luoma-aho, 2014), but with a very different meaning. We find it ironic that Olkkonen and Luoma-aho (2014) use the term with respect to an ideal benchmark, rather than a possible one. Indeed, the authors explain their use of the term as follows:

The fourth basis ideal expectation, was an ideal possibility or hope *that may not be realistic* but is held as an ideal. As these expectations describe what could be, we call them the “could” expectations (Italics added).

In marketing and services terminology, this more closely corresponds to should expectations and so we prefer to reserve the term could expectations to refer to what consumers perceive as possible.

Could expectations are distinct from would expectations in that they address the firm’s capability to advance CSR through a combination of internal resource opportunities and environmental barriers, while would expectations predict a firm’s actions by the organization’s implicit and explicit promises to advance CSR.

We posit that consumers’ expect what a firm will do (would expectations) to be the intersection (overlap) of what it is capable of doing (could expectations) with what it is motivated to use that capability for. Drawing on RBF (Wernerfelt, 1984), we argue that a consumer may infer the expected ability of what a firm could do by comparing his/her perception of its strategic internal resources to the external environmental opportunities and barriers it faces. Resources are primary determinants of a firm’s ability to perform (Barney, 1986). A consumer’s perception of a firm’s ability to apply internal resources to leverage its skills will influence his/her perception of the firm’s ability to engage in CSR (Kull *et al.*, 2016; Russo and Fouts, 1997). Additionally, since firms are embedded in a system of specific political, social, cultural and legal conditions and rules, external environmental factors (over which they have limited influence) will also influence could

expectations. Miller and Friesen (1983, p. 222) characterize such environmental challenges as “the degree of threat to the firm posed by the multi-facetedness, vigor and intensity of the competition and the downswings and upswings of the firm’s principal industry.” A person’s perception of the internal and external environmental factors will vary according to their personal schemas and the competitive perspective with which they view the marketplace. Because of these phenomena, the RBF lens provides an important platform for a consumer to quantify the strategic value of resources that a firm may have access to, or the barriers it may face to create a competitive advantage (thus driving could expectations).

In summary, we posit that three different sets of expectations influence the manner in which the evaluation process takes place and we identify the likely antecedents of those expectations based on the literatures relevant to each.

3. Conceptual model and hypothesis development

To develop a conceptual model of how expectations influence evaluation and behavioral intentions, we draw on Ajzen’s (1991) theory of planned behavior and extend Boulding *et al.*’s (1993) model of service quality. Our model highlights the sources of knowledge on which expectations are based, as well as the outcomes that these expectations have been shown to influence. As advocated by Urban and Karash (1971), we adopt an evolutionary approach to model development. The three stages of our model, illustrated in Figure 1, consist of: a base model of information integration; the incorporation of expectations; and the inclusion of the antecedents of expectations.

3.1 Stage 1 – establishing the base model

Our base model is predicated on the assumption that consumers have prior beliefs about the firm at time t . Empirical studies have suggested that these beliefs about the firm and its CSR actions will determine their attitude toward it (e.g. Bhattacharya *et al.*, 2009). Attitudes act as a determinant of behavioral intentions. Consistent with Ajzen’s (1991) theory of planned behavior, we expect that consumers’ evaluation of a firm determines their attitudes toward it, which influences their behavior at time t . Next, this standard model of beliefs-attitude-behavior at time t is updated to develop a set of posterior beliefs at time $t + 1$ when the consumer is confronted with new information. This approach comes from the dynamic

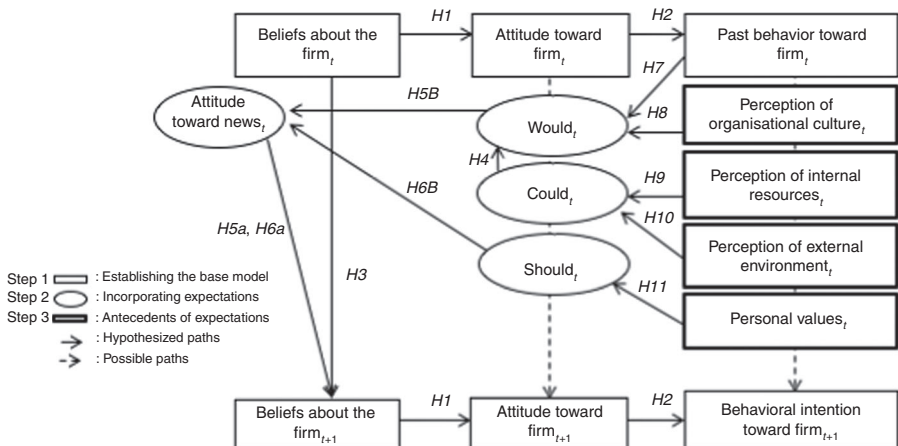


Figure 1.
The full conceptual model

brand choice literature (Roberts and Urban, 1988). It is represented by the top and bottom lines of Figure 1. We posit that:

- H1. Attitudes toward a firm_{*t*} will be positively related to beliefs about the firm_{*t*}.
- H2. Behavior toward a firm_{*t*} will be positively related to attitudes toward the firm_{*t*}.
- H3. Beliefs about a firm_{*t+1*} will be positively related to beliefs about the firm_{*t*}.

We claim no contribution to this base model, but its pedigree gives us a sound foundation from which to address the role of different types of expectations and their antecedents. Note that we are agnostic as to the information on which prior beliefs are based. It is their updating in which we are interested.

3.2 Stage 2 – incorporating expectations

To understand how different expectations affect the base model, we include all three expectations (would, could and should) into the base model. RBF postulates the competitive position of an enterprise depends on the quality of internal resources and the firm's adaptability to the external market environment. Hence, a person's could expectations of a firm provide the basis of how the individual expects it will act (would expectations) (Srivastava *et al.*, 2001). Therefore, we hypothesize:

- H4. Would_{*t*} expectations fully mediate the influence of could_{*t*} expectations on attitude toward news_{*t*}.

Drawing on information processing theory, we argue that upon exposure to a given piece of CSR news, consumers will evaluate it relative to their expectations (would and should) and so expectations will influence how the consumer evaluates the news. Since there is no new information available to the consumer available at time $t + 1$ that was not available at time t , except for the CSR News, we do not anticipate that expectations will have a direct effect on beliefs, attitudes and intentions in time $t + 1$, except that which is felt through the interpretation of the news. Similarly, because the theory of planned behavior (Ajzen, 1991) suggests that intentions form as a result of attitudes and attitudes are based on beliefs, we do not expect direct effects of attitudes and intentions in time t on attitudes and intentions in time $t + 1$, respectively. We posit that changes in attitudes and intentions will occur as a result of changes in beliefs (see Figure 1). That is, expectations influence consumers' attitudinal response toward the news and that response will be incorporated in their updated CSR beliefs about, and attitude toward, the firm, illustrated in Figure 1. This leads to the following set of hypotheses:

- H5. Attitude toward newst mediates the influence of would_{*t*} expectations on beliefs about a firm_{*t+1*}.
- H6. Attitude toward newst mediates the influence of should_{*t*} expectations on beliefs about a firm_{*t+1*}.

3.3 Stage 3 – proposing the antecedents of expectations

In the final stage of model development, we propose the antecedents of expectations to facilitate an understanding of how consumers form their would, could and should expectations. Previous studies have found that a person's past behavior influences attention to and the absorption of new knowledge (Tripsas and Gavetti, 2000). Extending this logic to the relationship between a person's past behavior toward the firm and would expectations, we argue that individuals form expectations of what a firm would do based on their past

behavior (experience) with it. That is, people shift their expectations to be consistent with their past experience with the organization. Specifically, we propose that:

H7. Positive past behavior_{*t*} toward a firm has a positive effect on would_{*t*} expectations.

As consumers may not have perfect information about a firm's performance, they often rely on extrinsic cues to develop their expectations about its CSR engagement (Fiske and Nueberg, 1990). One key extrinsic cue is their perception of the firm's organizational culture. Individuals may use their impression of the firm's culture, such as fairness toward people and good corporate citizenship (Brown, 1997), to infer expectations of it. We therefore propose that:

H8. Higher perceptions of a firm's organizational culture_{*t*} have a positive effect on would_{*t*} expectations.

RBF suggests that both superior resources and a supportive external environment may enable the firm to operate effectively (Barney, 1991). Consumer perceptions of a firm's ability to mobilize resources and the supportiveness of the external environment will enhance their could expectations of a firm's CSR performance (Kull *et al.*, 2016). Hence, we posit that:

H9. Perceptions of a firm's superior internal resources_{*t*} have a positive effect on could_{*t*} expectations.

H10. Perceptions of a supportive external environment_{*t*} have a positive effect on could_{*t*} expectations.

In his exploration of the psychology of motivation, Hume (1978) argued that regardless of what beliefs individuals may hold, their moral values drive their normative (should) expectations because they are motivated by a desire for consequences consistent with their values. Given that consumer values also provide the basis of how firms should conduct its activities, it is reasonable to assume that consumer values will influence their should expectations (Boulding *et al.*, 1993; Rokeach, 1968). This leads to our final hypothesis:

H11. Positive personal values_{*t*} have a positive effect on should_{*t*} expectations.

4. Data and methods

To calibrate expectations and their antecedents, and to develop appropriate stimulus materials, we employed a mixed method approach: semi-structured interviews, pre-testing and a pilot study, followed by the main study (online survey). Air traveler expectations of the focal corporation, QANTAS Airways, were elicited and tested[1]. QANTAS is a leading airline based in Australia with strong domestic and international networks. An airline provides an ideal context for testing our model in a service industry. Within the commercial aviation industry, air travelers' expectations are important drivers of repeat airline choice. As the competition between airlines intensifies, identifying the service expectations that matter most to airline customers is an important factor in creating a competitive advantage in performance (Danaher *et al.*, 2011; Parasuraman *et al.*, 1994; Sachdev and Verma, 2002). Some of the key attributes to delivering superior airline service quality include reliability in maintaining flight schedules, a good safety record, perceived social responsibility, and helpful employees. Moreover, beliefs gained through their personal experience greatly affect perceptions, attitude and repeat purchase (Goldsmith *et al.*, 1994; McKercher *et al.*, 2003).

