



**THE EFFECT OF CORPORATE SUSTAINABILITY ON RELATIONSHIP MARKETING  
IN TOURISM INDUSTRY:**

The influence of customer perceptions of corporate sustainability on customer loyalty

Lappeenranta–Lahti University of Technology LUT

Master's thesis in Business Administration

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Examiners: Professor Laura Albareda

Associate professor Anni Tuppuru

## ABSTRACT

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School of Business and Management

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### **The effect of corporate sustainability on relationship marketing in tourism industry: the influence of customer perceptions of corporate sustainability on customer loyalty**

Master's thesis

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86 pages, 10 figures, 9 tables and 5 appendices

Examiners: professor Laura Albareda and associate professor Anni Tuppuru

**Keywords:** corporate sustainability, tourism industry, customer perceptions, customer expectations, personal traits, relationship marketing, customer loyalty, customer satisfaction, customer trust

Sustainability has become increasingly important for both consumers and businesses, and that is the case in tourism industry as well. Incorporating corporate sustainability (CS) into business activities requires investments and commitment. The greater the benefits of corporate sustainability the more likely tourism companies will commit to it. Competition for customers is tough and building long-term customer relationships by increasing customer loyalty is important. The positive influence of customer perceptions of corporate sustainability (CPCS) on customer loyalty could entice tourism companies to become more sustainable. My objective in this thesis is to investigate the influence of CPCS on customer loyalty in tourism industry. I approach this question from two directions. I investigate how customers' personal traits (age, gender, nationality, education, income level, and support for sustainable business) influence customer perceptions and expectations of CS, and how CPCS affects trust, satisfaction, and loyalty. I use quantitative research methods and survey data from Finnish skiing resort company collected in winter 2022 by online questionnaire using voluntary response sampling method. Statistical analysis is conducted using multiple linear regression model and structural equation model. Findings indicate that all six personal traits are associated with CPCS while only gender, income, and support for sustainable business are related to customer expectations of CS. Structural equation model of CPCS, trust, satisfaction, and loyalty show that CPCS has a positive effect on loyalty only indirectly through satisfaction and trust. This thesis contributes to the theory by showing that the positive influence of CPCS on customer loyalty is also evident in tourism industry. Moreover, my findings underline the need for industry and context specific research on customer perceptions and expectations of CS.

## TIIVISTELMÄ

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Kauppatieteet

Eija Jaatinen

### **Kestävän liiketoiminnan vaikutus suhdemarkkinointiin matkailualalla: asiakkaiden käsitys yrityksen kestävästä liiketoiminnasta ja sen vaikutus asiakasuskollisuuteen**

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Avainsanat: kestävä liiketoiminta, matkailuala, asiakkaiden käsitykset, asiakkaiden odotukset, henkilökohtaiset piirteet, suhdemarkkinointi, asiakasuskollisuus, asiakastyytyväisyys, asiakkaan luottamus

Kestävän kehityksen periaatteet ovat tulleet yhä tärkeämmiksi niin kuluttajille kuin yrityksillekin ja sama pätee myös matkailuun. Kestävän liiketoiminnan (KL) periaatteiden sisällyttäminen liiketoimintaan edellyttää panostusta ja sitoutumista. Mitä suuremmat hyödyt kestävästä liiketoiminnasta voidaan saavuttaa sitä todennäköisemmin matkailuyritykset siihen sitoutuvat. Kilpailu asiakkaista on tiukkaa ja pitkäaikaisten asiakassuhteiden luominen asiakasuskollisuutta kasvattamalla on tärkeää. Asiakkaan käsitys yrityksen liiketoiminnan kestävästä ja sen positiivinen vaikutus asiakasuskollisuuteen voisi houkuttaa matkailuyrityksiä kestävämpään toimintaan. Tavoitteeni tässä pro gradu -tutkielmassa on tutkia asiakaskäsityksien vaikutusta asiakasuskollisuuteen matkailualalla. Lähestyn tätä kysymystä kahdesta suunnasta. Tutkin asiakkaiden henkilökohtaisten piirteiden (ikä, sukupuoli, kansallisuus, koulutus, tulotaso ja vastuullisen liiketoiminnan tukeminen) vaikutusta asiakkaiden KL käsityksiin ja odotuksiin, ja kuinka KL käsitykset vaikuttavat asiakkaan luottamukseen, tyytyväisyyteen ja uskollisuuteen. Käytän kvantitatiivisia tutkimusmenetelmiä kyselyaineistoa, joka kerättiin suomalaisen hiihtokeskuksen matkailuyrityksestä talvella 2022 verkkokyselyllä käyttäen itsevalikoituvaa otantamenetelmää (voluntary response sampling). Tilastollinen analyysi tehdään käyttäen usean muuttujan lineaarista regressioanalyysiä ja rakenneyhtälömallintamista. Tutkimustulosten mukaan kaikki kuusi henkilökohtaista piirrettä ovat yhteydessä asiakkaiden käsityksiin mutta vain sukupuoli, tulotaso ja vastuullisen liiketoiminnan tukeminen vaikuttavat asiakkaiden odotuksiin. Rakenneyhtälömalli, joka kuvaa asiakkaan KL käsitysten, luottamuksen, tyytyväisyyden ja asiakasuskollisuuden välisiä yhteyksiä osoittaa, että asiakkaan KL käsityksillä on positiivinen vaikutus asiakasluottamukseen vain välillisesti tyytyväisyyden ja luottamuksen kautta. Tämän tutkielman teoreettinen panos on osoittaa, että asiakkaiden KL käsitysten positiivinen vaikutus asiakasuskollisuuteen on havaittavissa myös matkailualalla. Lisäksi tulokset tähdentävät tarvetta toimiala- ja kontekstikohtaiselle tutkimukselle asiakkaiden käsityksistä ja odotuksista koskien kestävästä liiketoiminnasta.

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*"It does not matter how slowly you go as long as you do not stop"*

– Confucius

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Levi, 5.6.2022

Eija Jaatinen

## SYMBOLS AND ABBREVIATIONS

### Greek characters

$\alpha$	Cronbach alpha
$\beta$	parameter estimate
$\chi^2$	Chi square (goodness of fit index)

### Abbreviations

AVE	average variance extracted
C – C	customer – company
CFA	confirmatory factor analysis
CECS	customer expectation of corporate sustainability
CFI	comparative fit index
CPCS	customer perception of corporate sustainability
CR	construct reliability
CS	corporate sustainability
CSR	corporate social responsibility
EFA	exploratory factor analysis
FLE	frontline employee
MSA	measure of sampling adequacy
MPP	management policies and practices
OLS	ordinary least squares
PAF	principal axis factoring
RM	relationship marketing
RMSEA	root mean square error of approximation

SEM	structural equation modelling
SRMR	standardized root mean residual
TLI	Tucker Lewis index
VIF	variance inflation factor
WLS	weighted least squares
WOM	word of mouth

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Tiivistelmä

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# 1 Introduction

Sustainability has become more and more important in business. Corporate sustainability (CS) has grown from the mere corporate philanthropy to be a strategic part of business operations (Niñerola, Sánchez-Rebull, Hernández-Lara, 2019) and a source of competitiveness (Baumgartner, 2014). Corporate sustainability aims at balancing economic, social, and environmental dimensions of corporate performance while meeting the needs of the stakeholders (Chang et al., 2017). Tourism industry has a complicated relationship with sustainability. Tourism can bring about positive ecological (Cucculelli, Goffi, 2016) and social (Kauppila, 2011) effects on the destination but negative effects of tourism industry are also evident (Moscardo, Murphy, 2014; Saarinen, 2013). These negative effects can be minimized by incorporating corporate sustainability into tourism companies' operations as visualized in Figure 1. In Finland, a public operator Visit Finland has introduced a Sustainable Travel Finland label and program to encourage and help tourism companies and destinations to develop their practices in sustainable way (Business Finland, 2022).



Figure 1. Corporate sustainability in tourism

In tourism one stakeholder group, customers, can have a large impact on tourism destinations sustainability efforts. Problem is that tourists have limited understanding of sustainable tourism and many lack the interest to make sustainable choices on vacation (Miller et al., 2010). Differences in consumers perceptions and expectations of corporate sustainability are affected by various factors including demographic traits, values, and attitudes (Barone et al., 2020; Calabrese, Costa, Rosati, 2016; Pätäri et al., 2017). Customer perceptions of corporate sustainability (CPCS) refer to the extent to which customers recognize the actions company takes to address sustainability concerns (social, economic, and environmental) of stakeholder groups (Chaudary et al., 2016; Pérez, del Bosque, 2015a) while customer expectations of corporate sustainability (CECS) refer to customer beliefs of what is to be expected from different aspects of corporate sustainability (Pérez, del Bosque, 2014). Due to differences in CPCS and CECS between customer groups, destination specific information about tourists is needed for successful implementation and communication of sustainability strategy in tourism industry.

Profitability is an essential outcome for any company and a loyal customer is an asset that enhances profitability by repurchases and positive recommendations (Payne, Frow, 2013, p. 19). The focus on the development and maintenance of long-term relationships with customers and other stakeholders, by creating loyalty, is at the core of relationship marketing (Butler, 1999, p.1): a marketing discipline that has gained momentum since the 90s (Payne, Frow, 2013, p.5). According to Morgan & Hunt (1994, p. 22) “*relationship marketing refers to all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges*”. Through academic research, trust, satisfaction, and loyalty have emerged as key building blocks of long-term relationships (Payne, Frow, 2013, p.51). Antecedents of customer loyalty have gained interest in tourism research as well (Chi, Qu, 2008; Mechinda, Serirat, Gulid, 2009; Tasci, 2017). Mixed research findings from the tourism industry indicate that the nature of the relationship between loyalty and its antecedents has industry and even segment specific variation (Clark, Maher, 2007; Mechinda et al., 2009). The role of corporate sustainability in building long-term customer relationships is less studied in the field of tourism. A few studies have found customer perceptions of corporate sustainability to be influential in loyalty creation in lodging industry (Ahn, Kwon, 2020; Martinez, del Bosque, 2013; Xu, Gursoy, 2015). As lodging and tourism industries both are segments of hospitality industry and thus closely connected, it is reasonable to expect that similar effects might be evident in tourism industry as well. To gain the benefits which corporate sustainability (CS) could bring to loyalty creation, it is

not enough to be sustainable. It is also important to know how differences in customer personal traits affects customer perception and expectation of corporate sustainability. This way companies can focus and personalize their CS communication to meet the expectations of their customer segments.

## 1.1 Background

Research on sustainable tourism has grown steadily over the years but research focus has usually been on tourism destinations. Tourism company level corporate sustainability hasn't gained much notice. Literature includes studies on customer perceptions of sustainable tourism concept (Bausch, Schröder, Tauber, Lane, 2021; Panzer-Krause, 2020), customer perceptions regarding sustainability of a tourism destination or area (Cottrell, van der Duim, Ankersmid, Kelder, 2004; López-Sánchez, Pulido-Fernández, 2016), and customer expectations regarding tourism destination's sustainability actions (Magadan-Díaz, Rivas-García, 2019; Sidali, Huber, Schamel, 2017). One study has investigated customer expectations of winter sports provider's environmental sustainability including demographic comparison of expectations (MacIntosh, Apostolis, Walker, 2013). Constructs connected to relationship marketing have gained some interest in tourism literature. Tourism researchers have identified satisfaction (Bigné, Mattila, Andreu, 2008; Chi, Qu, 2008; Tasci, 2017) and trust (Clark, Maher, 2007; Sirdeshmukh, Singh, Sabol, 2002) to have a role in loyalty formation. Research contexts include tourism destinations, tourism attractions, and airlines. A few studies from lodging industry have studied the role of customer perceptions of corporate sustainability in loyalty formation process (Ahn, Kwon, 2020; Martínez, del Bosque, 2013; Xu, Gursoy, 2015) but no research was found on this subject from tourism industry.

Despite the exponential growth in sustainable tourism literature, there are still aspects with little research. Customer perceptions and expectations of sustainability have been touched in some studies but usually with the focus on tourism destination (Cornelisse, 2020; Sangpikul, 2020). There are some studies on the sustainability in skiing resorts which have covered subjects like environmental sustainability in Northern America (MacIntosh et al., 2013; Needham, Little, 2013), customer attitudes in Italy (Sidali et al., 2017), and stakeholder perceptions concerning development of sustainable tourism in Finland (Cornelisse, 2020). There is a research gap in identifying and differentiating customer

perceptions and expectations of corporate sustainability in case of a tourism company inside a skiing resort (or other tourism destination for that matter). There is also another research gap concerning customer perceptions of CS as an antecedent of customer loyalty in tourism industry. In this paper I will attend these research gaps in case of a tourism company in Finnish skiing resort Levi.

## 1.2 Research questions

In this research I aim to investigate the role of corporate sustainability (CS) in creating long-term customer relationships. I want to find out how customers perceive tourism operator's CS actions and how it affects customer loyalty. Thus, the main research question is:

*RQ: How does customer perceptions of corporate sustainability affect customer loyalty?*

I include two sub-questions.

The practitioner-oriented goal is to provide tools for CS management and communication by distinguishing inter-group differences based on demographic traits and customers' tendency to support sustainable business (CSR support) while academic goal is to estimate the effects of these personal traits in tourism industry. For this purpose, I present the first sub-question:

*SQ1: How do customers' demographic traits and CSR support affect their perceptions and expectations of tourism company's corporate sustainability?*

Secondly, I aim to investigate how customer perceptions of CS can be linked to relationship marketing including the relationships between three main constructs: trust, satisfaction, and loyalty. For this end I study the effect of customer perceptions of CS on customer satisfaction, trust, and loyalty. Thus, I propose following sub-question.

*SQ2: What kind of effects do customer perceptions of CS have on satisfaction, trust, and loyalty?*

### 1.3 Exclusions and limitations

This research is conducted with a quantitative research method, based on the application of two statistical models: a multiple linear regression model and a structural equation model (SEM). In so doing, I have collected data from a case company in skiing tourism in Finland, using survey method. Chosen company, Levi Ski Resort, is a major tourism operator in the skiing resort Levi in Kittilä, Finnish Lapland. Company was chosen for its active and comprehensive corporate sustainability actions and for its interest to improve their sustainability measurement and communication. In addition, Levi Ski Resort has a wide customer base.

To limit the scope of the study to suitable size for a master's thesis, additional limitations were included in the research design. I decided to focus the study on one customer segment, vacation tourists (vacationers). Different customer segments like locals, business tourists, and vacationers can be expected to have different priorities and interests so they need to be studied separately and including all would have made the research too wide. Another limitation concerned the time of a visit. The sample included only respondents who had visited Levi between January 2019 and March 2022. The little over three-year limit was chosen for several reasons:

- To insure, that respondents had a fairly new experience still in memory.
- Corona virus had constrained travel in the past years and three years wouldn't restrict the sample too much.
- Company received ISO 14001:2015 certificate in 2018 and the three-year limit would assure that all respondents had visited Levi while that environmental management system was in use.

The survey was sent to the customers of Levi Ski Resort during winter 2022. I received 1243 responses. Respondents who hadn't visited Levi in the past three years, hadn't used the services of Levi Ski Resort during their visit, and who had only made short visits (maximum two nights per stay) were excluded from the sample. Final sample included 1082 responses.

## 1.4 Research framework

This thesis approaches the research question from two directions which are presented in two sub-questions. Customer perceptions of corporate sustainability (CPCS) and customer expectations of corporate sustainability (CECS) are first measured using stakeholder approach and then compared using demographic traits and CSR support as explanatory variables. Secondly CPCS is included into relationship marketing theory to find out if CPCS affects loyalty and through which relationships. Figure 2 illustrates how these two questions are combined in this thesis. Both questions are investigated separately, and the results are combined under one wider concept.

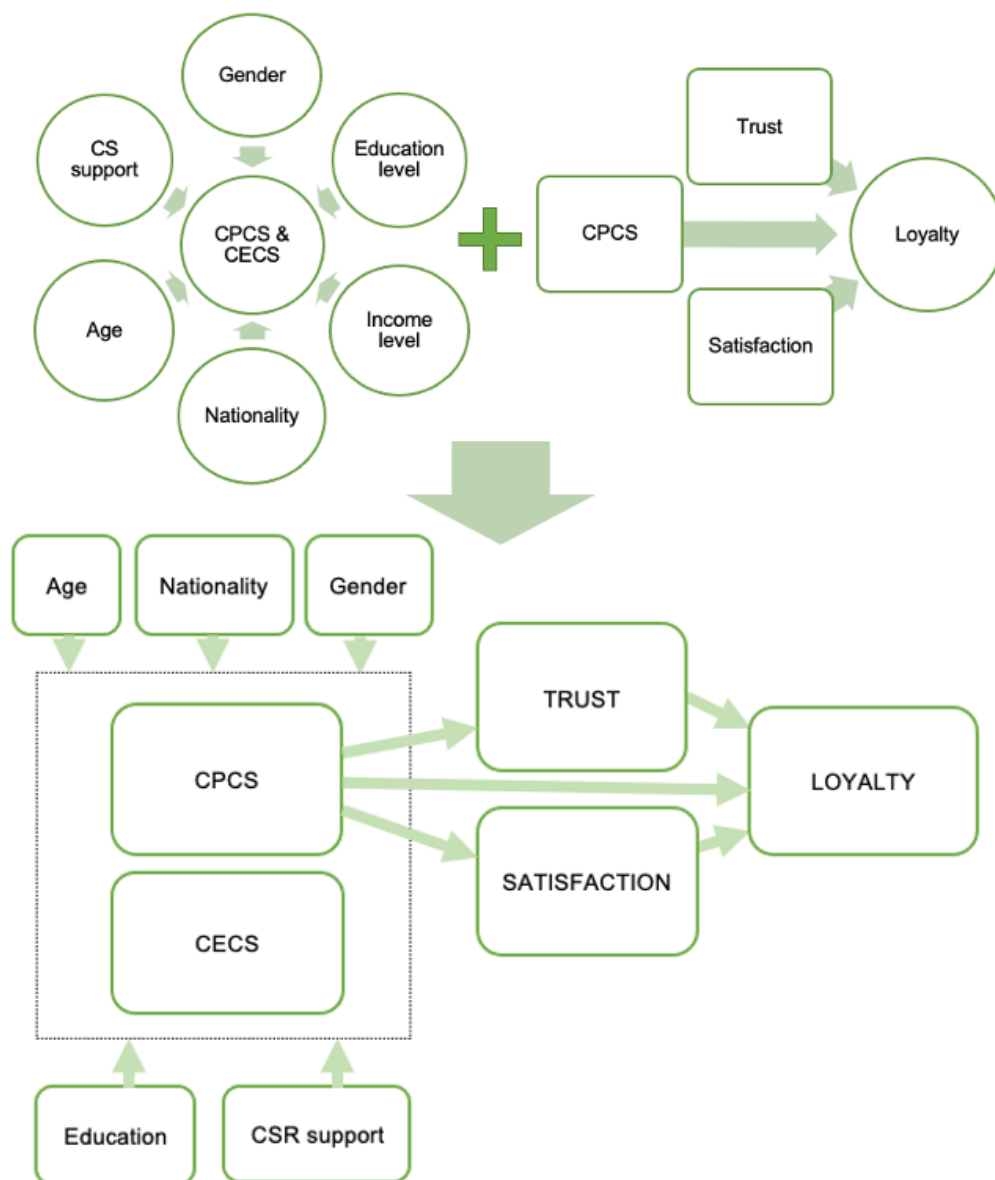


Figure 2. Research framework

## 1.5 Structure of the thesis

This thesis includes six chapters which are presented in Figure 3 together with inputs and outputs of each chapter. First chapter introduces the thesis including theoretical and practical background, research gaps, research questions, research framework, and thesis structure. Second chapter presents relevant literature on the main concepts used in the thesis focusing on three subjects: corporate sustainability and its use in tourism, antecedent of CPCS and CECS and customer personal traits, and relationship marketing and the role of CPCS in creating custom loyalty. Chapter three focuses on research methods and design introducing chosen quantitative methods, research context, conceptual model, and research hypothesis. Data collection and variable measurement are also explained in chapter three. Chapter four includes the empirical research presenting the findings from the statistical analysis of survey data. In chapter five, research findings as interpreted with respect to theories presented in literature review. Finally, chapter six summarizes the key findings of the thesis presenting theoretical contributions and practical implications of the thesis together with research limitations and suggestions for future research.

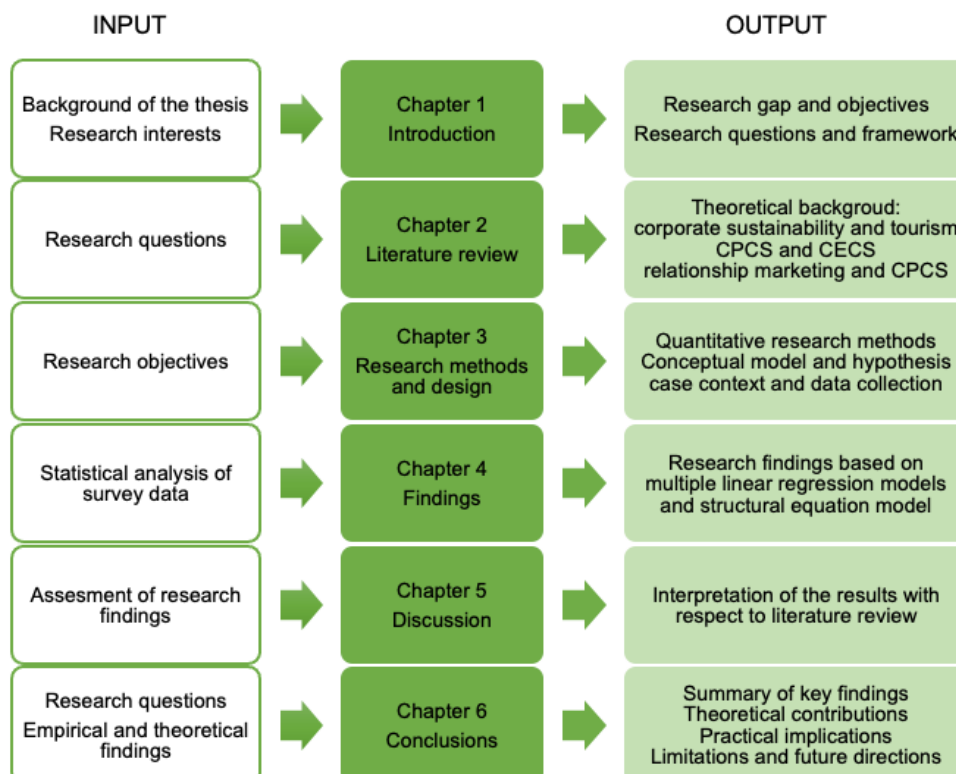


Figure 3. Structure of the thesis

## 2 Literature review

Sustainability is a multifaceted issue concerning all aspects of society. This research focuses on the business context and more specifically on corporate sustainability (CS) in tourism from the customer point of view. I started the search of previous literature from Scopus database with following search phrase: *TITLE ((customer\* W/2 attitude\*) OR (customer\* W/2 expectation\*) OR (customer\* W/2 perception\*) OR (tourist\* W/2 attitude\*) OR (tourist\* W/2 expectation\*) OR (tourist\* W/2 perception\*)) AND TITLE-ABS-KEY (sustainability OR "sustainable business" OR CSR OR "corporate responsibility" OR "business ethics")*. First search provided me with 104 results, which a month later had grown to 107 results, and of which 93 were scientific articles. Results included articles from:

- the years 2000-2021 (most [71] articles were published in the last seven years),
- 15 subject areas (top 3: business, management, and accounting 61 articles, social sciences 53 articles, and environmental sciences 26 articles),
- 47 countries (only 15 countries with more than two articles), and
- 65 journals (only 10 journals with more than one article).

From this Scopus search 37 articles (accessible and relevant for research topic) were chosen for closer look. All in all, nearly 100 articles were studied in the beginning. Of those, customer/tourist perceptions were subject in 47 articles while only 7 articles focused on customer/tourist expectations. Afterwards more academic papers, especially concerning customer perceptions of CS in relationship marketing, were studied.

This literature review builds a foundation for the thesis focusing on three main issues presented in Figure 4. First sub-chapter introduces corporate sustainability in tourism industry including main concepts and discusses the role of sustainability in tourism and customer understanding of sustainability. Second sub-chapter focuses on personal traits as predictors of customer perceptions and expectations of corporate sustainability. Third sub-chapter introduces relationship marketing which main goal is in building long-term relationships between company and its stakeholders. Focus group in the thesis is customers and thus theory covers constructs related to customer loyalty discussing how literature has connected those constructs to customer perceptions of corporate sustainability. I aim

to connect these three theory sectors together in my research to find out how corporate sustainability can be incorporated to relationship marketing.



Figure 4. Three focus areas in literature review

## 2.1 Corporate sustainability and tourism: concepts, understanding, and practices

Sustainability is complex and context dependant concept (Bausch et al., 2021) which both researchers (Vos, 2007) and consumers (Barone et al., 2020; Veit, Lambrechts, Quintens, Semeijn, 2018) have hard time defining unanimously. Our common future -report by the World Commission on Environment and Development (Brundtland, 1987) (also known as Brundtland report) defined sustainable development as *“development that meets the needs of the present without compromising the ability of future generations to meet their own needs”*. Figure 5 illustrates one of the most used sustainability conceptualizations which presents sustainability consisting of three interconnected dimensions of environmental, social, and economic sustainability (Adams, 2006; Chang et al., 2017). In literature this three-dimensional model is referred to as the triple-bottom-line. Sustainability has evolved in time and several theories have been used to explain sustainability in business including corporate social responsibility (CSR), stakeholder theory, and corporate sustainability (CS) (Chang et al., 2017). In the core of corporate sustainability is the incorporation of sustainable development into corporate context in a way which meets the stakeholders’ needs while balancing the economic, environmental, and social dimensions of corporate performance (Chang et al., 2017).

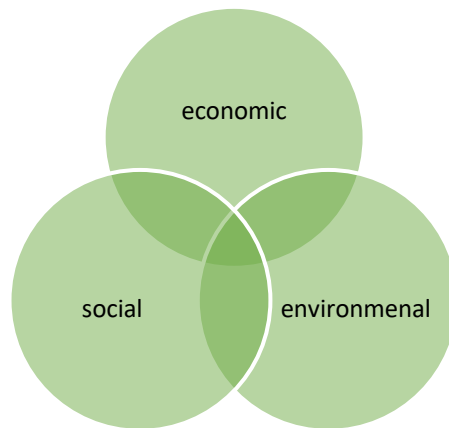


Figure 5. Triple-bottom-line model of sustainability (Adams, 2006; Chang et al., 2017)

Sustainability is a growing trend in tourism just like in business in general. Research on sustainable tourism has grown and the term perception as a key word has appeared more recently, often in connection with stakeholders (Niñerola et al., 2019). The hard-to-define nature of sustainability extends to tourism research as academic literature has used a wide range of definitions for sustainable tourism and is still missing a universal definition (Butler, 1999; Passafaro, 2020). According to United Nations World Tourism Organization, sustainable tourism is *“tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities”* (UNWTO, 2021). This definition encompasses several aspects identified in literature as it includes:

- the triple-bottom-line definition of sustainability (Adams, 2006; Chang et al., 2017),
- focus on both present and future effects (Byrd, 2007), and
- a stakeholder model approach (Byrd, 2007; Cornelisse, 2020; García-Rosell, Mäkinen, 2013).

Corporate sustainability approach to managing sustainability in tourism companies is thus called for as it aims at including triple-bottom-line approach and stakeholders in sustainability management.

Tourism has been linked to positive and negative effects on sustainability alike. Most mentioned positive effect of tourism is its ability to produce employment (Kauppila, 2011; Niñerola et al., 2019). Cucculelli & Goffi (2016), for their part, argue that tourism can be

good for preserving the ecological balance of tourism destination. Skeptical approach to sustainable tourism points out the lack of convincing evidence of the benefits while negative effects on environmental, social, and economic sustainability are evident (Moscardo, Murphy, 2014). Tourism-led economic growth can focus too much on serving resources to people (as opposed to sustaining resources) and thus harming more than benefiting people and environment (Saarinen, 2013). According to Niñerola et al. (2019) environmental and social unsustainability in tourism can hurt the future development of tourism destinations. Disadvantages of tourism are thus evident when focus of tourism business is too much on short-term economic benefits, neglecting to sustain the resources so that they may provide long-term benefits to the people and tourism destination and in so doing ensure the viability of tourism in the future as well.

Public understanding of the concept of sustainability is at best limited and restricted and even scholars haven't come to an agreement on the definition and content of sustainability. According to Bausch et al. (2021) academics, media, and governments all have widely avoided and ignored the fact that there is no unanimous understanding of sustainability in the minds of public. Even though consumers are familiar with the term sustainability, defining it is not as easy, providing definitions with varying depths and context (Hanss, Böhm, 2012). Many perceive sustainability as one-dimensional concept including only environmental sustainability (Bausch et al., 2021; Hanss, Böhm, 2012; Simpson, Radford, 2012). Focus on environment and green (e.g., products, services) in marketing and politic discourse has enhanced that misconception (Hanss, Böhm, 2012; Simpson, Radford, 2012). Human related sustainability issues are important to consumers (Jensen, Annand-Diab, Seppälä, 2018; Öberseder, Schlegelmilch, Murphy, Gruber, 2014) but social dimension of sustainability is nevertheless included in the definition of sustainability much more rarely than environmental dimension (Hanss, Böhm, 2012; Simpson, Radford, 2012). Consumers tend to separate economic duties of businesses from CS (Maignan, 2001) and economic sustainability is rarely connected with CS in public understanding (Hanss, Böhm, 2012). Understanding depends also on the context (e.g., industry, culture) (Bausch et al., 2021) and personal values and interests (Jensen et al., 2018).

The question, sustainable tourism practitioners are asking, is how to achieve the optimal combination of serving and sustaining resources in the tourism destination so that tourism can develop sustainably long to the future. The answer won't be easy. There are country

(and probably even destination) specific sustainability issues (Cottrell et al., 2004) deriving from the unique characteristics of each destination. The importance assigned to each sustainability dimension and issue varies between and inside different stakeholder groups such as tourists (Magadan-Diaz, Rivas-Garcia, 2019; Sidali et al., 2017) and local community (Cornelisse, 2020; Szromek, Kruczek, Walas, 2019). Study on German and Italian tourists' understanding of sustainability demonstrated that part of the tourists (34% of Germans and 10% of Italians) don't believe that sustainable tourism can exist and that tourists see sustainability in tourism to be no more than a marketing trick (Bausch et al., 2021). It is difficult to engage people to sustainability actions if they don't believe in them. In that case, promoting sustainability benefits of certain actions/initiatives can even be harmful, making it all more important for businesses to know their customers. Tourism businesses seem to be aware of this issue as UK study observed that companies increasingly draw attention to customer benefits in their sustainability communication (Font, El-gammal, Lamond, 2017)

Tourists' sustainability awareness seems to vary just like with consumers in general. Individual trip tourists in the rural area of Northern Ireland had higher awareness than coach and cruise ship tourists (Panzer-Krause, 2020). Study in Costa Rica and Netherlands showed that tourists are aware of sustainable and unsustainable issues in tourism and judge the ecological dimension most important (Cottrell et al., 2004) whereas tourists in United States had weak awareness of alpine ski resort's voluntary environmental programs (Needham, Little, 2013). The path from awareness and attitudes towards action is much studied in tourism context. Academic literature has identified an attitude – behavior gap among tourists which means that tourists' positive attitudes towards sustainability don't always translate to sustainable behavior on vacation (e.g. Bausch et al., 2021; Budeanu, 2007; Passafaro, 2020). For many tourists, small day-to-day sustainability actions at home seem more impactful than similar actions on vacation reducing the interest to act sustainably while on holiday (Miller et al., 2010). There is a lack of financial incentives compared to similar actions at home and even mentality that one has earned a right to act irresponsibly on vacation after acting sustainably at home (Miller et al., 2010). Inaction can also stem from perceived high costs of sustainable actions (Antimova, Nawijn, Peeters, 2012). Likewise, tourists' willingness to pay extra for environmentally sustainable accommodation is generally low (Clemente, Lopes, Ambrósio, 2020; do Valle, Pintassilgo, Matias, André, 2012). On vacation people want to relax, enjoy, and not to worry, creating an atmosphere, where acting responsibly doesn't feel so important. In addition, most tourists

feel that they shouldn't have to cover the expenses of sustainable tourism. What then drives tourist's actions? Social norms (how others act and what they think) have been identified to advance both sustainable action (Doran, Larsen, 2016; Juvan, Dolnicar, 2017) and inaction (Antimova et al., 2012). Other identified drivers of sustainable action are moral obligation (Doran, Larsen, 2016) and self-identity (Juvan, Dolnicar, 2017).