4.1 Qualitative understanding of the consumer evaluation process

We conducted in-depth semi-structured interviews with seven air travelers to elicit the type of items respondents use to think about the constructs in the model. The interview

transcripts were analyzed via NVIVO to identify keywords, themes and patterns salient to airline passengers (Richards, 1999). From the results of the interviews, we generated a starting list of appropriate attributes (used for pre-test questionnaire) (see Appendix 1). In all, 25 expert raters (consisting of academics, senior travel intermediaries and travelers) participated in the pre-test. They were asked to assess relevance and face validity of constructs, identify incongruent items and appraise the suitability of the terminology in an airline context (Podsakoff *et al.*, 2003). For the pilot study, respondents were asked to answer a battery of self-stated importance measures to test the items and were then randomly exposed to a news article (positive or negative) involving the focal airline's CSR policy. In all, 250 air travelers participated in the pilot study. We conducted an ANOVA to assess the effectiveness of news manipulations and expectations. We followed the method that Steenkamp and Van Trijp (1991) propose, using exploratory factor analysis and then confirmatory factor analysis (CFA) to validate the constructs (see Table AI). This analysis confirmed that the factor structures were adequate. All constructs had reliability coefficients greater than the suggested level of 0.70 (Hair *et al.*, 1995).

4.2 Data collection procedure

To mitigate against potential collinearity and Type II errors, we followed the guidelines by Grewal *et al.* (2004) in our measure development. We used feedback from interviews and pre-tests, and existing measures based on constitutive definitions and the relevant literature for measurement construction, following Rossiter's (2002) C-OAR-SE procedure. All research constructs were measured using multiple-item seven-point Likert scales adapted from previous studies. For multiple scales, the order of items was randomized to minimize response-set artifacts (Rossiter, 2002, p. 324). Questions of a similar nature were worded differently in various sections of the questionnaires as a test-retest reliability check. Based on the pilot and pre-test, minor modifications were made to the survey (see Tan, 2013 for details of the procedures and Appendix 4 for specific item measures).

The constructs in our study are: Beliefs about firm at time t and $t + 1$ (16 indicators), attitude toward the firm at time t and $t + 1$ (four indicators), past behavior toward the firm at time t (and behavioral intention toward the firm at time $t + 1$) (four indicators), attitude toward news (four indicators), would, should and could expectations (six indicators each), perceptions of organizational culture (eight indicators), perceptions of internal resources (seven indicators), perceptions of external environment (seven indicators) and personal values (six indicators), all at time t . The items employed for the 11 constructs were based on the following considerations. First, we included items based on the literature in the commercial aviation market context and from earlier interviews. Second, we adopted scales where available from previous studies with valid and reliable measures of corresponding constructs (see Table I). Finally, we considered items that measure the content of each construct and to determine the extent to which they represent definitions and dimensions. For example, behavior (and behavioral intentions) toward the firm were measured using a four-item question on a seven-point scale from (1) strongly disagree to (7) strongly agree, adapted from Fishbein and Ajzen (1975) and Bhattacharya *et al.* (1995). Examples include "I [will] choose Qantas as my first choice whenever possible" and "I [will] speak highly of Qantas to other people." Because new scales were developed using items from various measures and adapted from prior interviews, we also tested their validity and reliability to ensure that the new scales were acceptable. Prior to use in the main study, all items were tested and refined in a pilot study with an independent sample. The various constructs were adapted from a number of sources (Table I). In sum, a total of 74 scale items were used to measure the 11 constructs in the model. The Cronbach α for all constructs were greater than 0.70.

Table I.
Scales used to
represent the
constructs

Constructs	No of items	Source
Beliefs about firm at time t and $t+1$	8	Service quality items adapted from Parasuraman <i>et al.</i> 's SERVQUAL
	4	Reputational items adapted from Danaher <i>et al.</i> (2011)
	4	CSR items developed from Carroll's (1979) environmental and social well-being aspects of CSR
Attitude toward the firm at time t and $t+1$	4	Attitude scale developed from Ajzen and Fishbein's attitude scale
Past behavior(oral) (intention) toward the firm at time $t/t+1$	4	Behavior(oral) (intentions) items adapted from Fishbein and Ajzen (1975) and Bhattacharya <i>et al.</i> (1995)
Attitude toward news	4	Attitude toward news items adapted from Fishbein and Ajzen's (1975) attitude scale
Would expectations	6	Adapted from Ruf <i>et al.</i> – to evaluate the importance of Kinder,
Should expectations	6	Lydenberg and Domini's (KLD) eight social performance
Could expectations	6	dimensions
Perceptions of organizational culture	8	Organizational culture items adapted from Chatman and Jehn
Perceptions of internal resources	7	Internal resources items adapted from Grant
Perceptions of external environment	7	External environment items adapted from Russo and Fouts (1997)
Personal values at time t	6	Personal value items adapted from Schwartz's value (benevolence) scale

4.3 Stimuli

Based on the results of the pre-test, we calibrated two versions of the “airline’s CSR news story,” positively and negatively valenced[2]. These two stimuli were pilot-tested with passengers. The stimulus consisted of a news write-up about the focal airline’s proposed CSR actions, including information about its CSR policy. As a stimulus manipulation check, respondents were asked to identify the nature of the news. One way ANOVA results indicated a significant difference between groups’ attitude toward the news stimuli.

4.4 Common method variance

To control for common method variance and consistency bias, we considered the following three recommendations. First, we followed the procedural remedies suggested by Podsakoff *et al.* (2003) by using the CSR news stimulus as a psychological separation and different response format as methodological separation in our main study. Second, we adopted Lindell and Whitney’s (2001) suggestion to include a construct (category complexity) that is uncorrelated to other constructs. The category-complexity construct involves a consumer’s perception of the type of news that was used in the study and does not influence their expectations of the firm. Third, we used the Harman single factor test to assess whether a single factor would account for a large part of the variance of the independent and criterion variables based on consumers’ self- report (Podsakoff *et al.*, 2003). A single factor model yielded a very poor fit to the data (comparative fit index (CFI): 0.661, Tucker Lewis Index (TLI): 0.614, root mean square error approximation (RMSEA): 0.298), suggesting that common method variance is not a serious threat.

4.5 Main study

The main study comprised a population of air travelers provided by an online panel firm. In the recruitment e-mail invitation sent to the online panel, respondents were provided with the general purpose of the study, an explanation of the CSR news story stimulus and were assured of the confidentiality of their responses (see Appendix 3 for the solicitation e-mail).

(We debriefed respondents about the hypothetical nature of the news at the end of the survey.) Respondents were randomly assigned to one of the two CSR stimuli: positive or negative news (Abbott and Bordens, 1991). A reminder e-mail was sent to respondents ten days after the first e-mail invitation. 781 passengers fully completed the survey representing a 69.3 percent response rate of those who volunteered for the survey. Respondents first indicated their beliefs, attitude and behavior toward the firm. Next, we elicited their would, could and should expectations and they were asked to rate how the focal company is likely to perform on each of the antecedents of those expectations. After reading the news, respondents were again asked to indicate their beliefs, attitude and behavior toward the firm to collect their posteriors.

4.6 Data analysis

The conceptual distinction between expectations, their antecedents, and their outcomes, has implications for our analysis. Because of this distinction, we employed a two stage data analysis approach, following the procedures proposed by Bart *et al.* (2005). We used structural equation modeling (SEM) with Mplus 7.1 to first estimate a measurement and structural model and second assess the mediating effects of attitude toward news and expectations. We adopted the recommendation by Tabachnick *et al.* (2001) for missing data before estimating the model. We examined residual plots against independent variables to examine the linearity assumption and we evaluated both univariate and multivariate normality indexes to assess normality. Results of those tests suggest that linearity and normality assumptions are satisfied.

5. Results

5.1 Descriptive results

The 781 respondents consisted of adults over 21 years of age, with a mean age of 46. The gender split for air travelers was roughly equal: slightly more than half of the sample was female (51 percent). The survey heavily represented infrequent flyers with over three-quarters of the respondents indicating that they had traveled only between one and five trips in the past 12 months. This is consistent with the overall population of airline travelers. There are a number of interesting findings using just exploratory data analysis, looking at the means and standard deviations of our constructs. These numbers are contained in Table AIII.

5.2 Main study results

As χ^2 is highly sensitive to sample size when used as a measure of model fit, we used CFI, TLI and RMSEA as alternative measures. The data measurement model revealed that the model's fit was acceptable (CFI = 0.961, TLI = 0.943, RMSEA = 0.048). The item loadings obtained from the CFA confirmed the unidimensionality of all constructs (items loadings ranged from 0.847 to 0.968). The reliabilities of all items in this study were greater than 0.71, suggesting high item reliability. Average variance extracted (AVE) values ranged from 0.610 to 0.814 (exceeding the suggested minimum threshold of 0.5) indicating high discriminant validity between pairs of constructs. We concluded that convergent validity did not pose a significant threat to our results.

The correlation matrix (Table II), used to test the measurement model, shows that all hypothesized relationships were significant at the 0.01 level. These results provide additional support for the CFA results regarding the construct and discriminant validity of the study variables. These correlations met the conditions of mediation described by Preacher and Hayes (2008) and conveyed useful information about the level of dependence.