Business companies have increased their involvement in sustainability and CS topics have become more diversified over the years (Korhonen, Seppälä, 2005; Smith, 2017). Main motivation for companies to engage in CS is strategic economical gain focusing on long-term benefits (Korhonen, Seppälä, 2005) and revenue on investment (MacIntosh et al., 2013). Companies communicate their sustainability initiatives mainly in their web pages and sustainability reports (Jensen et al., 2018). In 2015 almost all Fortune 500 companies (99%) communicated CS in their web pages (Smith, 2017). Despite the increase in CS initiatives and communication, consumer awareness is still limited (Jensen et al., 2018) and disproportionately focused on environmental issues (Simpson, Radford, 2012). Previous research has identified several issues that can explain this. For one, consumers don't actively seek sustainability information (Jensen et al., 2018; MacIntosh et al., 2013) making sustainability reports and web pages ineffective information channels for reaching consumers. As for companies, they tend to limit their CS communication and only report part of CS actions. In UK, tourism companies reported on average only 30% of their CS actions (Font et al., 2017). According to Canadian research (MacIntosh et al., 2013) tourists feel that environmental CS is not communicated enough while companies limit communicating environmental CS in fear of creating "green-washing" image. Since the direct CS communication between consumers and companies is limited, media has become a significant source for consumer information. While third party CS communication can have a positive effect on consumer perceptions (Chernev, Blair, 2015), it is a medium which companies can't control. Media tends to focus on negative issues that create more emotions and responses in readers. This may explain why consumers are more aware of companies' unsustainable actions (Jensen et al., 2018) and why consumers react more strongly to negative CS (Mohr, Webb, 2005). Companies need to find better ways to reach their customers, and to know what their customers expect of them and what issues are important to customers. According to (Jensen et al., 2018, 258) *"only CSR initiatives with a direct effect on customers (societal or monetary), employees or on the environment combined with continuous and accessible information attached to the product, create awareness"*.

## 2.2 Customer perceptions and expectations of corporate sustainability: antecedents and differences

Perception has been defined as *“the process whereby people convert external events and experiences into meaningful internal understanding”* (Samovar, Porter, McDaniel, 2009, 185). In this thesis customer perceptions of corporate sustainability (CPCS) refer to the extent to which customers recognize the actions company takes to address sustainability concerns (social, economic, and environmental) of stakeholder groups (Chaudary et al., 2016; Pérez, del Bosque, 2015). Perceptions are subjective and influenced by individual value orientations (Reisinger, Turner, 2003, 149). Achieving positive customer perceptions of corporate sustainability (CPCS) is not easy and same approach won't fit all situations. Expectations can be both what people expect or what they want (Ferrer, 2009), in other words customer expectations can, depending on how they are measured, express what customers think that will be or what they think that should be. Definitions of customer expectations of corporate sustainability (CECS) encompass the customer beliefs of what is to be expected from corporate sustainability and the importance of different types of corporate sustainability to customers (Pérez, del Bosque, 2014, p. 228).

Academic research has identified many company- and customer-related factors which affect CPCS. Positive prior attitude towards company has a positive effect on CPCS (Öberseder et al., 2014). Surveys with American customers showed that prior service quality perception can affect CPCS in two ways: positive service quality perception has a positive effect on CPCS (Amos et al., 2019; Brockhaus et al., 2017) while negative perceptions of service quality don't only lead up to lower CPCS but can even create harmful and cynical reactions in customers (Brockhaus et al., 2017). Another study with Australian banking customer however found no relation between service level dissatisfaction and CPCS (Jose, Khare, Buchanan, 2018). The United States and Australia score almost identically in Hofstede's cultural value dimensions (Hofstede Insights, 2021) so the reason for differing results could be found from the study context rather than cultural values. Australian study was conducted in banking industry while first American study was designed from the supply chain perspective and the other studied CPCS in retail industry. Trust on a company is found to have a positive effect on CPCS in banking industry (Jose et al., 2018; Pérez, del Bosque, 2015b). When customer characteristic of innovativeness was

included, the results showed that trust on a company had a positive effect on the CPCS of innovative customers but no significant effect on conservative customers (Pérez, del Bosque, 2015). Customers tend to perceive CS more positively when they feel a connection with the company: studies have found that customer – company (C-C) identification (Öberseder et al., 2014) and C-C congruence (Lee, Park, Rapert, Newman, 2012) both have a positive effect on CPCS.

Chosen CS initiatives themselves can also affect CPCS. Customers' perceptions tend to be more positive when they feel that sustainability initiatives fit together with company goals (Pérez, del Bosque, 2015b). When company motivation of CS initiative is deemed altruistic, that has a positive effect on CPCS (Chernev, Blair, 2015; Pérez, del Bosque, 2015a). Both perceived altruistic motivation and company – CS congruence makes sustainability initiative more credible in the minds of consumers reinforcing the impression that company truly wants to do good and not just polish their public image. Companies should closely evaluate how considered sustainability initiatives fit together with company values and operations but also how well they fit together with customers. Research by Sen & Bhattacharya (2001) noticed that positive CS information created more positive CS perceptions only with those students who strongly supported the sustainability issue. General support of sustainability (CSR support) has mixed effects on perceptions. Pătări et al. (2017) noticed that while students with high CSR support had higher perceptions of forest industry's overall sustainability, the effect was negative regarding perceptions of social and environmental performance. Table 1 presents a summary of variables which academic literature has identified to affect CPCS.

Table 1. Summary of variables affecting CPCS identified in academic literature

Variables affecting CPCS	effect	source
Customer attitudes towards company	+	Öberseder et al. (2014)
perceived prior service quality	+	Amos et al. (2019); Brockhaus et al. 2017)
trust on company	+	Jose et al. (2018); Pérez, del Bosque (2015b)
C-C identification	+	Öberseder et al. (2014)
C-C congruence	+	Lee et al. (2012)
CS initiative - company goal congruence	+	Pérez, del Bosque (2015b)
altruistic motivation of CS initiative	+	Chernev et al. (2015); Pérez, del Bosque (2015a)
CSR support	+/-	Sen, Bhattacharya (2001); Pătări et al. (2017)

Demographic factors are often used in academic studies: in part merely to describe group characteristics but many studies have tested whether statistical differences are evident among respondents based on demographic variables. Most common variables used in sustainability research include gender, age, education level, income level, and nationality. Nationality appears in many studies but, in most cases, sample includes only two or three different nationalities and country differences are seldom the main focus of the study. Understanding of the term sustainability has country specific differences (Bausch et al., 2021). Economic sustainability is much more important to Americans whereas philanthropy is more important to Europeans (Maignan, 2001). Consumers from dissimilar cultural contexts also value sustainable product aspects differently (Gassler, von Meyer-Höfer, Spiller, 2016). Study comparing Finnish and Russian consumers detected no country differences in the effects of CPCS on trust, but trust had stronger effect on loyalty among Russian consumers (Potepkin, Firsanova, 2017). Russians also perceived social initiatives slightly more positively than Finnish consumers (Potepkin, Firsanova, 2017) whereas another study found that Finnish students had higher CSR perceptions of forest industry than students from Spain and Hong Kong (Pätäri et al., 2017). CPCS affects purchase intention more positively with Europeans (Germans and French) than American consumers (Maignan, 2001).

According to Sarmiento & El Hanandeh (2018), women have statistically significantly higher green tendencies than men. Women also have slightly higher CS perceptions, and the gender difference is strongest among lower educated people and young people, and in environmental sustainability category (Calabrese et al., 2016). While women have somewhat higher CECS, situation with CPCS is not unambiguous since several studies have detected no gender differences in CPCS (Calabrese et al., 2016; Luthar, DiBattista, Gautschi, 1997; Pérez, del Bosque, 2013) but others indicate women to have higher CPCS (Elias, 2004). Men appear to be more strongly affected by CPCS than women. The positive effect of CPCS on C-C identification (in Spain) is stronger with men (Pérez, del Bosque, 2017) whereas the positive effect of CPCS on trust is stronger with men in Russia but in Finland gender difference was not detected (Potepkin, Firsanova, 2017). There are no gender differences on the willingness to pay extra for sustainable accommodation (Magadan-Diaz, Rivas-Garcia, 2019; Sidali et al., 2017). However, in case of green restaurants, more women were willing to pay extra but of those willing, men were in general willing to pay higher extra than women (Sarmiento, El Hanandeh, 2018). It seems that women may be more conscious about sustainability related issues and their effect on the

society and thus expect more from companies. Men on the other hand are more affected by CS, maybe because they don't have as high expectations and are content with less.

Age is another demographic variable which seems to differentiate results in corporate sustainability research. Youngest consumers have lowest green tendencies (Sarmiento, El Hanandeh, 2018) while seniors (65 years and older) are significantly more aware of environmental sustainability in tourism than any other age group (MacIntosh et al., 2013). Consumer understanding of sustainability varies by age as youngest consumers describe sustainability more often using categories related to current concept of sustainable development (Barone et al., 2020). Among men oldest consumers have significantly higher CS perceptions than youngest ones (Calabrese et al., 2016) whilst corporate reputation has significantly stronger (positive) effect on the CPCS among young consumers (Pérez, del Bosque, 2013). The positive effect of CPCS on satisfaction (Pérez, del Bosque, 2017) and attitudes towards company (van Doorn, Onrust, Verhoef, Bügel, 2017) is stronger with older consumers. Differences extend to behavior as perceived environmental sustainability has significantly stronger effect on behavior among older consumer ( $\geq 45$  years) than youngest ( $\leq 24$  years) (MacIntosh et al., 2013). Willingness to pay extra has mixed results. Older consumers are more willing to pay extra for accommodation related sustainability (do Valle et al., 2012; Magadan-Diaz, Rivas-Garcia, 2019; Sidali et al., 2017), whereas younger population is more willing to pay extra for green restaurants (Sarmiento, El Hanandeh, 2018) and in case of green products, age had no effect on willingness to pay extra (Laroche, Bergeron, Barbaro-Forleo, 2001).

Education level positively affects consumer understanding of sustainability and higher educated consumers describe sustainability more often using categories related to current concept of sustainable development (Barone et al., 2020). Higher educated consumers also have higher expectations from corporate sustainability (Calabrese et al., 2016). There are mixed results on the effect of education on CPCS as one paper found no differences between education levels (Pérez, del Bosque, 2013) and another suggested that higher education leads to more positive CPCS (Calabrese et al., 2016). A study by Pérez & del Bosque (2017) showed that positive CPCS leads to higher customer satisfaction among lower educated customers, but C-C identification is stronger with higher educated customers. There are no education level differences in customers' willingness to pay extra on sustainability (Laroche et al., 2001; Magadan-Diaz, Rivas-Garcia, 2019; Sidali et al., 2017)

nor on the effect of CPCS on trust (Potepkin, Firsanova, 2017). Income level doesn't seem to make much difference and only a few papers mention any significant differences among different income levels (see for example Laroche et al., 2001; Sarmiento, El Hanandeh, 2018). Income level differences are mostly investigated when researching customers' willingness to pay extra on sustainability with differing results. No differences were detected in case of environmental products (Laroche et al., 2001) or carbon neutral accommodation on vacation (Sidalı et al., 2017). Higher income level showed positive effect in case of sustainable vacation accommodation (Magadan-Diaz, Rivas-Garcia, 2019; Sidali et al., 2017) whilst opposite seemed to be valid in case of green restaurants where lower income level customers were more willing to pay extra (Sarmiento, El Hanandeh, 2018).

There is much context dependent variation what comes to demographic differences in sustainability research related to consumer perceptions and expectations. Women and elder people seem to be in general more sustainability oriented but most of the results cannot be generalized without more extensive and comprehensive research. In this research I use CPCS, CECS, demographic traits and CSR support to estimate how demographic traits and CSR support can be used to predict differences in customer perception and expectations of corporate sustainability in tourism industry.

### 2.3 Relationship marketing and CPCS

The final dimension of this thesis research framework is the relationship between relationship marketing and CPCS. Marketing discipline has evolved over the decades from transaction-oriented consumer marketing to relationship-oriented relationship marketing (RM) (Payne, Frow, 2013, p. 5-6). Literature has provided various definitions of relationship marketing. According to Morgan & Hunt (1994, p.22) RM includes "*all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges*" while Payne & Frow (2013, p.4) emphasize even more the stakeholder focus by saying that "*relationship marketing involves the strategic management of relationships with multiple stakeholders*". What makes relationship marketing different from transaction-oriented marketing approaches is the fact that the success of relationship marketing is measured with customer retention rather than sales (Buttle, 1996, p. 2). Relationship marketing literature has identified trust, commitment, satisfaction, and loyalty to be important

constructs in creating long-term relationships. In this thesis the focus is on one stakeholder group, customers and on the role of CPCS in building long-term relationships with customers. This chapter focuses thus on literature concerning the effects of CPCS on constructs related to long-term relationship creation.

Perceived CS positively affects consumers' assessment of company's trustworthiness and their trust towards company (Ahn, Kwon, 2020; Kim, Lee, 2018; Martinez, del Bosque, 2013; Torres-Moraga, Alonso-Dos-Santos, Arboleda, Carvajal-Trujillo, 2021). Similar positive effect has been identified in high-cultural-trust context like Finland (Potepkin, Firsanova, 2017) and in low-cultural-trust context like Haiti (Mombeuil, Fotiadis, 2017). This connection between CPCS and trust can create great benefits for sustainable companies, but it can also be harmful in case of a sustainability scandal reducing consumer trust. The effect can extend wider still since trust has a positive effect both on purchase intention (Kim, Lee, 2018) and customer loyalty (Martinez, del Bosque, 2013; Morgan, Hunt, 1994; Potepkin, Firsanova, 2017). Relationship between CPCS and company image has been studied from several viewpoints. CPCS has a positive effect on corporate reputation both directly (Swaen, Demoulin, Pauwels-Delassus, 2021) and through positive mediation by product image (Ko, Hwang, Kim, 2013). Corporate reputation has also been identified to moderate the positive effect of CPCS on corporate credibility so that weaker reputation creates stronger effect (Ulke, Schons, 2016). In other words, sustainability initiatives are especially beneficial for companies with lower reputation.