Table II.
Measurement model:
correlation matrix of
constructs (plus
gender and age)

	BL1	AT1	BV1	OC	IR	EE	VA	ATN	BL2	AT2	BV2	WE	CE	SE	GE	AG
AT1	0.625**	1														
BV1	0.662**	0.663**	1													
OC	0.441**	0.478**	0.420**	1												
IR	0.471**	0.469**	0.489**	0.454**	1											
EE	0.199**	0.154**	0.139**	0.236**	0.182**	1										
VA	0.345**	0.260**	0.218**	0.331**	0.358**	0.219**	1									
ATN	0.312**	0.303**	0.275**	0.309**	0.326**	0.123**	0.173**	1								
BL2	0.620**	0.646**	0.404**	0.369**	0.470**	0.160**	0.347**	0.629**	1							
AT2	0.528**	0.536**	0.571**	0.395**	0.276**	0.168**	0.244**	0.491**	0.559**	0.589**	1					
BV2	0.506**	0.586**	0.475**	0.273**	0.233**	0.138**	0.219**	0.338**	0.528**	0.383**	0.352**	1				
WE	0.420**	0.299**	0.567**	0.503**	0.348**	0.189**	0.359**	0.578**	0.347**	0.186**	0.162**	0.162**	0.498**	1		
CE	0.226**	0.171**	0.122**	0.247**	0.535**	0.442**	0.305**	0.373**	0.347**	0.174**	0.155**	0.348**	0.413**	0.151**	1	
SE	0.226**	0.158**	0.139**	0.233**	0.323**	0.164**	0.593**	0.579**	0.313**	0.174**	0.155**	0.348**	0.413**	0.151**	0.151**	1
GE	0.023	0.070	0.073	0.000	0.133*	-0.101	0.184**	0.455**	0.120*	0.064	0.076	0.004	0.130	-0.028	-0.016	-0.041
AG	0.097	0.133*	0.136*	0.095	0.125*	0.186**	0.062	0.094	0.088	0.118*	0.127*	0.035	-0.028	-0.016	-0.041	1

Notes: BL1/2, beliefs about the firm_{t/+1}; AT1/2, attitude toward the firm_{t/+1}; BV1/2, past behavior toward the firm_{t/+1}; IR, perceptions of internal resources; EE, perceptions of external environment; OC, perceptions of organizational culture; VA, personal values; ATN, attitude toward news; WE, would expectations; CE, could expectations; SE, should expectations. Hypothesized relationships are shown in italics. *, **, ***Correlation is significant at the 0.05 and 0.01 level (two-tailed), respectively

5.3 SEM estimation of the model

SEM results (Table III) affirm the effects of beliefs about the firm on attitude toward the firm ($\beta_t = 0.699, p < 0.01, \beta_{t+1} = 0.470, p < 0.01$), attitude toward firm on behavior toward the firm ($\beta_t = 0.202, p < 0.01, \beta_{t+1} = 0.354, p < 0.01$), and beliefs about the firm_t on beliefs about the firm_{t+1} ($\beta = 0.500, p < 0.01$). Contrary to H7, past behavior toward the firm was found to be negatively related to would expectations ($\beta = -0.044, p < 0.05$). Otherwise, all hypothesized relationships held. Perceptions of organization culture were found to have a positive relationship with would expectations ($\beta = 0.063, p < 0.1$). Perceptions of internal resources ($\beta = 0.699, p < 0.01$) and external environment ($\beta = 0.166, p < 0.01$) were found to have a positive effect on could expectations while personal values were found to influence should expectations ($\beta = 0.438, p < 0.01$). Thus, H1-H3 and H8-H11 are supported. H7 is not supported. The weak negative relationship between consumers' past experience with the focal firm and their would expectations of its future actions is consistent with a turbulent market in which the past is no longer a good predictor of the future. On October 29, 2011 the CEO of QANTAS announced that the firm was locking employees out of its facilities and ceasing all flights until further notice, leaving many QANTAS passengers stranded[3]. This research, conducted less than six months after this event, may reflect that consumer expectations had still not yet recovered from this unexpected behavior.

5.4 Mediation results

Next, we performed tests of mediation using the recommendations by Iacobucci *et al.* (2007). We assessed statistical significance of the mediation effect with Sobel's z-test. We used indices from Mplus 7.1 that estimates the sizes of "indirect" effects and "total" effects, and formed the ratio of indirect-to-total effects (Preacher and Hayes, 2008). Mediation results (Table IV) show the overall mediation effect from could_t expectations to attitude toward news_t was 0.225 ($p < 0.01$). H4 is supported. The overall mediation effect from would_t expectations to beliefs about the firm_{t+1} was 0.104 ($p < 0.01$) and the overall mediation effect should_t expectations to beliefs about the firm_{t+1} was 0.340 ($p < 0.01$). H5 and H6 are supported.

Causal paths	Airline passengers
H1: beliefs _t → attitude _t	0.699***
Beliefs _{t+1} → attitude _{t+1}	0.470***
H2: attitude _t → past behavior _t	0.202***
Attitude _{t+1} → behavioral intention _{t+1}	0.354***
H3: beliefs _t → beliefs _{t+1}	0.500***
H7: past behavior _t → would _t	-0.044*
H8: culture _t → would _t	0.063**
H9: Internal resources _t → could _t	0.699***
H10: external environment _t → could _t	0.166***
H11: personal values _t → should _t	0.438***

Notes: * $p < 0.1$; ** $p < 0.05$; *** $p < 0.001$

Table III. Results of airline passenger structural model

	Indirect effect	Direct effect	Direct effect (%)	Evidence of full mediation
H4: could _t → would _t → attitude toward news _t	0.225***	0.013	100	Yes
H5: would _t → attitude to news _t → beliefs _{t+1}	0.104***	0.021	100	Yes
H6: should _t → attitude to news _t → beliefs _{t+1}	0.340***	0.012	100	Yes

Note: *** $p < 0.001$

Table IV. Results of mediation model

The mediation effect of news was tested and results showed a significant and complete indirect effect of could_t expectations on attitude toward news_t through would_t expectations and attitude toward news_t fully mediate the effect of would_t and should_t expectations on beliefs about the firm_{t+1}, further supporting *H4-H6*. Moreover, we fitted the model separately for the respondents who saw positive and negative news and found the same model fit both, so we were able to pool the two subsamples.

5.6 Robustness checks

We performed robustness checks on the measurement model results. We checked whether the fully mediated model of would_t/should_t expectations → attitude toward news_t → beliefs about firm_{t+1} and would_t expectations → could_t expectations → attitude toward news_t hold for a randomly chosen validated sample. Following the procedures used by Bart *et al.* (2005), we used two thirds of our sample to estimate the model and one third of our sample to validate the model. We analyzed the differences between the path coefficients from the two samples (assuming invariant factor structure of both calibrated and validated samples). The factor correlations are similar suggesting the predictive validity of the model.

5.7 Alternative measurement and structural models

We compared the fit of our hypothesized measurement model with 14 factors (Model 1), with other plausible models – a nested alternative 13-factor Model 2 (combining would_t and could_t expectations) and a 12-factor Model 3 (combining all three expectations). The results supported that the hypothesized model was the best fit for measuring consumer’s expectations. This is an important finding in affirming our proposed model in Figure 1. We also compared the fit of the hypothesized structural model to the two alternative models. The fit statistics provided support that the hypothesized structural model was the best-fitting model to the data. Finally, in addition to the above alternative model tests, we conducted supplementary analyses to explore potential problems of model misspecification. We used traditional regression methods in conjunction with product terms to test for possible interaction effects between attitude toward news_t and beliefs about the firm_{t+1} path. No meaningful interaction effects were observed (Tables V and VI).

6. Discussion

Although expectations are widely acknowledged to be an integral part of CSR, their role has not previously been empirically tested in a systematic manner. This study distinguishes three expectation standards – would, could and should – to develop a full model of expectations, explore direct and indirect relationships among expectations, attitude toward news and updated beliefs (and subsequent attitude and behavioral intentions) in a service industry, and identifies the key antecedents of different types of expectations. Previous studies have typically categorized expectations either as predictive or normative standards

Alternative measurement model	χ^2	df	CFI	TLI	RMSEA
<i>Model 1</i>					
Hypothesized 14-factor model	67.12	12	0.959	0.941	0.050
<i>Model 2</i>					
13-factor model (could expectations and would expectations combined into a single factor)	73.12	11	0.914	0.890	0.111
<i>Model 3</i>					
12-factor model (all three expectations combined as one factor)	71.01	11	0.893	0.847	0.190

Table V.
Alternative measurement models

Table VI. Alternative structural model

Alternative structural model	χ^2	df	CFI	TLI	RMSEA
<i>Model 1</i> Hypothesized structural model	67.12	12	0.951	0.946	0.045
<i>Model 2</i> Beliefs about firm _t → attitude toward news _t → beliefs about firm _{t+1}	73.12	11	0.891	0.825	0.113
<i>Model 3</i> Would _t , could _t , should _t expectations → attitude toward news _t → beliefs about firm _{t+1}	71.01	11	0.853	0.812	0.191
<i>Model 4</i> Would _t , could _t , should _t expectations → beliefs about firm _{t+1}	76.88	10	0.790	0.741	0.199

(Boulding *et al.*, 1993; Cadotte *et al.*, 1987; Swan and Trawick, 1980). However, very few comparative studies look at how consumers may also weigh up the firm’s resources and external market conditions to deduce its possible performance when evaluating it (Barney, 1991). Our study takes a step toward resolving this gap by harnessing insights from RBF, and extends the expectations literature by presenting a third set of expectations – could expectations, providing a mechanism by which perceived resources can affect evaluation, as proposed by Hart (1995). Could expectations offer a vehicle for examining how consumers assess resource and external environmental constraints to come up with what a firm would do in the formation of expectations. We have demonstrated the explanatory power of could expectations. Models incorporating all three forms of expectation clearly outperform those with only two (should and would) which in turn outperform the use of one generalized expectations construct. This provides a fundamental challenge to marketing managers to manage consumer perceptions of different expectations’ antecedents (both internal resources and the external environment) in order to gain the most advantageous benchmarks against which their performance will be judged.

Next, while previous studies in attitude theorizing indicate that attitudes toward news may vary with the context of a given piece of news such as source credibility (Clow *et al.*, 2011; Wu and Shaffer, 1987) and news media persuasion (Gerber *et al.*, 2011; Gunther, 1992), this study suggests that the effects of consumers’ expectations can also significantly influence their attitudes toward a piece of given news. The findings show that attitude toward news fully mediates the observed relations between would and should expectations and updated priors. This has several implications for the management of an airline’s communications. First, since it is not possible to control how the media disseminate news about the firm, an understanding of the basis on which expectations are formed should be useful for predicting a consumer’s response to a piece of news and hence beliefs about a firm, and shaping it. Second, the mediating findings of would expectations on the relationship between could expectations and attitude toward news suggest that manipulating would expectations may be used to enhance the effects of positive news or mitigate the undesirable effects of negative ones. Moreover, as a complete mediator of the relation between could expectations and attitude toward news, would expectations were apparently the only medium through which the influence of could expectations is felt. These results point to a new and interesting role for the set of expectations constructs. Our recommendation is that, when formulating their CSR news and communication strategies, service providers should be particularly cognizant of the differential importance played by would and should expectations in order to calibrate the impact of news on consumers’ preferences.

The findings also identify a weak negative relationship between past behavior and would expectations. This unexpected finding highlights the need for airline managers to pay more attention to their customers in turbulent times because they may decouple

their positive past experience from what they think the airline is likely to do in the future with respect to CSR. That has happened in the service application studied in this research. It is consistent with research on moral decoupling which has shown that people tend to exhibit a pattern of disassociating CSR transgressions from firm performance (Bhattacharjee *et al.*, 2012). That is, moral decoupling allows consumers to support the performance of firm while simultaneously admonishing the firm's CSR actions. From a marketing point of view, airline managers need to understand how consumers' decoupling might play out in terms of branding and rebranding an airline's image in the face of a controversy situation. Brands that will be most successful are those that can stop consumers' decoupling playing a negative role in the face of positive historical performance (Bhattacharjee *et al.*, 2012).

The results of this study also emphasize the importance of the personal values → should expectation formation. Such findings are consistent with Meglino and Ravlin's (1998) observation that a person's pro-social values reflect their beliefs about how one "should" react in response to a set of normative expectations that one endorses. More broadly, the results suggest that values act as a conduit between beliefs and behaviors (Meglino and Ravlin, 1998) and that values influence consumers' should expectations that firms ought to conform to an individual's social norms (Carroll, 1979).

Finally, we examine the antecedents of expectations in a service industry. With growing consumer awareness and expectations of CSR activities (e.g. with regards to environmental degradation), we show that understanding consumers' personal values has significant implications for CSR communications marketing through would expectations (consistent with Dwyer *et al.*, 2009; Pomeroy and Dolnicar, 2009). For future study, it would be worthwhile testing whether it is possible to replicate the findings using alternative more general measures of values, such as Rokeach's (2000) "universal values," for example.

6.1 Limitations

There are a number of limitations associated with this study. First, it is confined to a single legacy carrier. Further research should examine the applicability of the framework by testing it on a broader set of service industries, and of different sizes, or by simultaneously running studies on more than one industry or company. A second potential limitation is that of social desirability bias. In an attempt to provide a "socially appropriate" response, respondents may respond in a manner that is different from their true beliefs. We suggest that this is not a serious threat because the model was measured using different response sets and randomized items (Podsakoff *et al.*, 2003). In addition, we advised respondents that the study is not commercially linked to the focal airline or any commercial entity, and ensured respondents full anonymity, which may help to reduce social desirability bias (Podsakoff *et al.*, 2003). To reduce social desirability pressures in future research of this nature, it may be useful to embed the fabricated CSR news story among a set of other company news stories. Future data collection could include collecting belief measures at two different points of time from the same sample, prior to collecting updated beliefs-attitude-behavioral intention measures. Another approach would be to use alternative methods and measures in an attempt to replicate the results.

6.2 Future research

Overall, the findings point to the importance of the consequences of antecedents of expectations in explaining the differential effects of a consumer's would, could and should expectations in response to CSR news. This finding is in line with Oliver's (1980) argument that consumer expectations serve as a standard in the evaluation of satisfaction. The results also provide support for Johnson *et al.*'s (1995) suggestion that expectations act as an anchor for market-level beliefs because they contain essential information regarding a product's or a firm's past and probable future performance. The overall findings have implications for

advancing research on expectations and its unique effects on updated beliefs when evaluating more recent news about the airline's CSR activities. In terms of practical implications, especially in service industries, firms that have a good understanding of consumer would, could and should expectations may be well placed to apply marketing strategies that can address consumers' reactions meaningfully. For example, resources could be channeled to understand the potential mediating mechanisms of attitudes toward news and would expectations on the impact of consumer beliefs and behavioral intentions, and to enhance the communication efforts for the firm's CSR initiatives. Avis' "We try harder" communications campaign provides an excellent example of a firm successfully communicating organizational culture to influence would expectations and thus gain more favorable evaluations and higher purchase intent (Parekh, 2012).

Further research with other stakeholders of the firm would be valuable to identify whether the model implied by our study holds for other stakeholders such as travel intermediaries, investors, suppliers, staff and the community at large. We have used CSR as the vehicle with which to identify the antecedents of expectations and the route by which they enter the decision process. It would be useful to test the model we propose on other forms of information integration as well. Additionally, possible non-linear effects of expectations are also worthy of investigation. Finally, expectations about brands within the category will influence and be influenced by expectations about the category itself. It would be useful to build a nested model that links the role of category and brand expectations.

Notes

1. An analogous survey was also administered simultaneously to QANTAS' travel agent intermediaries to investigate differences between channel and end user evaluation and intent models in the airline industry.
2. The use of a positive and negative news story enables us to test the applicability of our model in both positive and negative news environments, increasing its external validity. See Appendix 5 for their wording.
3. www.abc.net.au/news/2011-10-29/qantas-factbox/3608330

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Appendix 1. Semi-structured interview guidelines

Appendices provide the methodology used to develop the questionnaire items (Appendices 1 and 2), undertake respondent solicitation (Appendix 3), the survey instrument (Appendix 4) and the positive and negative news stimuli (Appendix 5). They provide the preliminary analysis before the structural equation model reported in the paper was fit; factor loadings of items on constructs (Table AII), the distribution of factor scores (Appendix 7), moments of the survey items underlying the constructs, including means and standard errors (Appendix 8), and the results of fitting the measurement model (Appendix 9).

Interview discussion guide

Thank you very much for agreeing to talk with us. The study aims to fill the current knowledge and capacity gap on stakeholders' perception of airlines. Qantas has been chosen as one of the selected airlines as part of this research to document, and analyze travel air passengers' beliefs, attitude, behavior and general expectations of airlines.

Section 1. Demographic Air passengers

- How many times have you traveled via plane over the last 12 months?
- How have you traveled in the past 12 months? (Economy, Business, First Class).
- What is the purpose of your travel over the past 12 months? Business or personal?
- What are some of your key considerations when choosing an airline?
- Speed of service, efficiency of check-in staff, attitude of check-in staff, cabin crew, Reading material, toilet facilities.
- Price, routes, timing of arrival and departure.
- Baggage reclaiming.
- Aircraft (Cleanliness, Comfort, Leg room, Air quality, Cabin temperature, Entertainment facilities).
- Disembarking procedures.

Section 2. Beliefs/Attitude/Behavior

What in your view makes a good/ poor airline?

Can you give me some examples? What did they do?

How do you derive this knowledge from?

How do you feel about this?

What kind of factors do you take into account when deciding on a particular airline?

Do you have any specific airlines you would highly recommend to your family/friends?

Can you explain why?

Section 3. CSR

Airline CSR (explain CSR first). With reference to airlines' CSR, what comes to your mind?

What kind of activities do you relate to airlines CSR?

Do you know of any airlines who engage in (CSR activity)?

Can you recall the specifics of this CSR activity of this airline?

CSR news. What kinds of CSR news do you normally hear/read/learn about airlines? (Donation, pilot strikes, crashes, donation, downsizing, financial losses, fuel costs increases, employee disputes, etc.)

From which source do you normally hear/read/learn about airlines CSR-related news?

Is there a specific reason why you remember this news?

Would you explain further?

Personal values. With reference to the (CSR activity) that you have mentioned, do you think the public will support it? Why?

What do you think should have been done in this instance?

Can you elaborate on that?

What would you say to the criticism that airlines are...?

Section 4. Knowledge of airline

Airlines' culture. On what matters do you contact the airlines for? (Ticketing restrictions, e-ticketing issue, etc.).

Can you explain to me why (ticketing restrictions, e-ticketing issue, etc.) is important?

What, in your view are some of the factors that affect the airlines' ability to provide the expected services?

What do you think is the cause of better/poorer services?

Can you give me some examples?

In your view, is there any difference with the services provided by (x) airline when compared to (y) airlines? Why do you say so?

Resources. Continue – You mentioned (management). Why do you think (management) can affect the airlines ability to deliver better/poorer CSR?

Can you give me some examples?

Do you think this common airline practice/ phenomenon? Can you give me some examples?