It is important for businesses to create positive feelings in customers and increase customer satisfaction. Sustainability initiatives can assist in this endeavour. CPCS has a positive effect on company evaluation (Mohr, Webb, 2005) and customer attitudes of company (van Doorn et al., 2017). Moreover, van Doorn et al. (2017) observed that CPCS – customer attitudes connection was positively moderated by company innovativeness. This suggests that highly innovative companies can gain more from sustainability initiatives. Customer's product evaluation can be positively influenced by CPCS (Khan, Sukhotu, 2020) and the effect is especially strong when there is customer support for the CS in question (Sen, Bhattacharya, 2001), when company's motive to engage in sustainability initiative is deemed altruistic, and when consumer values are in line with the initiative in question (Chernev, Blair, 2015). Customers are satisfied when a product or service experience exceeds their expectations (Bigné et al., 2008). It isn't thus surprising that CPCS, in

addition to enhancing customer evaluations, has been positively linked to customer satisfaction (Berezan, Raab, Yoo, Love, 2013; Martinez, del Bosque, 2013; Xu, Gursoy, 2015). Sustainability initiatives can assist in creating stronger connections between customers and companies as CPCS positively affects customer's self – brand connection (Kim, Lee, 2018) and C-C identification (Lee et al., 2012; Pérez, del Bosque, 2017). The effect is stronger with customers supporting the sustainability topic in question (Pérez, del Bosque, 2017). Incorporating sustainability into company management and operations has a potential to enhance customers' evaluation of company and its products as well as connecting customers and company more effectively. To insure positive and as strong as possible effect, companies should choose altruistic sustainability initiatives which fit together with the values of their customers.

Positive CPCS can create positive attitudes and emotions in customers, but it also has a capability to affect customer behaviour. Several studies have found CPCS to have a positive effect on purchase intention (Mayorova, Lapitskaya, 2016; Mohr, Webb, 2005; Sen, Bhattacharya, 2001). Austrian study however detected no direct effect of CPCS on purchase intention, but indirect positive effect was significant through mediation of C-C identification (Öberseder et al., 2014). The indirect effect of CPCS on purchase intention is also mediated by product image (Ko et al., 2013), trust, and self – brand connection (Kim, Lee, 2018). Customers' sustainability perceptions extend their effect also on longer-term customer behaviour as CPCS can positively affect customer retention (Berezan et al., 2013; Chaudary et al., 2016; Veit et al., 2018). Dutch multi-industry (18 industries) study got slightly differing results as they detected no direct effect between CPCS and customer retention, whereas indirect positive effect was significant through mediating effect of customer attitude (van Doorn et al., 2017). Van Doorn et al. (2017) also tested the influence of different brand characteristics, and innovativeness was yet again proven effective since CPCS had direct effect on customer retention only with innovative companies.

At the core of creating long-term relationships with customers is customer loyalty. The effect of CPCS on customer loyalty is not straightforward. Study on Korean women found a direct positive effect of CPCS on customer loyalty (Lee et al., 2012). Another study on Finnish and Russian retail customer couldn't prove any significant direct connection between CPCS and loyalty but positive connection was detected through mediating effect of trust (Potepkin, Firsanova, 2017). Yet another angle to the topic was chosen by Xu & Gur-

soy (2015) who studied hotels' sustainable supply chain management in American lodging industry. Their dimension-specific approach demonstrated that customer perceptions of environmental and economic sustainability had direct positive effect on customer loyalty, but social sustainability had only indirect positive effect through positive mediation of customer satisfaction. Martinez & del Bosque (2013) included both customer satisfaction and trust in their study on Spanish lodging industry and found that hotel customers' perceptions of CS affected loyalty positively but only indirectly through trust and satisfaction. Sustainability literature gives clear evidence on the positive effect of CPCS on building long-term relationships with the goal of creating customer loyalty. However there seems to be industry and context specific differences concerning the power and significance of these relationships between relationship marketing constructs (Bigné et al., 2008; Clark, Maher, 2007; Mechinda et al., 2009; Sirdeshmukh et al., 2002).

In summary, in this thesis I will study three main concept CPCS, CECS, and customer loyalty presented in the research framework in introduction. First goal is to identify possible differences in CPCS and CECS based on customer personal traits. Second goal is to model the relationship between CPSC and customer loyalty by including two other constructs from relationship marketing theory, customer satisfaction and trust, into model. By combining findings from these two research goals I aim to demonstrate the importance of customer segment specific management of CPCS based on segment specific CECS in harnessing to positive effects of CPCS on customer loyalty creation.

### 3 Conceptual model and hypotheses development

Sustainability has become more and more important part of business; not just image-wise but also as a source of profit and as a tool in relationship marketing. Corporate sustainability has been linked to customer loyalty (Xu, Gursoy, 2015) but while customer loyalty and its antecedent are much researched, there aren't many studies from tourism industry which have included sustainability factors into relationship marketing. To answer the research question "How does customer perceptions of corporate sustainability affect customer loyalty?" I investigate:

- 1) how customers' demographic traits and CSR support affect customers' perceptions and expectations of corporate sustainability
- 2) what is the role of CPCS in loyalty creation.

Figure 6 illustrates how these two questions are combined in this thesis to form conceptual model. Following sub-chapters present the research hypotheses which were developed from literature.

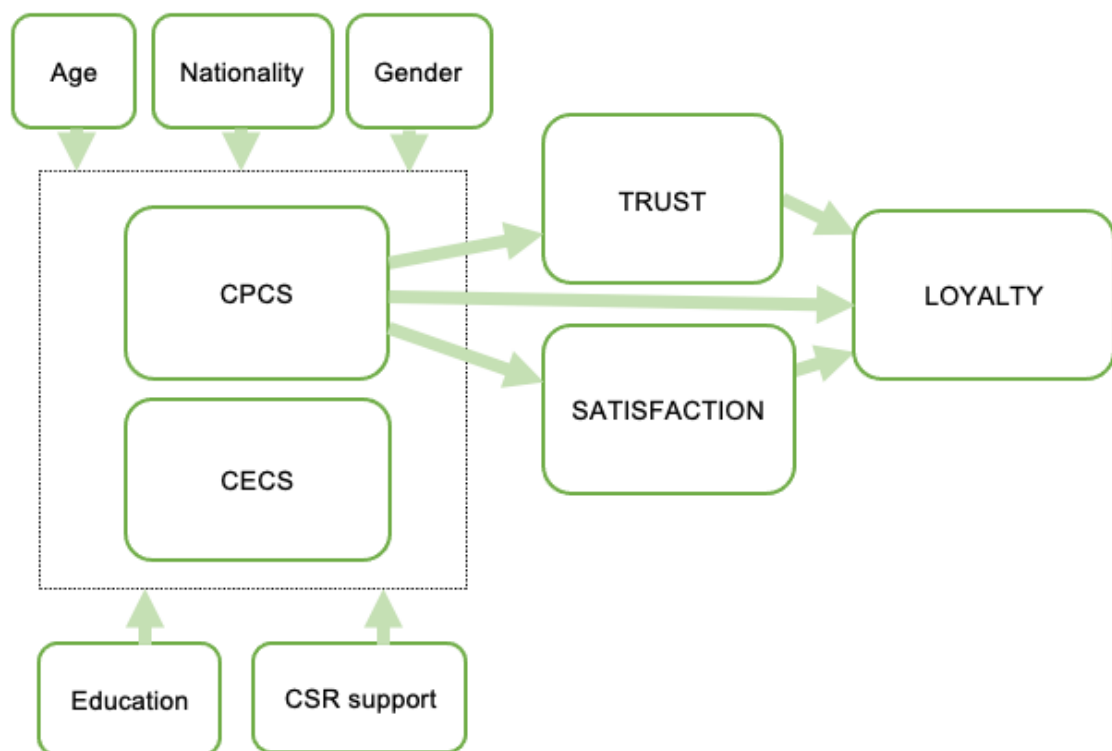


Figure 6. Conceptual model

### 3.1.1 Tourists' perceptions and expectations of corporate sustainability

Sustainability is a complex construct and people understand it differently. It includes several distinct dimensions which may change depending on the chosen approach (triple-bottom-line, stakeholder etc.). Differences in understanding the term sustainability have been detected for example between different educational level and age groups (Barone et al., 2020). Bausch et al. (2021) found out that Germans and Italians emphasize different aspects of sustainability when describing sustainable tourism. Earlier Maignan (2001) noted that European and American consumers value sustainability dimensions differently. How people understand and value sustainability influences how they perceive corporate sustainability (CS). Studies about CS have generated mixed results regarding the effects of demographic traits on perceptions. Gender didn't make difference on perceptions in banking industries in Italy and Spain (Calabrese et al., 2016; Pérez, del Bosque, 2013), on perceptions of the ethical aspect of business (Luthar et al., 1997) nor on the university students' perceptions of the sustainability on forest industry (Pătări et al., 2017). Whereas a study on the perceptions of business students in America in case of bankruptcies found women to have more positive perceptions of CSR (Elias, 2004). Some studies have found age (Pătări et al., 2017) and educational level (Pérez, del Bosque, 2013) not to influence customer perceptions. Interestingly though, (Calabrese et al., 2016) found CPCS to be more positive with older men, and educational level to have stronger positive effect on men whilst gender alone didn't influence the CPCS in their study. Nationality can also create differences in CPCS as Pătări et al. (2017) noted in their study. Income level is a less used demographic trait in the relevant research. It appears in sustainable tourism research especially when willingness to pay extra on sustainability is included in the test variables (Laroche et al., 2001; López-Sánchez, Pulido-Fernández, 2016; Sarmiento, El Hanandeh, 2018) but more often in a descriptive nature than as an explanatory variable.

Customer expectations of corporate sustainability (CECS) is a less studied subject than customer perceptions but has been included in some studies. Previous studies have found out that the level of customers' expectations of CS depends both on the sustainability issue (e.g., legal, ethical, employees, community, or shareholders) and on customer group (Calabrese et al., 2016; Pérez, del Bosque, 2014). A study of green products in Taiwanese information product industry found customers' expectations to be higher than

their perceptions of green products (Tseng, Hung, 2013). Demographic traits can influence the levels of expectations and perceptions differently. In the study by (Calabrese et al., 2016) gender had no effect on customers' perceptions, but expectations were higher with women and especially with younger and less educated women.

It appears that demographic traits have some explanatory power regarding customer CS perceptions and expectations. Results from previous studies however are not easily generalizable. Effects of demographic traits vary depending on the nature of a study, chosen industry, respondents (e.g., students, consumers, professionals), definition of sustainability, and analysis methods to mention some. What can be expected, based on previous studies, is some variation based on demographic traits but what and how seems to be too case specific to predict. Demographic traits included in the current research are gender, age, nationality, education, and income level. It is thus hypothesized that:

**H1.** Customer perceptions of Levi Ski Resort's corporate sustainability vary between demographic traits (gender, age, nationality, education, and income).

**H2.** Customer expectations of Levi Ski Resort's corporate sustainability vary between demographic traits (gender, age, nationality, education, and income).

### 3.1.2 CSR support

In addition to demographic traits, one psychological feature was included in the current study: customers' support for sustainable business (CSR support). CSR support has been defined as "*the interest of customers in CSR activities carried out by companies*" (Pérez, del Bosque, 2015c). Customers grouped based on their level of CSR support are affected by different aspects on CS and highly supportive customers take wider range of issues into consideration while forming their perceptions of companies and CS (Pérez, del Bosque, 2015). Research in forest industry found out that students with high CSR support were stricter in their evaluations of industry's dimension specific (environmental and social) sustainability performance but higher support led to higher perceptions regarding overall sustainability (Pätäri et al., 2017). The moderator effect of CSR support in case of the effect of CPCS to company evaluations and purchase behaviour has been found to be positive: higher support leads to higher positive scores (Mohr, Webb, 2005; Sen, Bhattacharya, 2001). It seems that the influence of customers' CSR support depends on

the specific issue and aspect of sustainable business in question and on the way CSR support has been measured. Based on that, two following hypotheses are presented:

**H3.** CSR support influences customer perceptions of Levi Ski Resort's corporate sustainability.

**H4.** CSR support influences customer expectations of Levi Ski Resort' corporate sustainability.

### 3.1.3 Customer loyalty

Successful businesses are able to cultivate customer loyalty and satisfaction (Kotler, Keller, 2016). Loyalty has been defined as *“a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior”* (Oliver, 1999). This definition emphasizes the purchasing and re-visits but lacks in explanatory power when discussing tourism industry. In case of destination loyalty, unique industry characteristics like spatial distances and infrequent use of destination services mean that loyal customers can't be distinguished from others by only measuring the number of visits (Tasci, 2017). A tourist, who visits a destination only once a year may still be very loyal to the destination but unable to make the trip more often. For ski resorts, benefits of generating customer loyalty include, in addition to reduced marketing costs and reduced customer turn-over expenses, also a positive effect of word-of-mouth advertising (Pröbstl-Haider, Flaig, 2019, p. 132). In case of a tourism companies, loyalty could more accurately be defined as *“an intention to perform a diverse set of behaviors that signal a motivation to maintain a relationship with the focal firm, including allocating a higher share of the category wallet to the specific service provider, engaging in positive word of mouth (WOM), and repeat purchasing”* (Sirdeshmukh et al., 2002).

One objective of relationship marketing is to build long-term relationships by creating customer loyalty. Loyalty can appear in multiple ways and depend on the business in question; for instance, loyalty in tourism industry can manifest as destination loyalty (loyalty towards single destination) or as horizontal loyalty (loyalty towards two or more destinations at a time) (Almeida-Santana, Moreno-Gil, 2018). There are several stages in loyalty

formation (Oliver, 1999). Tourists can be grouped based on their level of loyalty; each group has distinct features and responds differently to companies' marketing efforts and actions (Tasci, 2017). Academic research has identified several antecedents of customer loyalty including service quality (Zeithaml, Berry, Parasuraman, 1996), consumer-company identification (Lee et al., 2012; Martinez, del Bosque, 2013), satisfaction (Bigné et al., 2008; Chi, Qu, 2008; Mechinda et al., 2009), and trust (Clark, Maher, 2007; Martinez, del Bosque, 2013; Sirdeshmukh et al., 2002). The effect of CPCS on customer loyalty has been studied in some instances but studies have provided mixed results. One study on Finnish and Russian retail customers found no direct effect of CPCS on loyalty (Potepkin, Firsanova, 2017) while another study on female Korean retail customers found significant positive effect of CPCS on loyalty (Lee et al., 2012). Differences in results may derive from the ways CPCS was measured; Potepkin & Firsanova (2017) focused on overall sustainability of a company while Lee et al. (2012) measured consumer perception of a company's support of a social cause's activity. Xu & Gursoy (2015) used more comprehensive measurement including all three sustainability dimension (environmental, social, economic) while studying customers' perceptions of sustainable hospitality supply chain management. They found that customer perceptions of environmental and economic sustainability had statistically significant direct positive effect on customer loyalty but social dimension, although positive, wasn't statistically significant. It has been argued that relationships between loyalty and its antecedents may not be same between industries (Clark, Maher, 2007; Mechinda et al., 2009); thus, next hypothesis is based on the study by (Xu, Gursoy, 2015) as hotels and ski resorts both belong under hospitality industry.

**H5.** CPCS has a positive influence on customer loyalty.

### 3.1.4 Customer trust

Trust has been identified as one of the key factors in successful relationship marketing (Morgan, Hunt, 1994) and important to building relationships in lodging industry (Martinez, del Bosque, 2013). According to Moorman, Deshpande & Zaltman (1993, p. 82) trust can be defined as "*a willingness to rely on an exchange partner in whom one has confidence*". Their definition combines two prior approaches to trust: *a belief* about an exchange partner's trustworthiness and *behavioral intention* that reflects a reliance on a partner and includes vulnerability (Moorman et al., 1993). Morgan & Hunt (1994) argued that the behavioral aspect is redundant in the definition of trust as a willingness to act is implicit in the

conceptualization of trust. One is not truly confident, if one is not willing; claiming trust includes the implication to act on that trust. Based on this Morgan & Hunt (1994, p. 23) defined trust “*as a confidence in exchange partner’s reliability and integrity*”. This definition has been adopted in a previous study in the context of a ski resort (Clark, Maher, 2007) and is deemed suitable for this paper as well. Consumer trust can be further divided in trust towards frontline employee (FLE) behaviors and towards management policies and practices (MPP) (Sirdeshmukh et al., 2002).