Can you suggest other factors that in your view might affect an airline's ability to engage in (CSR)?

Appendix 2

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Items	Essential	Useful, but not essential	Not necessary	CVR
Qantas is constantly improving	23	2	0	0.84
Qantas has a stable business	21	4	0	0.68
Qantas is a trouble-free airline	25	0	0	1
Qantas is not as good as it was three years ago	23	2	0	0.84
Qantas flights run on-time	25	0	0	1
When I have a problem, Qantas is sympathetic and reassuring	23	3	0	0.84
Qantas promptly informs me of my booked flight delays	25	0	0	1
Employees of Qantas are always willing to help me with my needs	24	1	0	0.92
Qantas employees care how I feel	22	3	0	0.76
Employees of Qantas know what my needs are	21	4	0	0.68
Qantas has my best interest at heart	21	4	0	0.68
Qantas gives me attention	21	4	0	0.68
Supports local communities	24	1	0	0.92
Contributes to environment pollution reduction	22	3	0	0.76
Cares about its employees' welfare	25	0	0	1
Encourages corporate giving to worthy causes	23	2	0	0.84
I think Qantas is a great airline	25	0	0	1
I admire Qantas	23	2	0	0.84
I trust Qantas	25	0	0	1
I like Qantas very much	24	1	0	0.92
I choose Qantas as my first choice whenever possible	24	1	0	0.92
I speak highly of Qantas to other people	24	1	0	0.92
I defend the actions of Qantas whenever possible	23	2	0	0.84
I encourage friends and relatives to fly with Qantas	23	2	0	0.84
being people oriented	25	0	0	1
being fair	25	0	0	1
being supportive	21	4	0	0.68
respecting individual rights	25	0	0	1
desiring to be a good corporate citizen	23	2	0	0.84
caring about the community it serves	23	2	0	0.84
focusing and solving customer problems	21	4	0	0.68
caring more about financial results than service delivery	25	0	0	1
feeling oppressed/ constrained by environmental forces in the global aviation market	23	2	0	0.84
Has the financial capacity to run a great airline	25	0	0	1
Has the resources to help reduce environmental pollution	23	2	0	0.84
Is strong enough to make a positive contribution to the local economy	20	5	0	0.6
Has support from the local community	25	0	0	1
Has a CEO known for his support of corporate social responsible initiatives	25	0	0	1
Employees take pride in what they do	24	1	0	0.92
Employees are committed to their work	23	2	0	0.84
The airline industry is struggling to survive	25	0	0	1
High fuel costs globally present a problem for Qantas	24	1	0	0.92
High Australian dollars is a disadvantage to Qantas	25	0	0	1
Qantas faces a hostile union locally	25	0	0	1
Competition from other airlines is affecting Qantas' business	25	0	0	1
Qantas faces very strong government regulations locally	25	0	0	1
The general public is increasingly dissatisfied with Qantas	25	0	0	1

Table AI.
Content validity
rationale for items
in questionnaire

(continued)

Items	Essential	Useful, but not essential	Not necessary	CVR
The media is critical of Qantas	24	1	0	0.92
Support charities and social services projects	25	0	0	1
Ensure that products and operations do not harm the environment	25	0	0	1
Treat all employees equally regardless of gender, race religion or sexuality				1
Improve education and skills in communities where they operate	25	0	0	0.68
Not only protect the environment but also restore it for future generations	21	4	0	0.76
Ensure that all materials it uses to make its products have been	22	3	0	
Play a role in our society that goes beyond the mere generation of profits	24	0	0	1
Should support works to help the disadvantaged in society	25	0	0	0.92
Should undertake actions to defend (protect) the environment	25	1	0	
Should make donations to worthy causes of social justices such as education	24	0	0	1
Should support organizations that defend culture and sports	24	0	0	0.92
Should support adequate employee welfare such as better working conditions	23	1	0	
Should care about more than its profit and financial performance	22	2	0	0.84
Could support works to help the disadvantaged in society	25	3	0	0.76
Could undertake actions to defend (protect) the environment	25	0	0	1
Could make donations to worthy causes of social justices such as education	24	0	0	1
Could support adequate employee welfare such as better working conditions	24	1	0	0.92
Could care about more than its profit and financial performance	25	0	0	1
Would support works to help the disadvantaged in society	24	0	0	1
Would undertake actions to defend (protect) the environment	24	1	0	0.92
Would make donations to worthy causes of social justices such as education	24	1	0	0.92
Would support organizations that defend culture and sports	23	1	0	0.84
Would support adequate employee welfare such as better working conditions	25	2	0	
Would care about more than its profit and financial performance	24	0	0	1
I regard this as good news	23	1	0	0.92
I am pleasantly surprised by this news	24	1	0	0.84
I would describe this news as positive	25	2	0	0.84
I am overall pleased with what I have read	24	0	0	1
	25	1	0	0.92

Table AI.

E-mail invitation to respondents

University Letterhead

[DATE] 2012

Dear [NAME],

I am writing to request your help with an important project in the travel industry. The university is conducting a survey of travel professionals to ask about their perception of airlines' service dimensions. Your participation is critical to the success of this project. Only through your responses, can we better understand the travel professionals' perception of the Australian aviation industry and help major carriers to better serve the stakeholders like yourself. The survey should not take more than 10 minutes of your time and I think that you will find it interesting. Your answers are will be kept confidential. Your name or identity will not be linked in any way to the research data. However, if you are interested in a copy of the aggregate results, we would be happy to share them with you.

To participate in our survey, please click on the link:
https://www.surveymonkey.com/s/Airline_TAP and you can go into the draw for AUD \$500 retail voucher of your choice (or donate AU\$500 to charity).
Thank you in advance for your participation in this important project. If you have any questions about the purpose or administration of the survey, please contact xxx or xxx email: xxx@xxx.com at tel: +xxxxxxx

Thank you once again.

Professor [Author name]

***19. Please tell us about your attitude towards QANTAS right now.
There are no right or wrong answers.**

	Strongly disagree			Neither agree nor disagree			Strongly agree
I think Qantas is a great airline	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I admire Qantas	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I trust Qantas	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I like Qantas very much	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

***20. To what extent do you agree with the following statements about yourself with regards to QANTAS?**

	Strongly disagree			Neither agree nor disagree			Strongly agree
I will recommend Qantas to my customers whenever possible	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I will speak highly of Qantas to my customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I will defend the actions of Qantas whenever possible	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I will encourage my customers to fly with Qantas	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

***21. To what extent do you agree with the following statements about the news you have just read?**

	Strongly disagree			Neither agree nor disagree			Strongly agree
I believe Qantas' GENUINE DESIRE TO INCREASE PROFITS guided its decision	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I believe INCREASING COMPETITION guided Qantas' decision	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

***22. The news article that you have read is about:**

- QANTAS decreasing its social responsibility initiatives
- Has nothing to do with Qantas' corporate social responsibility

Please tell us about yourself. All data collected will be kept confidential and anonymous.

***23. Gender:**

- Male
- Female

***24. Age:**

- | | |
|-----------------------------------|-------------------------------|
| <input type="radio"/> 20 or below | <input type="radio"/> 41-45 |
| <input type="radio"/> 21-25 | <input type="radio"/> 46-50 |
| <input type="radio"/> 26-30 | <input type="radio"/> 51-55 |
| <input type="radio"/> 31-35 | <input type="radio"/> Over 55 |
| <input type="radio"/> 36-40 | |

***25. You are _____ of this travel firm**

- | | |
|-------------------------------------------|----------------------------------------------|
| <input type="radio"/> an employee | <input type="radio"/> an external consultant |
| <input type="radio"/> the owner/ director | <input type="radio"/> a freelancer |

***26. What is your main business activity (activities)? (Tick as many as apply)**

- travel agent
- wholesaler/ ticket consolidator
- inbound tour operator
- outbound tour operator
- online travel agent

27. Would you like a summary copy of the survey's findings?

- Yes
- No

***28. Would you like to enter for the AU\$500 voucher draw?**

- Yes, please enter me for the prize draw of AU\$500 retail voucher (of my choice)
- Yes, please enter me for the prize draw of AU\$500 donation (to a charity of my choice)
- No, I do not want to enter for the prize draw

29. If you answer YES to question 27 or 28, please enter your contact email here.

If you win a prize, ANU will pass your email address to RSM institution so your prize token can be emailed to you. (Please note: The institution will not be able to identify you from responses).

My preferred contact email is:

Appendix 5. News stimuli

The stimulus is a news write-up about the focal airline's CSR policy, with manipulated information about the context of its CSR policy.

Positive news

Qantas aims to reward its stakeholders

Qantas announced yesterday that in an effort to make itself more accountable to its different stakeholder groups, it was going to base more of its crews in Australia honoring what it saw as its obligations to staff. At the same time Qantas said that it was going to reduce its environmental footprint by using more fuel-efficient planes and having an environmental offset policy. Qantas also indicated that it had plans to help engage and build the communities it serves, both in Australia and overseas. That places Qantas in contrast with its major rivals, British Airways and United, both of which have stated that they intended to balance corporate social responsibility initiatives with the need to ensure a reasonable return to shareholders.

Negative news

Qantas says corporate social responsibility must follow adequate profitable returns

Qantas announced yesterday that in an effort to make itself more accountable to its shareholders, it was going to de-emphasize all corporate social responsibility initiatives such as better working conditions for its employees, environmental pollution reductions, and engaging with local communities until its new international operations is able to generate profitable returns.

A Qantas spokesperson said that it made no sense to talk ramping up corporate social responsibility until the financial profitability of the airline could be ensured. That places Qantas in contrast with its major rivals, British Airways and United, both of which have stated that they intended to continue focusing on corporate social responsibility initiatives and that they do not see this as incompatible with the need to ensure a reasonable return to shareholders.