Academic research on corporate sustainability and CSR has proven that CPCS positively influences on trust in wide range of contexts in retail industry (Kim, Lee, 2018; Mombeuil, Fotiadis, 2017; Potepkin, Firsanova, 2017). Research on the effects of CPCS on trust in tourism industry is scarcer but some studies from lodging industry have identified a positive effect of CPCS on trust (Ahn, Kwon, 2020; Martinez, del Bosque, 2013). The same relationship can be expected in the tourism industry, leading to the next hypothesis:

**H6.** CPCS has a positive influence on trust.

The effect of trust on loyalty isn’t quite straightforward and depends on the conceptualization of trust. Studies focusing on consumer trust in general found trust to positively influence on loyalty (Martinez, del Bosque, 2013; Potepkin, Firsanova, 2017) and behavioral intention (to revisit) (Ahn, Kwon, 2020). Relationships become more complex when trust is measured separately for the two trust factors: FLE behaviors and MPP’s. MPP trust has a significantly positive effect on loyalty in the context of retail and airlines (Sirdeshmukh et al., 2002) and in ski resort (Clark, Maher, 2007). In case of FLE trust, Sirdeshmukh et al. (2002) found the effect to be positive but nonsignificant while Clark & Maher (2007) found a significant negative effect of FLE trust on loyalty. While both studies used same measurement of trust, their measurement of loyalty was different; the loyalty variable of Clark & Maher (2007) was somewhat lower than recommended with reliability of only 0.63 (Cronbach alpha). They speculated that consumers may find it hard to differentiate between FLE and MPP behaviours in the ski resort context which could explain the differences between their results and those of Sirdeshmukh et al. (2002). Current study employs a general measurement of trust which doesn’t differentiate between FLE and MPP trust. Based on previous research following hypothesis is formed:

**H7.** Trust has a positive influence on customer loyalty

### 3.1.5 Customer satisfaction

Customer satisfaction is much researched subject and satisfaction is seen as a necessary step in loyalty formation (Oliver, 1999). Satisfaction can be divided into information satisfaction (satisfaction with the information received about the product or service) and attribute satisfaction (satisfaction with the aspects of the product or service); these two separate forms of satisfaction are antecedents of overall satisfaction (Spreng, MacKenzie, Olshavsky, 1996). Satisfaction with these different components of product use or service experience form the basis for overall satisfaction (Chi, Qu, 2008). Overall satisfaction can be defined as a consumer evaluation based on the entire product use or service experience (Clark, Maher, 2007; Spreng et al., 1996). Literature has identified several antecedents for customer satisfaction: quality of a product or service (Anderson, Fornell, Lehmann, 1994), expectation – performance congruence (Spreng et al., 1996), destination image (Chi, Qu, 2008), and customer perception of CSR (Martinez, del Bosque, 2013; Pérez, del Bosque, 2017; Xu, Gursoy, 2015). The next hypothesis is formed based on the prior findings presented above.

**H8.** CPCS has a positive influence on satisfaction

Customer satisfaction is important for businesses as it positively influences profitability (Anderson et al., 1994). Satisfied customers are more likely to continue buying and to revisit. Satisfaction has been found to positively influence both loyalty towards a company (Martinez, del Bosque, 2013; Pérez, del Bosque, 2017; Xu, Gursoy, 2015) and a destination loyalty (Chi, Qu, 2008; Clark, Maher, 2007; Mechinda et al., 2009). Last hypothesis is:

**H9.** Satisfaction has a positive influence on customer loyalty.

## 4 Research methods and design

This chapter will focus on the empirical research conducted for the thesis in order to answer research questions. The research is quantitative and employs two different statistical analysis methods. First sub-chapter presents the chosen analysis methods and explains why they were utilized. Second sub-chapter introduces the case context and its unique characteristics. Data collection procedure is also presented in sub-chapter two. Third sub-chapter describes how research variables were measured and formed and fourth sub-chapter discusses reliability and validity of the thesis.

### 4.1 Analysis methods

This thesis is based on quantitative research method. Statistical analysis was conducted using SPSS version 26. In addition, StataSE version 17 was utilized in SEM analysis since SPSS doesn't have that option. Two separate analysis methods were utilized in this study. To answer research question SQ1, hypotheses H1-H4 were tested using multiple linear regression. Multiple linear regression is suitable to analyse a relationship between one dependent variable and multiple independent variables and is used to study customer perceptions (Hair, Black, Babin, Anderson, 2014, p. 152). It also allows the use of categorical data (nominal and ordinal variables) when correctly dummy coded. Goal in the multiple regression analysis is to *"find the best combination of multiple independent variables that can predict or explain the variance in a single dependent variable with some degree of accuracy and precision"* (Bates, 2005, p. 118).

To answer research question SQ2 and test the hypotheses H5-H9, structural equation modelling (SEM) was utilized. SEM is an extension of several multivariate techniques like factor analysis and multiple regression analysis. SEM can estimate multiple dependence relationships at the same time and the model can include both observed and latent variables. Constructs are latent variables which are formed using several observed variables. One clear distinction from regression analysis is that in SEM single variable (or construct) can be dependant in one relationship and independent in another. Variables which only explain other variables are in SEM called exogenous variables and variables which in

even one relationship are explained by another variable are called endogenous. Thus, endogenous variables can be both dependant and independent in the model. SEM is confirmatory in nature. The core idea in SEM technique is to build and validate a model depicting the constructs and their relationships based on a theory. Testing is recommended to be done in two parts. First part is often called measurement model which is a confirmatory factor analysis and is used to model the relation between observed variables and proposed constructs behind them. Second is a structural model which estimates the causal relationships between constructs. (Hair et al., 2014, p. 605) Structural equation modelling is often used when studying relationships between customer loyalty and its antecedents (Martinez, del Bosque, 2013; Xu, Gursoy, 2015).

## 4.2 Case context and data collection

The case context of this study is a tourism company Oy Levi Ski Resort Ltd (later Levi Ski Resort) situated in Levi skiing resort in Kittilä, Finland. Kittilä municipality is located in western Lapland and the area's two main industries are mining and tourism (Kittilä, 2022). Kittilä had at the end of 2021 roughly 6500 residents (Statistics Finland, 2022) while Levi skiing resort area provides accommodation for roughly 25,000 visitors and has around 750,000 visitors early (Levi, 2022). Tourism destination Levi is a leading year around tourism and event centre in Finland and Levi Ski Resort is a major tourism company in the area. Company operations include slope services such as lifts and skiing slopes, ski school, ski bus, ski patrol, rental services and clothing stores, and in the summer the services of Bike Park and Activity Park. In addition, company subsidiary Oy Levi Restaurants Ltd operates slope restaurants in the area. Sustainability has been a part of company's operations for a long time. Levi Ski Resort has ISO 14001 environmental standard and they have done a lot of work on environmental issues (Levi Ski Resort, 2021). Company has acquired a Sustainable Travel Finland badge, developed by Visit Finland in order to aid Finnish tourism operators towards sustainable tourism in all three sustainability dimension: environmental, social, and ecological.

Levi Ski Resort presented some unique challenges as a case company, which affected not only the constructs suitable for analysis but also the way research variables could be measured. Levi as a tourism destination has grown around the Levi fell and ski slopes. Since Levi Ski Resort operates the slopes, it is very much in the core of the tourism desti-

nation. This means that customers have sometimes difficulties separating these two and many will use company services unknowingly. Company has also some destination type features due to its unique composition. Next sub-chapters will explain how this company-destination dilemma was taken into consideration in data collection and measurement.

Focus of the study is vacation tourism; thus, target population was vacationers who had used the services of Levi Ski Resort in the past three years. That meant excluding business travellers and short trips. This limitation was chosen to ensure that respondents formed a cohesive group with same mindset. Bausch et al. (2021) saw this limitation fundamental for their study mapping tourists' understanding of sustainable tourism as tourists reflect their vacation experiences to provide examples. Same reasoning can be applied to this study when measuring perceptions and expectations since it is reasonable to expect these different customer segments to have different experiences, priorities and expectations concerning corporate sustainability and services provided.

Data for the empirical research was collected with an online questionnaire in the winter 2022. Questionnaire was created using Webropol 3.0 survey and reporting tool. Non-probability sampling method was deployed due to limited time and resources. More precisely, data was collected using voluntary response sampling method. Invite to participate in the study, including a weblink to the online questionnaire (Appendix 1), was sent to all customers of Levi Ski Resort, who have subscribed the company newsletter. The questionnaire was available in English and Finnish. The questionnaire included a few screening questions, questions measuring research variables, and demographic variables (see Appendix 2). Invite was sent to 97,129 customers of Levi Ski Resort and of those 1243 responded. That gives a response rate of 1,3%. From the 97,129 messages 70,775 were sent in Finnish and of those 14,028 recipients opened the mail. In comparison 26,354 emails were sent in English and out of those 5225 were opened. Response rate based on the number of opened emails is 6,5%. Respondents, who hadn't visited Levi in the past three years, hadn't used the services of Levi Ski Resort, or who had only made short visits (maximum two nights per stay) were excluded from the sample. Final sample included 1082 cases which is a good amount for all analysis methods used in this study (Metsämuuronen, 2005, p. 635, 662).

### 4.3 Measurements

Measurement scales created and validated by previous academic research were used in this study to measure research variables whenever possible. Some modifications were necessary to fit the questions with the research context. Due to a complex nature of the chosen research context mixing characteristics of traditional company and tourism destination, the measurement scales for this research were adapted from several studies. All measures using seven-point Likert scale ranged from strongly disagree (1) to strongly agree (7) with middle option being don't agree nor disagree (4).

The empirical section of this research includes two parts corresponding to two research questions. In the first part dependent variables are CPCS and CECS and independent variables are age, gender, education, income, nationality, and CSR support. In the second study CPCS is an exogenous construct and trust, satisfaction, and loyalty are endogenous constructs. Rest of this sub-chapter describes how each sum variable was measured and validated.

**Customer perception of corporate sustainability (CPCS).** Following on the stakeholder-based conceptualization of corporate sustainability and study aim of collecting detailed information of CPCS, a 42-item seven-point Likert scale measurement developed and validated by Öberseder et al. (2014) was utilized. Only adaptation necessary was to include services into questions concerning products (e.g., I believe that Oy Levi Ski Resort Ltd sets fair prices for products and services). The questionnaire measured how customers perceive companies' concrete actions related to sustainability (e.g., fair pricing, recycling, and adequate salary) (see Appendix 2 for a complete questionnaire). Responses depend not only on how aware customers are of said actions but also on how much / well those actions are executed by the company in question. The measurement model by Öberseder et al. (2014) was designed to measure customer perception regarding seven distinct stakeholder domains. Exploratory factor analysis (EFA) was conducted to test whether measurement items from the current sample would form the expected seven factors. EFA is recommended in a situation where there already is a theory connecting the variables analysed (Metsämuuronen, 2005, p. 615). Principal axis factoring (PAF) was chosen for an extraction method as it is recommended when the expectation of multinormality is violated (Metsämuuronen, 2005, p. 622). Rotation method used was oblique rota-

tion (direct oblimin) as it allows correlated factors (Hair et al., 2014, p. 115). Number of factors extracted was limited to those with eigenvalues higher than one.

First analysis with all 42 measured variables created six factors. All variables had statistically significant correlations with each other. Kaiser-Meyer-Olkin measure of sampling adequacy was 0.97 (>0.5 is excellent (Hair et al., 2014, p. 103)) and Bartlett's test of sphericity was statistically significant ( $\chi^2$  of 40502.40, df 861 and p-value 0.000) indicating that correlation matrix was appropriate for EFA. Most of the variables loaded into the pre-ordained factors (suppliers, community, environment, customers, and society) but variables related to employees and shareholders loaded under one factor, two community variables didn't load to any factor (when only loadings higher than 0.3 were included), and three variables had cross-loadings. Several different variable reduction options were tested, and the best result was received using 39 variables with variables Pcom4, Pcom5, and Pshr4 with factor loadings smaller than 0.4 removed. The EFA analysis still resulted with three variables with cross-loadings but removing any one of those variables from the analysis resulted to worse result. According to Hair et al. (2014, p. 118) problematic variables can be ignored if the aim of the analysis is data reduction as is in this case. The three cross loading variables Pshr3 (loadings 0.538 and 0.337), Penv6 (loadings 0.426 and -0.388), and Psup5 (loadings -0.428 and 0.434) each had higher loading with the factor they were designed to measure and were included into those variables. All but one variable had communalities higher than 0.5 and lowest was 0.45 indicating decent communalities. Measures of sampling adequacy (MSA) for variables were excellent between 0.92 and 0.97 as values higher than 0.8 are regarded excellent (Hair et al., 2014, p. 103). The six factors created explained 75.8% of the total variance of variables.

Table 2 presents the factors measuring customer perceptions of corporate sustainability related to separate stakeholder domains. All six stakeholder domain variables had good reliability measured with Cronbach alpha ( $\alpha$ ) which should exceed 0.6 limit (Metsämuuronen, 2005, p. 515). Community factor includes three variables ( $\alpha$ =.87). Internal stakeholder factor ( $\alpha$ =.96) has twelve variables including variables measuring employee and shareholder related issues and Pcom6 variable which related to open and honest communication with local community. This factor has two other variables regarding communication, one with employees (Pemp7) and the other with shareholders (Pshr3) which could explain why communication with local community created perceptions similar than communication

with internal stakeholders. The rest four stakeholder factors included all variables which were designed to measure them: environment included seven variables ( $\alpha=.94$ ), society had six variables ( $\alpha=.95$ ), customer factor had six variables ( $\alpha=.89$ ), and supplier had five variables ( $\alpha=.96$ ). Following the measurement design by Öberseder et al. (2014) variable indicating customers' overall perceptions of corporate sustainability was created as a summated variable from the created six stakeholder level variables and received good reliability ( $\alpha=.901$ ).