	F1	F2	F3	F4
<i>Beliefs about the firm_t</i>				
Qantas is constantly improving	0.700	0.132	-0.365	0.114
Qantas has a stable business	0.627	0.074	-0.222	0.290
Qantas is a trouble-free airline	0.609	0.062	-0.246	0.198
Qantas is not as good as it was three years ago	0.871	-0.226	0.352	0.287
Qantas flights run on-time	0.150	0.618	-0.020	-0.202
When I have a problem, Qantas is sympathetic and reassuring	0.090	0.802	0.089	-0.081
Qantas promptly informs me of my booked flight delays	0.020	0.683	0.080	-0.210
Employees of Qantas are always willing to help me with my needs	0.119	0.799	0.102	-0.033
Qantas employees care how I feel	0.120	-0.387	0.811	-0.021
Employees of Qantas know what my needs are	0.118	-0.294	0.837	-0.048
Qantas has my best interest at heart	0.031	-0.159	0.847	-0.019
Qantas gives me attention	0.067	-0.271	0.850	-0.004
supports local communities	0.162	0.247	0.349	0.623
contributes to environment pollution reduction	0.162	0.155	0.235	0.617
cares about its employees' welfare	0.165	0.144	-0.088	0.653
encourages corporate giving to worthy causes	0.167	0.150	0.230	0.670
<i>Attitude toward the firm_t</i>	F1			
I think Qantas is a great airline	0.931			
I admire Qantas	0.934			
I trust Qantas	0.916			
I like Qantas very much	0.949			
<i>Past behavior toward the firm_t</i>	F1			
I choose Qantas as my first choice whenever possible	0.880			
I speak highly of Qantas to other people	0.933			
I defend the actions of Qantas whenever possible	0.854			
I encourage friends and relatives to fly with Qantas	0.940			
<i>Perceptions of organizational culture</i>	F1	F2		
being people oriented	0.884	0.067		
being fair	0.927	0.066		
being supportive	0.934	0.069		
respecting individual rights	0.925	0.012		
desiring to be a good corporate citizen	0.864	0.003		
caring about the community it serves	0.869	0.044		
focusing and solving customer problems	0.119	0.846		
caring more about financial results than service delivery	-0.035	0.855		
feeling oppressed/ constrained by environmental forces in the global aviation market	0.134	0.823		
<i>Perceptions of internal resources</i>	F1	F2		
Has the financial capacity to run a great airline	0.881	0.188		
Has the resources to help reduce environmental pollution (e.g. invest in fuel-efficient aircrafts)	0.892	0.130		
Is strong enough to make a positive contribution to the local economy	0.890	0.218		
Has a brand that people respect	0.610	0.227		
Has support from the local community	0.675	0.142		
Has a CEO known for his support of corporate social responsible initiatives	0.011	0.635		
Employees take pride in what they do	0.174	0.870		
Employees are committed to their work	0.203	0.831		
<i>Perceptions of external environment</i>	F1			
The airline industry is struggling to survive	0.618			
High fuel costs globally present a problem for Qantas	0.773			
High Australian dollars is a disadvantage to Qantas	0.673			

Table AII.
Factor loadings

(continued)

Qantas faces a hostile union locally	0.697			
Competition from other airlines is affecting Qantas' business	0.715			
Qantas faces very strong government regulations locally	0.687			
The general public is increasingly dissatisfied with Qantas	0.870			
The media is critical of Qantas	0.620			
<i>Personal values</i>	F1			
Support charities and social services projects	0.740			
Ensure that products and operations do not harm the environment	0.859			
Treat all employees equally regardless of gender, race religion or sexuality	0.805			
Improve education and skills in communities where they operate	0.815			
Not only protect the environment but also restore it for future generations	0.890			
Ensure that all materials it uses to make its products have been produced in a responsible manner	0.898			
Play a role in our society that goes beyond the mere generation of profits	0.871			
<i>Would expectations</i>	F1			
Support works to help the disadvantaged in society	0.874			
Undertake actions to defend (protect) the environment	0.866			
Make donations to worthy causes of social justices such as education	0.899			
Support organizations that defend culture and sports	0.802			
Support adequate employee welfare such as better working conditions	0.763			
Care about more than its profit and financial performance	0.625			
<i>Could expectations</i>	F1			
Support works to help the disadvantaged in society	0.873			
Undertake actions to defend (protect) the environment	0.843			
Make donations to worthy causes of social justices such as education	0.882			
Support organizations that defend culture and sports	0.842			
Support adequate employee welfare such as better working conditions	0.730			
Care about more than its profit and financial performance	0.614			
<i>Should expectations</i>	F1			
Support works to help the disadvantaged in society	0.802			
Undertake actions to defend (protect) the environment	0.644			
Make donations to worthy causes of social justices such as education	0.844			
Support organizations that defend culture and sports	0.766			
Support adequate employee welfare such as better working conditions	0.715			
Care about more than its profit and financial performance	0.733			
<i>Attitude toward news</i>	F1			
I regard this as good news	0.960			
I am pleasantly surprised by this news	0.920			
I would describe this news as positive	0.968			
I am overall pleased with what I have read	0.972			
<i>Beliefs about the firm_{t+1}</i>	F1	F2	F3	F4
Qantas is constantly improving	0.283	0.236	0.656	0.329
Qantas has a stable business	0.163	0.285	0.833	0.044
Qantas is a trouble-free airline	0.192	0.195	0.845	-0.026
Qantas is not as good as it was three years ago	0.007	0.009	0.997	0.006
Qantas flights run on-time	0.590	0.174	0.313	0.007
When I have a problem, Qantas is sympathetic and reassuring	0.785	0.271	0.354	0.011
Qantas promptly informs me of my booked flight delays	0.712	0.249	0.261	-0.037
Employees of Qantas are always willing to help me with my needs	0.846	0.231	0.273	0.066
Qantas employees care how I feel	0.252	0.002	0.310	0.800
Employees of Qantas know what my needs are	0.250	0.010	0.268	0.830
Qantas has my best interest at heart	0.409	-0.021	0.179	0.682
Qantas gives me attention	0.335	-0.021	0.366	0.761
Supports local communities	0.181	0.881	0.245	0.044

(continued)

Table AII.

JSTP 27,3	Contributes to environment pollution reduction	0.179	0.857	0.270	0.038
	Cares about its employees' welfare	0.222	0.704	0.227	-0.087
	Encourages corporate giving to worthy causes	0.191	0.879	0.254	-0.003
	<i>Attitude toward the firm_{t+1}</i>	F1			
	I think Qantas is a great airline	0.946			
	I admire Qantas	0.943			
	I trust Qantas	0.922			
606	I like Qantas very much	0.961			
	<i>Behavioral intention toward the firm_{t+1}</i>	F1			
	I choose Qantas as my first choice whenever possible	0.906			
	I speak highly of Qantas to other people	0.957			
	I defend the actions of Qantas whenever possible	0.885			
	I encourage friends and relatives to fly with Qantas	0.960			

Table AII. Notes: Numbers represent loadings of items onto each of the factors. EFA conducted in pilot study

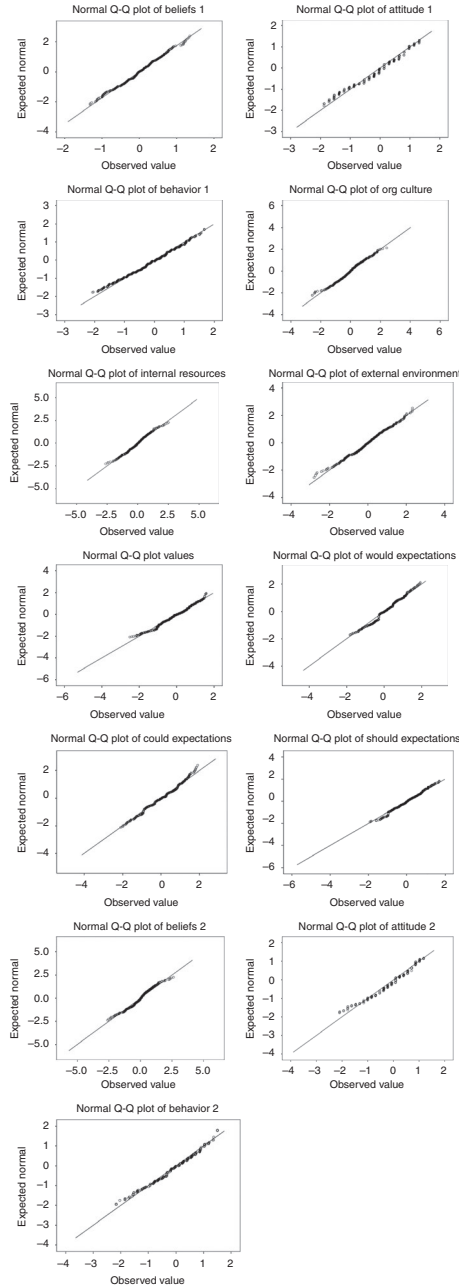


Figure A1. Distribution data of data

Items	Airline passengers			
	Mean	SD	Skewness	Kurtosis
<i>Beliefs about firm_t</i>				
Qantas is constantly improving	4.07	1.42	-0.135	-0.002
Qantas has a stable business	4.55	1.49	-0.488	-0.361
Qantas is a trouble-free airline	3.66	1.60	0.144	-0.777
Qantas is not as good as it was three years ago	3.40	1.52	-0.252	-0.547
Qantas flights run on-time	4.97	1.38	-0.768	0.124
When I have a problem, Qantas is sympathetic and reassuring	4.36	1.40	-0.453	0.174
Qantas promptly informs me of my booked flight delays	4.54	1.42	-0.313	-0.072
Employees of Qantas are always willing to help me with my needs	4.82	1.47	-0.751	0.190
Qantas employees care how I feel	4.41	1.47	-0.414	-0.215
Employees of Qantas understand my needs	4.41	1.44	-0.460	0.031
Qantas has my best interest at heart	4.16	1.50	-0.231	-0.335
Qantas gives me attention	4.35	1.50	-0.379	-0.189
Supports local communities	4.53	1.27	-0.109	0.174
Contributes to environment pollution reduction	4.37	1.24	-0.181	0.454
Cares about its employees' welfare	3.73	1.45	-0.027	-0.291
Encourages corporate giving to worthy causes	4.30	1.18	-0.168	0.702
<i>Attitude toward firm_t</i>				
I think Qantas is a great airline	4.98	1.42	-0.502	0.048
I admire Qantas	4.63	1.54	-0.345	-0.374
I trust Qantas	4.83	1.50	0.003	-0.259
I like Qantas very much	4.81	1.47	-0.286	-0.255
<i>Behavior toward firm_t</i>				
I recommend Qantas to friends and relatives whenever possible	4.79	1.50	-0.502	-0.886
I speak highly of Qantas to other people	4.52	1.56	-0.345	-0.584
I defend the actions of Qantas whenever possible	3.77	1.49	0.003	-0.643
I encourage my friends and relatives to fly with Qantas	4.28	1.68	-0.286	-0.522
<i>Perception of organizational culture</i>				
Being people oriented	4.24	1.48	-0.347	-0.214
Being fair	4.24	1.45	-0.376	-0.208
Being supportive	4.25	1.43	-0.357	-0.066
Respecting individual rights	4.23	1.45	-0.337	-0.124
Desiring to be a good corporate citizen	4.50	1.44	-0.530	0.227
Caring about the community it serves	4.38	1.41	-0.423	0.110
Focusing and solving customer problems	4.42	1.43	-0.537	0.066
Caring more about financial results than service delivery	4.89	1.47	-0.372	-0.390
Feeling oppressed/ constrained by environmental forces in the global aviation market	4.60	1.21	-0.064	0.688
<i>Perception of internal resources</i>				
Has the financial capacity to run a great airline	5.31	1.24	-0.907	1.069
Has the resources to help reduce environmental pollution (e.g. invest in fuel-efficient aircrafts)	5.20	1.13	-0.581	0.595
Is strong enough to make a positive contribution to the local economy	5.39	1.11	-0.767	1.094
Has a brand that people respect	5.22	1.37	-0.813	0.425
Has support from the local community	4.76	1.21	-0.481	0.507
Has a CEO known for his support of corporate social responsible initiatives	3.66	1.61	-0.072	-0.407
Employees take pride in what they do	4.66	1.42	-0.507	0.241
Employees are committed to their work	4.72	1.41	-0.546	0.199

Table AIII.
Moments of items
(means, standard
deviation, kurtosis
and skewness)

(continued)

Items	Airline passengers			
	Mean	SD	Skewness	Kurtosis
<i>Perception of external environment</i>				
The airline industry is struggling to survive	4.53	1.58	-0.370	-0.503
High fuel costs globally present a problem for Qantas	5.40	1.22	-0.776	0.654
High Australian dollars is a disadvantage to Qantas	4.71	1.48	-0.245	-0.214
Qantas faces a hostile union locally	4.92	1.50	-0.290	-0.253
Competition from other airlines is affecting Qantas' business	5.30	1.31	-0.718	0.403
Qantas faces very strong government regulations locally	4.64	1.21	-0.034	0.352
The general public is increasingly dissatisfied with Qantas	4.69	1.50	0.209	-0.419
The media is critical of Qantas	5.15	1.32	-0.454	0.222
<i>Personal values</i>				
Ensure that products and operations do not harm the environment	5.51	1.20	-0.712	1.032
Treat all employees equally regardless of gender, race religion or sexuality	6.01	1.27	-1.265	1.457
Improve education and skills in communities where they operate	4.91	1.42	-0.413	0.154
Not only protect the environment but also restore it for future generations	5.12	1.30	-0.531	0.495
Ensure that all materials it uses to make its products have been produced in a responsible manner	5.46	1.26	-0.705	0.859
Play a role in our society that goes beyond the mere generation of profits	5.35	1.40	-0.842	1.015
<i>Should expectations</i>				
Support works to help the disadvantaged in society	4.38	1.33	-0.342	0.655
Undertake actions to defend (protect) the environment	5.14	1.22	-0.644	1.602
Make donations to worthy causes of social justices such as education	4.47	1.31	-0.442	0.751
Support organizations that defend culture and sports	4.34	1.25	-0.411	0.883
Support adequate employee welfare such as better working conditions	5.51	1.17	-0.984	1.824
Care about more than its profit and financial performance	5.18	1.49	-0.686	0.167
<i>Would expectations</i>				
Support works to help the disadvantaged in society	4.57	1.37	-0.541	0.928
Undertake actions to defend (protect) the environment	5.13	1.25	-0.818	1.895
Make donations to worthy causes of social justices such as education	4.62	1.34	-0.547	0.967
Support organizations that defend culture and sports	4.54	1.36	-0.522	1.244
Support adequate employee welfare such as better working conditions	5.57	1.19	-1.093	2.649
Care about more than its profit and financial performance	5.33	1.42	-0.801	0.850
<i>Could expectations</i>				
Support works to help the disadvantaged in society	4.21	1.31	-0.559	1.180
Undertake actions to defend (protect) the environment	4.56	1.24	-0.673	1.644
Make donations to worthy causes of social justices such as education	4.92	1.34	-0.547	0.967
Support organizations that defend culture and sports	4.74	1.36	-0.522	1.244
Support adequate employee welfare such as better working conditions	4.72	1.43	-0.620	0.769
Care about more than its profit and financial performance	4.48	1.61	-0.404	-0.075
<i>Positive news</i>				
Attitude toward news _t				
I regard this as good news	5.22	1.49	-1.196	2.529
I am pleasantly surprised by this news	5.05	1.51	-0.974	1.830
I would describe this news as positive	5.38	1.47	-1.488	3.453
I am overall pleased with what I have read	5.30	1.48	-1.336	2.975
Beliefs about firm _{t+1}				
Qantas is constantly improving	5.22	1.49	-1.336	1.650
Qantas has a stable business	5.05	1.51	-1.005	1.071
Qantas is a trouble-free airline	5.38	1.47	-1.159	1.218
Qantas is not as good as it was three years ago	5.30	1.48	-0.287	0.683
Qantas flights run on-time	4.74	1.50	-0.244	1.337

(continued)

Table AIII.

Items	Airline passengers			
	Mean	SD	Skewness	Kurtosis
When I have a problem, Qantas is sympathetic and reassuring	4.84	1.42	-0.923	2.497
Qantas promptly informs my customers of their booked flight delays	3.87	1.52	-0.843	2.774
Employees of Qantas are always willing to help me with my needs	4.22	1.58	-0.737	0.308
Qantas employees care how I feel	4.58	1.49	-1.026	2.178
Employees of Qantas understand my customers' needs	4.51	1.47	-0.820	1.650
Qantas has my customers' best interest at heart	4.62	1.44	-0.839	1.071
Qantas gives me attention	4.78	1.53	-0.749	1.218
Supports local communities	4.53	1.55	-0.875	0.683
Contributes to environment pollution reduction	4.51	1.52	-1.040	1.337
Cares about its employees' welfare	4.43	1.58	-1.169	2.497
Encourages corporate giving to worthy causes	4.55	1.52	-0.725	2.774
<i>Attitude toward firm_{t+1}</i>				
I think Qantas is a great airline	5.02	1.69	-1.045	1.064
I admire Qantas	4.71	1.63	-0.747	0.739
I trust Qantas	4.93	1.50	0.003	-0.259
I like Qantas very much	4.90	1.69	-0.909	0.784
<i>Behavior toward firm_{t+1}</i>				
I recommend Qantas to friends and relatives whenever possible	4.84	1.96	-1.045	1.064
I speak highly of Qantas to my friends and relatives	4.62	1.70	-0.747	0.739
I defend the actions of Qantas whenever possible	4.21	1.67	-0.836	0.568
I encourage my friends and relatives to fly with Qantas	4.54	1.70	-0.909	0.784

Table AIII.