Table 2. Results from the exploratory factor analysis measuring CPCS domains

	Rotated factor loadings						Communalities
	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6	
Pcom1: contribute to economic development of region					.632		.537
Pcom2: preserve jobs in the region					.974		.712
Pcom3: create jobs in the region					.824		.656
Pemp1: respect human rights of employees	.688						.789
Pemp2: set safe working conditions	.730						.804
Pemp3: set decent working conditions	.783						.809
Pemp4: treat employees equally	.857						.801
Pemp5: offer adequate remuneration	.746						.711
Pemp6: develop, support, and train employees	.735						.760
Pemp7: communicate openly and honestly with employees	.807						.821
Pemp8: flexible working hours for employees	.607						.701
Pshr1: economic success by doing successful business	.503						.611
Pshr2: invest capital of shareholders correctly	.502						.731
Pshr3: communicate openly and honestly with shareholders	.538						.757
Pcom6: communicate openly and honestly with locals	.441						.637
Penv1: reduce energy consumption				.557			.837
Penv2: reduce emissions like CO2				.600			.846
Penv3: prevent waste				.875			.816
Penv4: recycle				.932			.789
Penv5: dispose of waste correctly				.828			.763
Penv6: invest in R&D regarding envir. protection				.426			.725
Penv7: higher than required envir. protection standards				.434			.713
Psoc1: employ people with disabilities		-.853					.753
Psoc2: employ long-term unemployed		-.850					.782
Psoc3: make donations to social facilities		-.824					.756
Psoc4: support empl. social projects during working hours		-.804					.763
Psoc5: invest in the education of young people		-.655					.742
Psoc6: contribute to solving societal problems		-.736					.726
Pcus1: implement fair sales practices			.523				.627
Pcus2: label products clearly and comprehensively			.817				.665
Pcus3: meet quality standards			.763				.701
Pcus4: set fair prices for products and services			.482				.453
Pcus5: offer safe (not harmful) products and services			.669				.613
Pcus6: offer the possibility to file complaints			.545				.505
Psup1: offer fair terms and conditions for suppliers						.815	.887
Psup2: communicate openly and honestly with suppliers						.906	.922
Psup3: negotiate fairly with suppliers						.895	.909
Psup4: select suppliers who respect decent empl. conditions						.668	.856
Psup5: control working conditions at suppliers						.434	.732
Eigenvalue	20.6	3.5	1.8	1.5	1.3	1.0	
Cum. %	52.8%	61.7%	66.2%	70.0%	73.2%	75.8%	
Cronbach alpha	.96	.95	.89	.94	.87	.96	

Factors: 1 internal stakeholders, 2 society, 3 customers, 4 environment, 5 community, 6 suppliers

**Customer expectations of corporate sustainability (CECS).** Pérez and del Bosque (2013; 2014) have measured customers' perceptions and expectations using same statements and only changing the question: "I believe that this company..." (for CPCS) and "I believe that this company should..." (for CECS). Same approach was adopted for the current study but using the measurement scale by Öberseder et al. (2014) as was used in measuring CPCS. To test the validity and reliability of sum variables created for CECS, the same procedure was applied than with CPCS as described above. Explanatory factor analysis (PAF with oblique rotation) with all 42 variables provided six factors with eigenvalues larger than one. All variables had statistically significant correlations with each other. Kaiser-Meyer-Olkin measure of sampling adequacy was 0.95 and Bartlett's test of sphericity was statistically significant ( $\chi^2$  of 30006.14, df 861 and p-value 0.000) indicating that correlation matrix was appropriate for EFA. Variables measuring customer and supplier related issues loaded into one factor, four variables had cross-loadings and two variables loaded into different factor than expected. Step by step removal of weak variables resulted into final EFA analysis including 38 variables (weak variables Ecom6, Eenv6, Eenv7, and Esup4 removed) and explaining 65.9% of the total variance of variables. Factor communalities varied between 0.42 and 0.78 with only eight variables with communalities under 0.5 recommendation. Variable-specific MSA values were all excellent (from 0.87 to 0.98). Variable Ecom5 had smallest factor loading (0.351) which is still acceptable since with a sample size larger than 350, a factor loadings higher than 0.3 are significant at 5% level (Hair et al., 2014, p. 116). All factors had good reliability measured with Cronbach alpha ( $\alpha$ ).

Final CECS factors and EFA results are presented in Table 3. Variables measuring customer and supplier related issues formed one factor indicating that expectations of sustainability issues related to products and services throughout the extended supply chain from suppliers to customers are similar. This extended supply chain factor included nine variables ( $\alpha=0.91$ ). Society factor included eight variables: six variables originally designed to measure society related issues, Esup5 variable about "controlling working conditions at suppliers", and Eemp8 variable regarding "flexible working hours for employees" ( $\alpha=0.90$ ). Both Esup5 and Eemp8 focused on issues that deviated somewhat from other issues they were originally supposed to relate. Environmental factor included five variables ( $\alpha=0.90$ ). These were all simple issues like recycling and emission reduction. Two environmental

variables excluded from the final analysis concerned investments in environmental R&D and having environmental standards that exceed legal requirements. These may be more complex issues for customers which could lead to responses not in line with overall expectations thus explaining why they didn't fit well in the EFA analysis. Community factor included five out of six original variables ( $\alpha=0.82$ ). Employee factor had seven variables ( $\alpha=0.92$ ). Shareholder factor was the only one formed as theory predicted including four variables ( $\alpha=0.82$ ). Variable indicating customers' overall expectation regarding corporate sustainability (CECS) was created as summated variable from the six stakeholder level variables created based on EFA analysis as explained above ( $\alpha=0.82$ ).

Table 3. Results from the exploratory factor analysis measuring CECS domains

	Factor loadings						Communality
	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6	
Ecom1: contribute to economic development of region			.585				.445
Ecom2: preserve jobs in the region			.873				.668
Ecom3: create jobs in the region			.834				.654
Ecom4: source products and raw materials locally			.500				.489
Ecom5: respects regional values, customs, and culture			.351				.520
Eemp1: respect human rights of employees					.715		.614
Eemp2: set safe working conditions					.845		.763
Eemp3: set decent working conditions					.848		.747
Eemp4: treat employees equally					.780		.671
Eemp5: offer adequate remuneration					.656		.673
Eemp6: develop, support, and train employees					.566		.648
Eemp7: communicate openly and honestly with employees					.716		.733
Eshr1: economic success by doing successful business					.601		.454
Eshr2: invest capital of shareholders correctly					.806		.499
Eshr3: communicate openly and honestly with shareholders					.607		.602
Eshr4: provide sustainable growth and long-term success					.531		.497
Eenv1: reduce energy consumption			.624				.703
Eenv2: reduce emissions like CO2			.719				.719
Eenv3: prevent waste			.853				.730
Eenv4: recycle			.779				.747
Eenv5: dispose of waste correctly			.647				.686
Eemp8: flexible working hours for employees		.515					.508
Esoc1: employ people with disabilities		.617					.601
Esoc2: employ long-term unemployed		.683					.615
Esoc3: make donations to social facilities		.831					.649
Esoc4: support empl. social projects during working hours		.821					.634
Esoc5: invest in the education of young people		.613					.540
Esoc6: contribute to solving societal problems		.764					.589
Esup5: control working conditions at suppliers		.571					.428
Ecus1: implement fair sales practices	.489						.564
Ecus2: label products clearly and comprehensively	.633						.617
Ecus3: meet quality standards	.636						.601
Ecus4: set fair prices for products and services	.477						.453
Ecus5: offer safe (not harmful) products and services	.546						.576
Ecus6: offer the possibility to file complaints	.469						.422
Esup1: offer fair terms and conditions for suppliers	.738						.654
Esup2: communicate openly and honestly with suppliers	.765						.784
Esup3: negotiate fairly with suppliers	.751						.784
Eigenvalue	14.5	3.8	2.0	1.8	1.7	1.3	
Cum. %	38.1%	48.0%	53.3%	58.1%	62.6%	65.9%	
Cronbach alpha	.91	.90	.82	.90	.82	.92	

Factors: 1 extended supply chain, 2 society, 3 community, 4 environment, 5 shareholders, 6 employees

**CSR support.** There are differences in the ways CSR support has been measured in research. The questions used by Mohr and Webb (2005) are fairly similar to questions used in measuring customer expectations in other studies. In this study CSR support was measured using a five-item seven-point Likert scale adopted from Maignan (2001) and used by Pätäri et al. (2017). Summated scale variable provided good reliability of  $\alpha=0.83$ .

**Trust.** Customer trust towards company was measured with a three-item seven-point Likert scale adopted from Bonn, Cronin & Cho (2016) and Kim & Lee (2018). The reliability of the trust variable was measured with Cronbach alpha which gave good reliability  $\alpha=0.85$ .

**Satisfaction.** Overall satisfaction is often used to measure customer satisfaction in tourism literature (Chi, Qu, 2008; Clark, Maher, 2007; Mechinda et al., 2009; Xu, Gursoy, 2015) and was deemed suitable for the current paper. To measure episode-specific customer satisfaction with the last experience, this study used a three-item ten-point Osgood scale adapted from Spreng et al. (1996) and as used by Clark & Maher (2007) and Sirdeshmukh et al. (2002). Variable had very good reliability with  $\alpha=0.90$ .

**Loyalty.** Measuring customer loyalty isn't simple and requires context specific considerations. While some studies consider it important that both behavioral and attitudinal loyalty are included in loyalty measurement (Velázquez, Saura, Molina, 2011), studies from tourism industry (Clark, Maher, 2007; Tasci, 2017) focus on attitudinal loyalty and keep behavioral loyalty measurements (like number of visits) unsuitable for measuring destination loyalty. Measuring customer loyalty is especially challenging in current research context. While goal is to measure customers' loyalty towards one specific company, the company has destination-like features. Part of company's operations, like slopes and lifts, are such that only this one company provides those services in the destination and moreover those services are one of the main aspects which tourists evaluate when choosing vacation destination. Taking these specific features into consideration, loyalty measurement scale was adapted from previous literature to encompass destination and company loyalty measures to fit the current research context.

Attitudinal loyalty was measured using seven-item seven-point Likert scale adapted from three papers studying destination loyalty (Clark, Maher, 2007; Mechinda et al., 2009; Tasci, 2017) and from one paper studying customer loyalty (Zeithaml et al., 1996). Item four was reverse-coded. Loyalty measures included items focusing on feelings and revisit intentions (items 1-4) and on WOM intentions (items 5-7). Factor analysis was conducted to see if loyalty items would load into two separate factors. However, analysis provided only one factor as was the goal originally. One item (loy4) had very small communality score (0.11) and correlated weakly with other variables (well below 0.3). Reliability analysis provided similar results and indicated better reliability if the item was removed. Based on these results final sum variable was computed from six items (loy1-3 and loy5-7) with good reliability ( $\alpha=0.82$ ).

#### 4.4 Reliability and validity

Reliability and validity are used to describe the goodness of the thesis and they can be used to assess both the research design and the measurement. Validity of the research design concerns the issue whether one is studying what was supposed to be studied. Validity can be divided into external and internal validity. External validity describes how well research can be generalized and to which groups. Internal validity assesses the suitability of constructs, theories, and measurement scales. Reliability concerns the repeatability of the research. (Metsämuuronen, 2005, p. 57, 64-65) Reliability and validity are also used to assess the measurement of constructs: reliability concerns the consistency of the measurements while validity concerns the accuracy of the chosen measures to describe the construct (Hair et al., 2014, p. 8-9).

Quantitative research method was chosen for this thesis since it is suitable for a situation where one wants to explain some phenomenon or relationship by testing hypotheses (Muijs, 2022, p. 7). Survey method was chosen for data collection and nonprobability sampling method used was voluntary response sampling. This method is not the best in terms of validity since it includes selection bias leading to unrepresentative sample of the target population. Selection bias includes two phenomena: under-coverage occurs when the whole population can't be reached with the survey and self-selection means that respondents themselves choose whether they want to take part in the survey (Bethlehem, 2010, p. 161-162). Both were evident in the data collection. Despite the selection bias,

survey method was deemed suitable for the thesis and its effect on validity was deemed somewhat inevitable. Most companies don't have records of all their customers and that was also the case with the tourism company whose customers formed the target population. Thus, it would have been impossible to design data collection using probability sampling that would have accurately represented the population even if time and resource constraints would have allowed probability sampling. Survey invitation was sent to people who had subscribed the company newsletter and the questionnaire included a screening question asking whether respondents had used the services of the case company during the chosen time period to insure, that the final data included only responses from company customers. The thesis provided a look into tourism industry in a Finnish skiing resort, but the results can't be directly generalized to tourism industry since research included only one tourism company. However, the research can be repeated with larger number of tourism companies and customers.

I used measurement scales already developed and validated in academic literature to ensure the validity and reliability of the constructs used in the research. Some adaptations were made to accommodate the special nature of the case company. Researchers have used multiple ways to measure customer perceptions and expectations of corporate sustainability. According to Bausch et al. (2021) people understand sustainability in different ways which can invalidate the research. To avoid this, I chose to measure CPCS and CECS using measurement scale by Öberseder et al. (2014) which asked perceptions and expectations of specific sustainability actions and didn't use the term sustainability in the questions. Reliability of the constructs were assessed with statistical measures including Cronbach alpha and construct reliability. Statistical models were based on academic literature. Multiple linear regression model was assessed with  $R^2$  and F-value and the assumptions of linear regression were checked using scatter plots for homoskedasticity, normal probability plots for linearity, tolerance and VIF for multicollinearity, and Durbin-Watson for autocorrelation. Structural equation model (SEM) was assessed using  $\chi^2$ , RMSEA, CFI, TLI, and SRMR. Validity of CFA constructs were assessed using factor loadings, AVE, and CR for convergence validity and comparison of AVE and squared construct correlations for discriminant validity.

## 5 Findings

Results from conducted analyses will be presented in this chapter divided into three sub-chapters. First sub-chapter will describe the research sample using basic descriptive statistics concerning respondents' background. Second sub-chapter presents results from analyses testing hypothesis 1-4 aiming to answer research question SQ1. Third sub-chapter includes results from SEM analysis testing hypothesis 5-9 and answering to research question SQ2.

### 5.1 Descriptive statistics

The final data included 1082 cases and background information of respondents is presented in Table 4. Most respondents were Finnish (81,8%). Respondents had 29 different nationalities, but only other significant size group were British respondents (59 respondents, 5,5%). In comparison 84,5% of customer in Levi Ski Resort's online customer base are Finnish and 3,32% are British. All other nationalities were collected under "other" group (8,9%). Genders were represented quite equally with male respondents forming slight majority (male 53%, female 44,6%). Twenty-five respondents (2,3%) didn't want to indicate their gender or identified themselves with another gender. Approximately third of the respondents (36%) were between 45 and 54 years old. The sample includes a good number of responses from all age groups, but younger respondents were somewhat underrepresented (under 35 years old only 13% of all) when compared to the age distribution of the online customer base. Most of the respondents had completed higher education (68,5%) and only 17 respondents (1,6%) had just primary education. Income variable had most missing values (133). Respondents were evenly distributed between income levels except for the two lowest income level groups. Only 56 respondents' (5,2%) income level was under 20,000€ which was expected. One quarter of respondents (25,6%) had yearly income between 40,000€ and 59,999€ and second largest group (23,2%) was the highest income group with yearly income over 80,000€.

Table 4. Descriptive characteristics of respondents

Characteristics	N	%	N	%	N	%		
total sample	1082							
<b>Gender</b>			<b>Education</b>		<b>Number of visits (in 3 years)</b>			
male	574	53,0 %	primary	17	1,6 %	1	254	23,5 %
female	483	44,6 %	secondary	297	27,4 %	2	217	20,1 %
other / not answered	25	2,3 %	higher	741	68,5 %	3	204	18,9 %
<b>Age</b>			not answered	27	2,5 %	4	86	7,9 %
under 18	7	0,6 %				5	70	6,5 %
18-24	43	4,0 %	<b>Income</b>			6	51	4,7 %
25-34	91	8,4 %	less than 15,000€	31	2,9 %	7	27	2,5 %
35-44	232	21,4 %	15,000€ - 19,999€	25	2,3 %	8	15	1,4 %
45-54	390	36,0 %	20,000€ - 39,999€	185	17,1 %	9	13	1,2 %
55-64	201	18,6 %	40,000€ - 59,999€	277	25,6 %	10 or more	134	12,4 %
65 or over	105	9,7 %	60,000€ - 79,999€	180	16,6 %	not answered	11	1,0 %
not answered	13	1,2 %				<b>Visit length (on average)</b>		
<b>Nationality</b>			80,000€ or more	251	23,2 %	3-4 nights	167	15,4 %
FIN	885	81,8 %	not answered	133	12,3 %	5-6 nights	408	37,7 %
GBR	59	5,5 %				7 nights or more	496	45,8 %
other	96	8,9 %				not answered	11	1,0 %
not answered	42	3,9 %						

The sample was limited to vacationers whose normal stay was at least three nights. Most respondents stayed usually longer than that as Levi is a long-distance destination for most customers. Out of all respondents, 496 (45,8%) stayed usually over six nights and 408 respondents (37,7%) stayed from five to six nights per visit. Only 167 respondents (15,4%) belonged to “long weekend” group with three or four nights per visit. The nature of destination tourism can be seen in the division of respondents by number of visits in the past three years. A far away destination like Levi isn’t easy to reach and most people are able to make a longer vacation trip only once or twice a year if even that. During the past three years 254 respondents (23,5%) had visited Levi once, 217 respondents (20,1%) twice, and 204 respondents (18,9%) three times. These three groups include over 60% of all respondents. Next largest group was those who had visited Levi most (ten or more visits in the past three years), including 134 respondents (12,4%). That group represents another tourist segment, those who own a property at a destination and have more free time. It can also include athletes who train at the destination several times per year.

## 5.2 Differences in customer perceptions and expectations

Variables measuring customer perceptions and expectations of corporate sustainability (CPCS and CECS) both received on average good values. Table 5 presents descriptive

statistics of CPCS and CECS as well as stakeholder domain specific values. Mean value for CPCS was 5.01 indicating that on average customers had mildly positive perception of CS. Only 4.3% of values were under neutral midpoint of four and 69.8% of values were over 4.5 which tells that most respondents had at least mildly positive perceptions of CS. Customer expectations concerning corporate sustainability were higher than their perceptions with mean value of CECS as 6.29. Only two respondents had expectation value lower than four and only 3.3% had value lower than five.

Table 5. Descriptive statistics of perceptions and expectations variables

	N	Mean	Median	Standard deviation	Minimum	Maximum
<b>CPCS</b>	<b>1040</b>	<b>5.0103</b>	<b>4.8542</b>	<b>.83433</b>	<b>1.51</b>	<b>7.00</b>
CPCOM: community	1040	5.9090	6.0000	.96265	1.00	7.00
CPISH: internal stakeholders	1026	5.1060	4.9167	1.01341	1.33	7.00
CPENV: environment	1011	4.7695	4.5714	1.09780	1.00	7.00
CPSOC: society	1003	4.3109	4.0000	.92972	1.00	7.00
CPCUS: customers	1007	5.2683	5.3333	.99656	1.50	7.00
CPSUP: suppliers	999	4.5366	4.0000	.97026	1.80	7.00
<b>CECS</b>	<b>1069</b>	<b>6.2968</b>	<b>6.3933</b>	<b>.54621</b>	<b>3.72</b>	<b>7.00</b>
CECOM: community	1068	6.3541	6.6000	.68453	1.00	7.00
CEEMP: employees	1068	6.7616	7.0000	.48604	3.14	7.00
CESHR: shareholders	1067	6.4546	6.7500	.66306	3.50	7.00
CEENV: environment	1067	6.3805	6.6000	.84319	1.00	7.00
CESOC: society	1067	5.2798	5.3750	1.08135	1.00	7.00
CEESC: extended supply chain	1067	6.5535	6.7778	.58432	3.89	7.00

CPCS customer perceptions of corporate sustainability, CECS customer expectations of corporate sustainability

Stakeholder domain level examination showed that respondents had highest perceptions of CS actions related to local community (mean 5.90) and customers (mean 5.27) followed by internal stakeholders (mean 5.11). Society domain had lowest mean value (4.31). Highest expectations were directed towards sustainability actions concerning employees (mean 6.76) and stakeholders of extended supply chain (mean 6.55). Lowest expectations were directed towards society domain which mean value (5.28) was clearly lower than any other domain.

Testing the hypotheses 1 – 4 begun with comparing the means between different demographic groups. Basic statistics showed skewness and kurtosis in variables measured with Likert-scale which was also evident in histograms. Histograms for customer perceptions (CPCS) and expectations (CECS) variables are in Figure 7. Kolmogorov-Smirnov tests were run to confirm the assumption of non-normality and neither CPCS nor CECS fol-

lowed normal distribution. Two non-parametric test, Mann-Whitney's U-test and Kruskal-Wallis test were used to test whether differences between means were statistically significant. Full list of results can be found from Appendix 3. Regarding CPCS variable, tests showed statistically significant differences in means between genders, nationalities, and education levels. As for expectations, tests showed that gender, nationality, and income level had statistically significant differences in inter-group means.

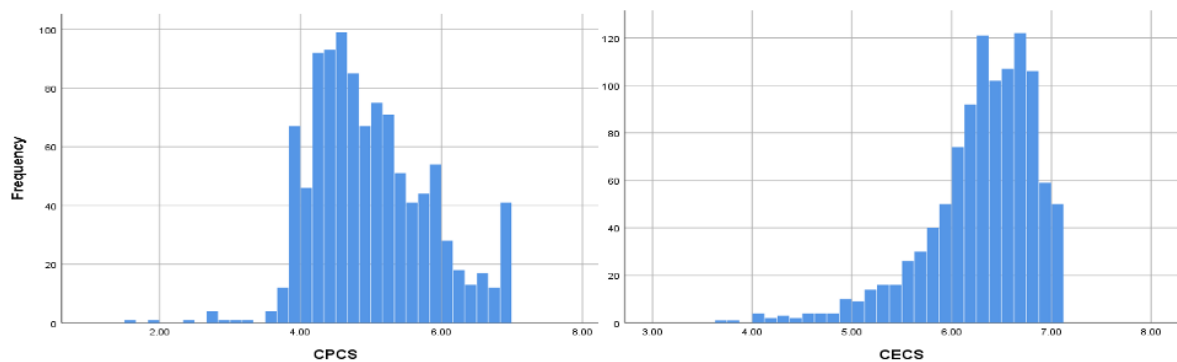


Figure 7. Histograms of CPCS and CECS variables

Examination of stakeholder domain specific perceptions and expectations showed that the traits which showed inter-group differences in means with overall perceptions and expectations didn't show significant differences with every stakeholder domain variable. Full list of results is in Appendix 4. Statistically significant differences in means of domain level customer perceptions were as follows. Kruskal-Wallis test including nationality groups Finnish, British, and other showed significant differences in nationality group means in all stakeholder domains but Mann-Whitney test showed that Finnish and British customers didn't have statistically significant differences in stakeholder level perceptions. Gender was almost universally significant. Male customers had on average higher perceptions in all domains and differences were significant with all except customer domain perceptions. Means between age groups were statistically significantly different in society domain perceptions while differences weren't significant with overall CS perception. While income level made no statistical difference in means of overall CS perceptions, means were statistically significantly different in society domain perceptions where youngest age group had highest mean. Education level groups had statistically significant differences in means with five stakeholder domains: only community domain perceptions didn't differ.

Differences in customer expectations were also dependent on customer traits and stakeholder domains. Age and education had no significant effect on any stakeholder domain. Nationality proved to be statistically significant with employee, environment, and society domains. British customers had on average higher expectations with environment and society related sustainability than Finnish customers. Female customers had on average higher expectations than male customers with all but one CS domains. Shareholder domain was only one which didn't differ statistically significantly between men and women and where male group had a slightly higher mean value. Income level turned out to be influential in four stakeholder domains. Statistically significant differences in means between income levels were found with expectations concerning employee, shareholder, society, extended supply chain domains.

Multiple linear regression analyses were performed to get more precise information regarding inter-group differences. Estimation method used was OLS (ordinary least squares). Two regressions were performed: one with CPCS as dependent variable and another with CECS as dependent variable. Independent variables in both regressions included CSR-support as continuous variable and demographic traits as dummy variables. Correlation matrix of all variables is in Appendix 5. Basic assumptions of OLS estimation were verified from residual plots and statistics for both regressions. Homoskedasticity and linearity requirements were adequately fulfilled with CPCS regression model but the scatter plot chart of studentized residuals and predicted values from regression model estimating CECS indicated heteroskedasticity. Linear regression for CPCS was conducted using OLS estimation but problems with heteroskedasticity lead to the use of weighted least squares (WLS) estimation with CECS as recommended by Hair et al. (2014, p. 182). Weight variable used in WLS estimation was created manually in SPSS. To do so, an auxiliary regression was run using absolute values of residuals from original regression as dependent variable instead of the CECS. Unstandardized predicted values (uPV) from this auxiliary regression were used to compute the weight variable using mathematical formula  $weight=1/(uPV^{**2})$ . Autocorrelation was tested with Durbin-Watson test and result (CPCS: 2.01 and CECS: 2.00) showed no problem with autocorrelation. Collinearity statistics tolerance and variance inflation factor (VIF) expressed no problems with multicollinearity. Both regression models were statistically significant as can be seen from the results presented in Table 6. Left columns of the table show the regression model with CPCS as dependent variable. Independent variables (demographic traits and CSR support) explained 9.6% of the variance of CPCS. CSR-support and all demographic traits were sta-

tistically significant in some groups. Male customers and customers with higher CSR support had better perceptions of CS. Finnish and British customers didn't differ significantly but other nationalities group had significantly higher perceptions than Finnish customers. Oldest customers (65 years or more) had highest perceptions and difference was statistically significant compared to customers aged between 35 and 64 or customers under 25 years old. Customers with secondary education had highest perceptions and difference was statistically significant compared to customers with higher education. From the income groups customer with lowest income (under 15,00€) had statistically significantly higher perceptions than customers with highest income (over 80,000€).

Table 6. Regression results concerning customers' perceptions and expectations of corporate sustainability.

	Customer perception of CS			Customer expectation of CS		
	Std. parameter estimate	t	p-value	Std. parameter estimate	t	p-value
Constant		37.525	<b>.000</b>		72.880	<b>.000</b>
Nationality: British	-.015	-.495	.621	.048	1.632	.103
Nationality: other	.198	6.466	<b>.000</b>	.010	.324	.746
Age: under 18	-.092	-2.682	<b>.007</b>	.012	.356	.722
Age: 18-24	-.079	-1.983	<b>.048</b>	-.051	-1.342	.180
Age: 25-34	-.056	-1.407	.160	.033	.859	.391
Age: 35-44	-.106	-2.220	<b>.027</b>	-.008	-.182	.856
Age: 45-54	-.104	-2.014	<b>.044</b>	.050	1.003	.316
Age: 55-64	-.118	-2.574	<b>.010</b>	.071	1.612	.107
Gender: male	.102	3.243	<b>.001</b>	-.155	-5.086	<b>.000</b>
Education: primary school	.031	.955	.340	.014	.428	.669
Education: secondary degree	.151	4.801	<b>.000</b>	.047	1.555	.120
Income: less than 15,000€	.092	2.470	<b>.014</b>	.078	2.182	<b>.029</b>
Income: 15,000-19,999€	-.009	-.272	.786	.063	1.968	<b>.049</b>
Income: 20,000-39,999€	.032	.875	.382	.041	1.191	.234
Income: 40,000-59,999€	.029	.820	.413	.005	.153	.879
Income: 60,000-79,999€	.008	.251	.802	.025	.760	.447
CSR support	.085	2.809	<b>.005</b>	.287	9.807	<b>.000</b>
R Square	.096			.137		
Adjusted R Square	.081			.123		
F	6.380		<b>.000</b>	9.786		<b>.000</b>
Degrees of freedom	17;1038			17;1066		

Note: Values statistically significant at 5% level are marked with bold.

Right side columns in the Table 6 describe the results of the second regression with CECS as dependent variable. That regression gained better explanatory power as independent variables explained 13,7% of the variance of CECS. Age, education, and nationality turned out to be non-significant in this model. CSR support had a statistically significant positive effect on CECS. Gender was statistically significant but contrary to perceptions, male customers had lower expectations than females. Income level was also statis-

tically significant as lowest earning customers (under 20,000€) had higher expectations than highest income level customers. Results support fully hypotheses H1, H3, and H4. Hypothesis H2 was only partially supported.

### 5.3 Antecedents of loyalty

Second part of the data analysis tests hypotheses 5 – 9 with a two-step structural equation modelling (SEM) using maximum likelihood estimation. Analysed model presented in Figure 8 includes four latent constructs. Customer perceptions of corporate sustainability (CPCS) construct is the only exogenous variable in the model and is constructed using six stakeholder level perception variables. Model has three endogenous variables. Trust and satisfaction both have three indicators and act as dependant in one relation and as independent in one relation. Loyalty construct consists of six indicators and is explained with three relations. Due to missing values, estimated model included 957 observations which is well over the recommended minimum of 300 observations (for a model with seven or fewer constructs and some low communalities) (Hair et al., 2014, p. 637).

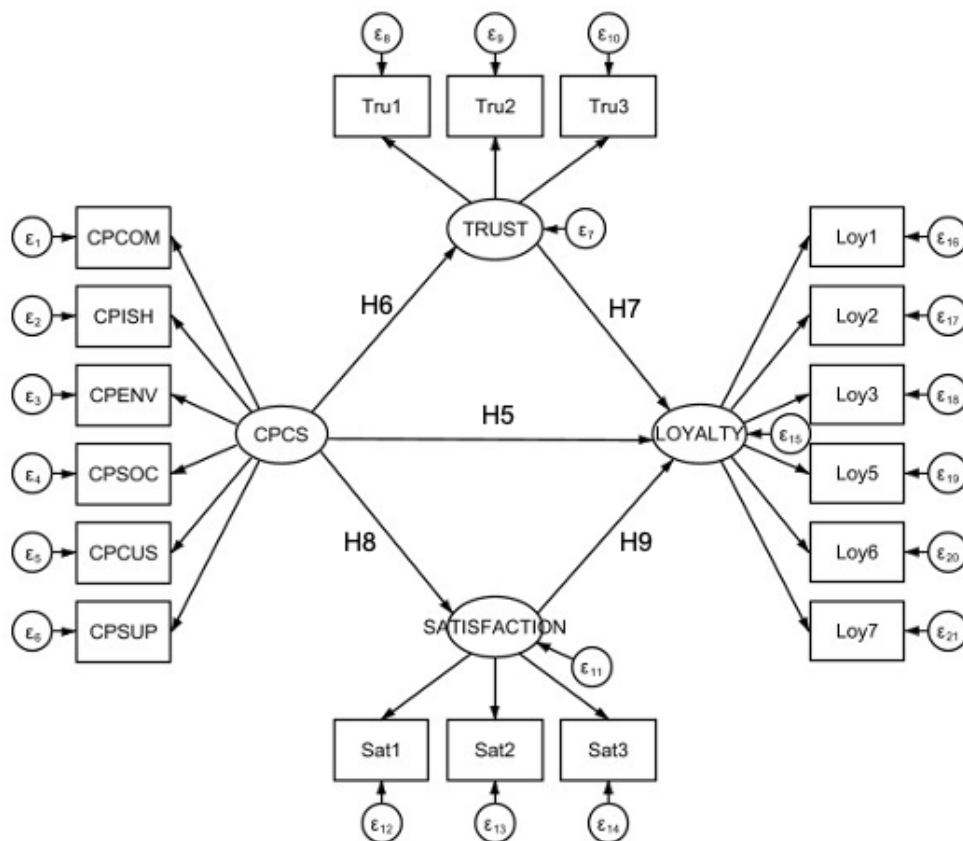


Figure 8. Structural model of SEM analysis with hypotheses

SEM analysis begun with confirmatory factor analysis (CFA) of measurement model testing the validity and reliability of multi-item constructs and their correlations. Results of the CFA are presented in Table 7. Goodness-of-fit indexes indicated some challenges with the measurement model. Only statistically based fit measure in SEM, the  $\chi^2$  is sensitive to sample size and significant p-values indicating poor fit are expected with large samples ( $N > 500$ ) (Hair et al., 2014, p. 641). This problem is evident in the CFA with  $\chi^2 = 1139.6$  (df/129, p-value .000). The model fit was evaluated using other fit indexes. Stata analysis provided two other absolute fit indexes (in addition to  $\chi^2$ ) with following values: root mean square error of approximation (RMSEA) = 0.091 and standardized root mean residual (SRMR) = 0.065. With RMSEA smaller values indicate better fit. Previous research has suggested cut-off values of 0.05 and 0.08 while more recent research has advised against absolute limits (Hair et al., 2014, p. 642). SRMR has similar logic with higher values indicating poorer fit; suggested limits for good fit include  $< 0.08$  (Metsämuuronen, 2005, p. 645) and  $< 0.1$  (Hair et al., 2014, p. 642). Analysis included two incremental fit indexes with following values: comparative fit index (CFI) = 0.917 and Tucker Lewis index (TLI) = 0.901. With both indexes higher values indicate better fit: CFI values  $> 0.95$  (Burnette, Williams, 2005, p. 148) or  $> 0.90$  (Hair et al., 2014, p. 643) are said to indicate good fit and TLI values closer to 1 are associated with good fit (Hair et al., 2014, p. 643). All in all, it seems that the measurement model fit is acceptable as SRMR clearly indicated good fit, CFI and TLI values were acceptable and only RMSEA didn't reach good value.