Appendix 9

Items	Second order factor	Code	Std loadings	SE	Construct reliability	AVE	CFI/TLI	RMSEA
Beliefs about firm _t					0.917*	0.667*	0.981/ 0.950*	0.051*
	Reputation	RP1	0.942	0.031	0.792	0.731	1.00/ 1.00	0.000
Qantas is constantly improving	Reputation	A1	0.849	0.011				
Qantas has a stable business	Reputation	A2	0.893	0.01				
Qantas is a trouble-free airline	Reputation	A3	0.833	0.012				
Qantas is not as good as it was three years ago	Reputation	A4	0.844	0.033				
	Reliability	RL1	0.957	0.034	0.830	0.605	0.973/ 0.980	0.040
Qantas flights run on-time	Reliability	A5	0.778	0.033				
When I have a problem, Qantas is sympathetic and reassuring	Reliability	A6	0.841	0.012				
Qantas promptly informs me of my booked flight delays	Reliability	A7	0.867	0.001				
Employees of Qantas are always willing to help me with my needs	Reliability	A8	0.909	0.009				
	Empathy	EP1	0.928	0.025	0.935	0.612	0.981/ 0.933	0.050
Qantas employees care how I feel	Empathy	A9	0.778	0.016				
Employees of Qantas understand my customers' needs	Empathy	A10	0.798	0.016				
Qantas has my best interest at heart	Empathy	A11	0.735	0.025				
Qantas gives me attention	Empathy	A12	0.765	0.019				
	CSR	CS1	0.728	0.033	0.845	0.646	0.951/ 0.945	0.050
Qantas supports local communities	CSR	A13	0.722	0.034				
Qantas contributes to environment pollution reduction	CSR	A14	0.765	0.015				
Qantas cares about its employees' welfare	CSR	A15	0.931	0.015				
Qantas encourages corporate giving to worthy causes	CSR	A16	0.714	0.015				
Attitude toward firm _t					0.950*	0.614*	0.993/ 0.978*	0.050*
I think Qantas is a great airline		B1	0.704	0.016				
I admire Qantas		B2	0.817	0.011				
I trust Qantas		B3	0.799	0.017				
I like Qantas very much		B4	0.809	0.019				
Behavior toward firm _t					0.924*	0.633*	0.992/ 0.978*	0.050*
I recommend Qantas as my clients whenever possible		C1	0.867	0.031				
I speak highly of Qantas to other people		C2	0.648	0.02				

(continued) **Table AIV.** Measurement model (main study)

Items	Second order factor	Code	Std loadings	SE	Construct reliability	AVE	CFI/ TLI	RMSEA
I defend the actions of Qantas whenever possible		C3	0.857	0.012				
I encourage my friends and relatives to fly with Qantas		C4	0.792	0.014				
Perceptions of organizational culture					0.897*	0.726*	0.940/ 0.940*	0.050*
	People	PPL	0.974	0.024	0.956	0.720	0.981/ 0.948	0.060
Being people oriented	People	O1	0.867	0.009				
Being fair	People	O2	0.885	0.008				
Being supportive	People	O3	0.885	0.008				
Respecting individual rights	People	O4	0.869	0.009				
Desiring to be a good corporate citizen	People	O5	0.906	0.007				
Caring about the community it serves	People	O6	0.654	0.023				
	Business	BIZ	0.994	0.013	0.767	0.739	1.00/ 1.00	0.001
Focusing and solving customer problems	Business	O7	0.869	0.011				
Caring more about financial results than service delivery	Business	O8	0.822	0.013				
Feeling oppressed/ constrained by environmental forces in the global aviation market	Business	O9	0.886	0.01				
Perception of internal resources					0.867*	0.814*	0.950/ 0.949*	0.051*
	Tangible	TAN	0.704	0.006	0.870	0.833	0.984/ 0.941	0.050
Has the financial capacity to run a great airline	Tangible	I1	0.917	0.006				
Has the resources to help reduce environmental pollution (e.g. invest in fuel-efficient aircrafts)	Tangible	I2	0.908	0.006				
	Intangible	ITAN	1.0	0.009	0.910	0.831	0.990/ 0.950	0.030
Is strong enough to make a positive contribution to the local economy	Intangible	I3	0.881	0.008				
Has a brand that people respect	Intangible	I4	0.944	0.004				
Has support from the local community	Intangible	I5	0.818	0.011				
	Human	HUM	0.972	0.008	0.747	0.836	1.00/ 1.00	0.000
Has a CEO known for his support of corporate social responsible initiatives	Human	I6	0.958	0.004				
Employees take pride in what they do	Human	I7	0.842	0.005				
Employees are committed to their work	Human	I8	0.939	0.007				

Table AIV.

(continued)

Items	Second order factor	Code	Std loadings	SE	Construct reliability	AVE	CFI/ TLI	RMSEA
Perception of external environment					0.796*	0.614*	0.951/ 0.946*	0.048*
The airline industry is struggling to survive		E1	0.869	0.025				
High fuel costs globally present a problem for Qantas		E2	0.756	0.015				
High Australian dollars is a disadvantage to Qantas		E3	0.763	0.019				
Qantas faces a hostile union locally		E4	0.846	0.020				
Competition from other airlines is affecting Qantas' business		E5	0.714	0.023				
Qantas faces very strong government regulations locally		E6	0.729	0.021				
The general public is increasingly dissatisfied with Qantas		E7	0.849	0.011				
The media is critical of Qantas		E8	0.726	0.016				
Personal values					0.935*	0.632*	0.980/ 0.953*	0.040*
Support charities and social services projects		P1	0.882	0.013				
Ensure that products and operations do not harm the environment		P2	0.762	0.015				
Treat all employees equally regardless of gender, race religion or sexuality		P3	0.618	0.021				
Improve education and skills in communities where they operate		P4	0.745	0.027				
Not only protect the environment but also restore it for future generations		P5	0.807	0.023				
Ensure that all materials it uses to make its products have been produced in a responsible manner		P6	0.887	0.032				
Play a role in our society that goes beyond the mere generation of profits		P7	0.833	0.031				
Should expectations					0.847*	0.616*	0.993/ 0.783*	0.051*
Support works to help the disadvantaged in society		SE1	0.789	0.026				
Undertake actions to defend (protect) the environment		SE2	0.802	0.025				
Make donations to worthy causes of social justices such as education		SE3	0.785	0.031				
Support organizations that defend culture and sports		SE4	0.682	0.011				
Support adequate employee welfare such as better working conditions		SE5	0.847	0.013				

(continued)

Table AIV.

Items	Second order factor	Code	Std loadings	SE	Construct reliability	AVE	CFI/ TLI	RMSEA
Care about more than its profit and financial performance		SE6	0.795	0.014				
Would expectations					0.892*	0.643*	0.960/0.950*	0.041*
Support works to help the disadvantaged in society		WE1	0.752	0.014				
Undertake actions to defend (protect) the environment		WE2	0.844	0.011				
Make donations to worthy causes of social justices such as education		WE3	0.837	0.011				
Support organizations that defend culture and sports		WE4	0.799	0.012				
Support adequate employee welfare such as better working conditions		WE5	0.763	0.024				
Care about more than its profit and financial performance		WE6	0.812	0.019				
Could expectations					0.886*	0.610*	0.953/0.941*	0.050*
Support works to help the disadvantaged in society		CE1	0.848	0.013				
Undertake actions to defend (protect) the environment		CE2	0.786	0.015				
Make donations to worthy causes of social justices such as education		CE3	0.782	0.027				
Support organizations that defend culture and sports		CE4	0.659	0.031				
Support adequate employee welfare such as better working conditions		CE5	0.813	0.014				
Care about more than its profit and financial performance		CE6	0.784	0.021				
<i>Positive news</i>								
Attitude toward news _t					0.968*	0.841*	0.999/0.998*	0.001*
I regard this as good news		AT1	0.861	0.009				
I am pleasantly surprised by this news		AT2	0.946	0.004				
I would describe this news as positive		AT3	0.956	0.004				
I am overall pleased with what I have read		AT4	0.902	0.007				
Beliefs about firm _{t+1}					0.940*	0.655*	0.985/0.953*	0.045*
	Reputation	RP2	0.780	0.029	0.841	0.619	0.978/0.933	0.010
Qantas is constantly improving	Reputation	X1	0.763	0.017				
Qantas has a stable business	Reputation	X2	0.726	0.019				
Qantas is a trouble-free airline	Reputation	X3	0.766	0.021				
Qantas is not as good as it was three years ago	Reputation	X4	0.884	0.031				

Table AIV.

(continued)

Items	Second order factor	Code	Std loadings	SE	Construct reliability	AVE	CFI/TLI	RMSEA
	Reliability	RL2	0.957	0.021	<i>0.890</i>	<i>0.612</i>	<i>0.993/0.993</i>	<i>0.040</i>
Qantas flights run on-time	Reliability	X5	0.771	0.022				
When I have a problem, Qantas is sympathetic and reassuring	Reliability	X6	0.811	0.013				
Qantas promptly informs me of my booked flight delays	Reliability	X7	0.759	0.019				
Employees of Qantas are always willing to help me with my needs	Reliability	X8	0.786	0.014				
	Empathy	EP2	0.928	0.010	<i>0.942</i>	<i>0.740</i>	<i>0.955/0.945</i>	<i>0.050</i>
Qantas employees care how I feel	Empathy	X9	0.848	0.008				
Employees of Qantas understand my needs	Empathy	X10	0.864	0.009				
Qantas has my best interest at heart	Empathy	X11	0.852	0.011				
Qantas gives me attention	Empathy	X12	0.876	0.009				
	CSR	CS2	0.728	0.019	<i>0.924</i>	<i>0.649</i>	<i>0.961/0.922</i>	<i>0.051</i>
Supports local communities	CSR	X13	0.762	0.017				
Contributes to environment pollution reduction	CSR	X14	0.747	0.016				
Cares about its employees' welfare	CSR	X15	0.889	0.018				
Encourages corporate giving to worthy causes	CSR	X16	0.816	0.014				
Attitude toward firm _{t+1}					<i>0.958*</i>	<i>0.887*</i>	<i>0.993/0.978*</i>	<i>0.050*</i>
I think Qantas is a great airline		Y1	0.893	0.007				
I admire Qantas		Y2	0.882	0.008				
I trust Qantas		Y3	0.855	0.009				
I like Qantas very much		Y4	0.919	0.006				
Behavior toward firm _{t+1}					<i>0.946*</i>	<i>0.723*</i>	<i>0.993/0.978*</i>	<i>0.050*</i>
I recommend Qantas as my friends and relatives whenever possible		Z1	0.813	0.011				
I speak highly of Qantas to other people		Z2	0.928	0.006				
I defend the actions of Qantas whenever possible		Z3	0.869	0.014				
I encourage my friends and relatives to fly with Qantas		Z4	0.891	0.008				

Notes: Construct reliabilities, AVE, CFI/TLI and RMSEA (italic) = second factor order. *Significance at $p < 0.05$

Table AIV.

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