Table 7. CFA statistics of measurement model constructs

Construct	Indicator	Std. factor loading	AVE	CR
<b>CPCS</b>	CPCOM	0.57	0.61	0.90
	CPISH	0.87		
	CPENV	0.87		
	CPSOC	0.75		
	CPCUS	0.79		
	CPSUP	0.81		
<b>TRUST</b>	tru1	0.86	0.67	0.86
	tru2	0.79		
	tru3	0.81		
<b>SATISFACTION</b>	sat1	0.89	0.77	0.91
	sat2	0.88		
	sat3	0.86		
<b>LOYALTY</b>	loy1	0.60	0.58	0.89
	loy2	0.43		
	loy3	0.71		
	loy5	0.90		
	loy6	0.93		
	loy7	0.85		

<b>Fit indexes</b>
$\chi^2 = 1139.634$
df = 129
p = .000
RMSEA = 0.091
CFI = 0.917
TLI = 0.901
SRMR = 0.065

Note: AVE=average variance extracted, CR=construct reliability

Convergence validity and discriminant validity were examined to assess construct validity of the measurement model. Standardized factor loadings were mostly good. Factor loadings should be  $>0.5$  and ideally  $>0.7$  (Hair et al., 2014, p. 679). Only three factor loadings were under the ideal level of 0.7 and only one of those ( $loy2 = 0.43$ ) was under the 0.5 recommendation. Average variance extracted (AVE) and construct reliability (CR) were calculated for each construct. AVE should be  $\geq 0.5$  while  $CR > 0.7$  indicates good reliability and values between 0.6 and 0.7 are acceptable (Hair et al., 2014, p. 680). AVE values were between 0.58 and 0.77 and CR values were between 0.86 – 0.91 indicating that constructs had acceptable convergence and good reliability. Discriminant validity was assessed following the suggestion by Hair et al. (2014, p. 681) to compare AVE values of two constructs with the square of the correlation estimate between those two constructs: discriminant validity is good when AVE values are higher than corresponding squared correlations. Discriminant validity was assessed to be good since all AVE values (in Table 7) exceeded the squared correlations (in Table 8). Measurement model was deemed acceptable for structural analysis.

Table 8. Construct correlation matrix

	CPCS	TRUST	SAT	LOYALTY
CPCS	1.00	0.52	0.12	0.04
TRUST	0.724***	1.00	0.16	0.24
SATISFACTION	0.353***	0.544***	1.00	0.23
LOYALTY	0.335***	0.494***	0.478***	1.00

Significance level: \*\*\*=.001  
 Note: Values below the diagonal are correlations estimates among constructs, diagonal elements are construct variances and values above diagonal are squared correlations

Structural analysis was then conducted to examine the hypothesized (H5 – H9) relationships between customer perceptions of corporate sustainability (CPCS), trust, satisfaction, and loyalty. Standardized parameter estimates for hypothesized relationships are presented in Figure 9. All but on relationship (CPCS – loyalty) were statistically significant and in the predicted direction (positive). Model fit statistics provided following fit indexes:  $\chi^2 = 1266.24$  (df;130, p-value 0.000), RMSEA=0.096, SRMR=0.083, CFI=0.906, TLI=0.890. The values don't indicate particularly good model fit. However, according to Hair et al. (2014) larger sample sizes are more susceptible to poorer fit index values and strict cut-off limits are unrealistic. Based on the guidelines for fit index values presented

with measurement model evaluation, SRMR and CFI values reach acceptable fit values when using looser cut-off limits of the proposed options and TLI is fairly close to one. Absolute fit index RMSEA however is somewhat high. Considering the large sample size (N=957), structural model is assessed to be acceptable, but it is noted that modifications to the model might improve it. Results show that CPCS has strong positive effect on trust ( $\beta=0.74$ ,  $p<0.000$ ) and milder positive effect on satisfaction ( $\beta=0.38$ ,  $p<0.000$ ) but CPCS doesn't have a direct effect on loyalty ( $\beta=-0.03$ ,  $p=0.504$ ). Loyalty is positively affected by both trust ( $\beta=0.35$ ,  $p<0.000$ ) and satisfaction ( $\beta=0.33$ ,  $p<0.000$ ). The model shows that CPCS can positively enhance loyalty only through the mediation of trust and loyalty. Thus, hypothesis H5 is rejected but hypotheses H6, H7, H8, and H9 are supported.

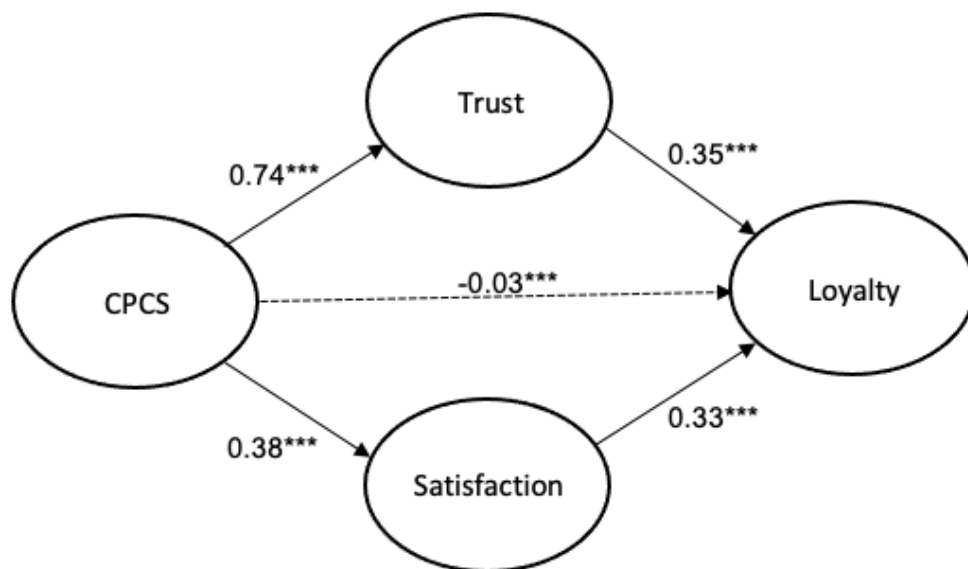


Figure 9. Structural model with standardized parameter estimates; \*\*\* = p-value <.001

## 6 Discussion

In this chapter I will connect the results to the literature focusing on the most important points. Results of statistical analyses are summarized in Table 9. Empirical research supported most of the proposed hypotheses. Only hypothesis 5 was rejected and hypothesis 2 was only partially supported.

Table 9. Summary of results

Hypothesis 1	Demographic traits → CPCS	Supported
Hypothesis 2	Demographic traits → CECS	Partially supported
Hypothesis 3	CSR support → CPCS	Supported
Hypothesis 4	CSR support → CECS	Supported
Hypothesis 5	CPCS → loyalty	Rejected
Hypothesis 6	CPCS → trust	Supported
Hypothesis 7	trust → loyalty	Supported
Hypothesis 8	CPCS → satisfaction	Supported
Hypothesis 9	satisfaction → loyalty	Supported

Statistical significance: \*\*<.01, \*\*\*<.001

Note: CPCS customers' perceptions of corporate sustainability, CECS customers' expectations of corporate sustainability

Results from multiple linear regressions show that differences in customer perceptions of corporate sustainability (CPCS) and customer expectations of corporate sustainability (CECS) in tourism industry vary depending on customers' demographic traits and their level of support towards sustainable business (CSR support). Male customers had significantly better perceptions of corporate sustainability (CS) than female customers. Contrary to this result, previous research from banking industry has found gender to be mainly non-significant (Pérez, del Bosque, 2013) and with issue specific perceptions most of the significant differences showed female customers to have higher perceptions (Calabrese et al., 2016). Results concerning expectations showed that female customers have significantly higher expectations supporting previous findings from banking industry (Calabrese et al., 2016) and regarding ethicality of business (Luthar et al., 1997). Oldest customers (over 64 years) had significantly higher perceptions than almost all other age groups. This is in line with findings by MacIntosh et al. (2013) who found customers older than 64 years to have better knowledge of Canadian winter sports provider's environmental activities.

With current case higher education led to significantly lower perceptions compared to secondary education. Barone et al. (2020) demonstrated that higher educated consumers had better understanding of sustainability which could explain my results: it is reasonable to expect that when customer has better understanding of sustainability concept, he or she will judge sustainability actions more strictly. Income is less studied demographic variable but proved to be significant with lowest earning customers having significantly higher perceptions than highest earners. Stakeholder domain level investigation showed that difference was significant only with society related sustainability. Results nevertheless are inconsistent with previous research which found highest income group to have highest perceptions regarding winter sports provider's environmental sustainability (MacIntosh et al., 2013). Results showed that customers with low income (<20,000€) had higher expectations than highest earners reflecting the research on green restaurants, which identified lowest earning customers with highest tendencies towards green actions (Sarmiento, El Hanandeh, 2018). The results support hypothesis 3 and hypothesis 4 indicating that customer's general CSR support affects positively both perception and expectation of CS. CSR support has also been positively linked to students' perceptions of forest industry's overall sustainability (Pätäri et al., 2017). In summary, results concerning demographic traits show that being male, over 64 years old, or on low incomes leads to higher perceptions of tourism company's CS while being Finnish, highly educated or with a large income has an opposite effect. Expectations don't differ as much, but female customers and low-income customers had significantly higher expectations concerning corporate sustainability actions. Comparing results with literature shows that industry and context matter when assessing CPCS and CECS and importance of specific demographic trait isn't universal.

First part of the research showed that not all customers perceive corporate sustainability similarly and some customer groups tend to have better perceptions. Second part of the research investigated the effects of customers' CS perceptions on loyalty. Results showed that CPCS affects loyalty positively but only through trust and satisfaction not directly, thus supporting hypotheses H6, H7, H8, and H9 but rejecting H5. Based on the previous findings from lodging industry (Xu, Gursoy, 2015), it was hypothesized that CPCS would also have a direct effect on loyalty, but that assumption was not supported. This result is however in line with another study from lodging industry (Martinez, del Bosque, 2013) which proved that CPCS affects loyalty through trust, satisfaction, and customer-company identification and the direct effect turns nonsignificant when mediation effects are included in the model. The model used in this thesis showed that CPCS has clearly stronger effect on

trust than loyalty while Martinez & del Bosque (2013) found CPCS to have stronger effect on satisfaction. Even though these two models aren't fully comparable since they include partially different constructs and relationships, it can be speculated whether this difference reflects the differences in tourism and lodging industries. The results show that the positive effects of trust and satisfaction on loyalty were almost equal in size and both effects were moderate. Several papers have argued that the effect of satisfaction on loyalty in tourism industry may not be especially strong despite being statistically significant (Bigné et al., 2008; Mechinda et al., 2009). Literature on relationship marketing has identified trust as one of the most significant antecedents of loyalty (Morgan, Hunt, 1994). This wasn't evident in current case. Literature from tourism industry has noted that when customers' trust towards frontline employee behaviour (FLE) and management policies and practices (MPP) is studied separately MPP trust has a positive effect on loyalty, but FLE trust is nonsignificant or in some cases even has a negative effect (Clark, Maher, 2007; Sirdeshmukh et al., 2002). This difference in the two types of trust could explain why overall trust has only moderate effect on loyalty. The proposed model linking customer perceptions of corporate sustainability to trust, satisfaction, and loyalty is in line with previous findings from lodging industry suggesting that CPCS should be included into the relationship marketing management also in tourism industry as a building block of long-term customer relationships.

## 7 Conclusions

As far as I'm aware this thesis is first one connecting customer perceptions of corporate sustainability to relationship marketing in tourism industry in Finland. Moreover, I focused on the relationship between customers and a tourism company rather than a tourism destination, which has been the usual focus in tourism research. To summarize the results I present answers to the research questions presented in the introduction. In this thesis I wanted to find out how customer perceptions of corporate sustainability affect customer loyalty. To put it short, the answer is positively. However, nothing is ever simple, and neither is the detailed answer to the research question. To get a comprehensive understanding of the phenomenon, I asked two sub-questions. First, I wanted to find out how customer personal traits affect customer perceptions and expectations of corporate sustainability. Statistical models showed that personal traits can be used to explain differences in perceptions and expectation. Moreover, my results supported the notion that the effects of personal traits are industry and context dependent. My second sub-question asked, what kind of effects does customer perceptions of corporate sustainability have on trust, satisfaction, and loyalty. Statistical model showed that customer perceptions of corporate sustainability can influence customer loyalty positively by increasing trust and satisfaction which in turn increase loyalty. Thus, my more detailed answer to the research question is that customer perceptions of corporate sustainability (CPCS) can positively influence customer loyalty through trust and satisfaction, but CPCS may not be as useful tool with all customer segments. The reason for this is that some people are more prone to positive perceptions than others and these differences can be explained with personal traits.

### 7.1 Theoretical contributions

This thesis contributes to the relationship marketing theory confirming that the much-researched positive effects of customer trust and satisfaction on customer loyalty are evident in the field of tourism industry also in Finland. Moreover, this thesis introduces a new variable into the equation: customer perceptions of corporate sustainability (CPCS), providing evidence that CPCS can positively effect trust, satisfaction, and indirectly loyalty. Results showed some differences in the relative strengths of these relationships compared to literature. While the comparison of the detected relationships to previous findings

from tourism research is beyond to scope of this thesis, findings give support to Clark & Maher (2007) and Sirdeshmukh et al. (2002) who emphasized the importance of industry and context specific research.

Second contribution of this thesis is to the sustainability literature regarding customer perceptions and expectations of corporate sustainability. Results support the notion that customer perceptions and expectations of corporate sustainability vary among personal traits (demographic traits and CSR support) (Calabrese et al., 2016; MacIntosh et al., 2013; Pätäri et al., 2017; Sarmiento, El Hanandeh, 2018). Results also indicated some industry and context specific differences in the effects of personal traits on CPCS. In banking industry gender is mostly nonsignificant and in some instances females have reported slightly higher perceptions (Calabrese et al., 2016; Pérez, del Bosque, 2013) while my research in tourism industry found men to have higher perceptions. Some differences were also evident inside tourism industry, for example the effect of income on CPCS in this thesis was reversed compared to the research by MacIntosh et al. (2013) in the context of Canadian tourism operator.

## 7.2 Practical implications

This thesis offers several practical advice for tourism practitioners which are presented in Figure 10. Most importantly it demonstrates that when properly managed, corporate sustainability (CS) can be a useful tool for creating customer loyalty in tourism industry. A key in this process is customer perceptions of CS since positive perceptions enhance trust and satisfaction which in turn increase loyalty. Results show that not all customers have similar perceptions and not all sustainability issues are equally important for customers. Thus, knowing customers is important so that a company can manage their corporate sustainability operations most efficiently. Simpson & Radford (2012) advised practitioners to develop marketing efforts considering customer perception of the sustainability concept. I extend this advice to customer perceptions and expectations of corporate sustainability. Sustainability communication should be focused and specified on the issues which are most important for each customer groups. For example, female customers have significantly higher expectations concerning corporate sustainability than male customers. This indicates that female customers won't be as easily impressed with generic sustainability

practices and more detailed information concerning issues most important to them is necessary to improve their perceptions.

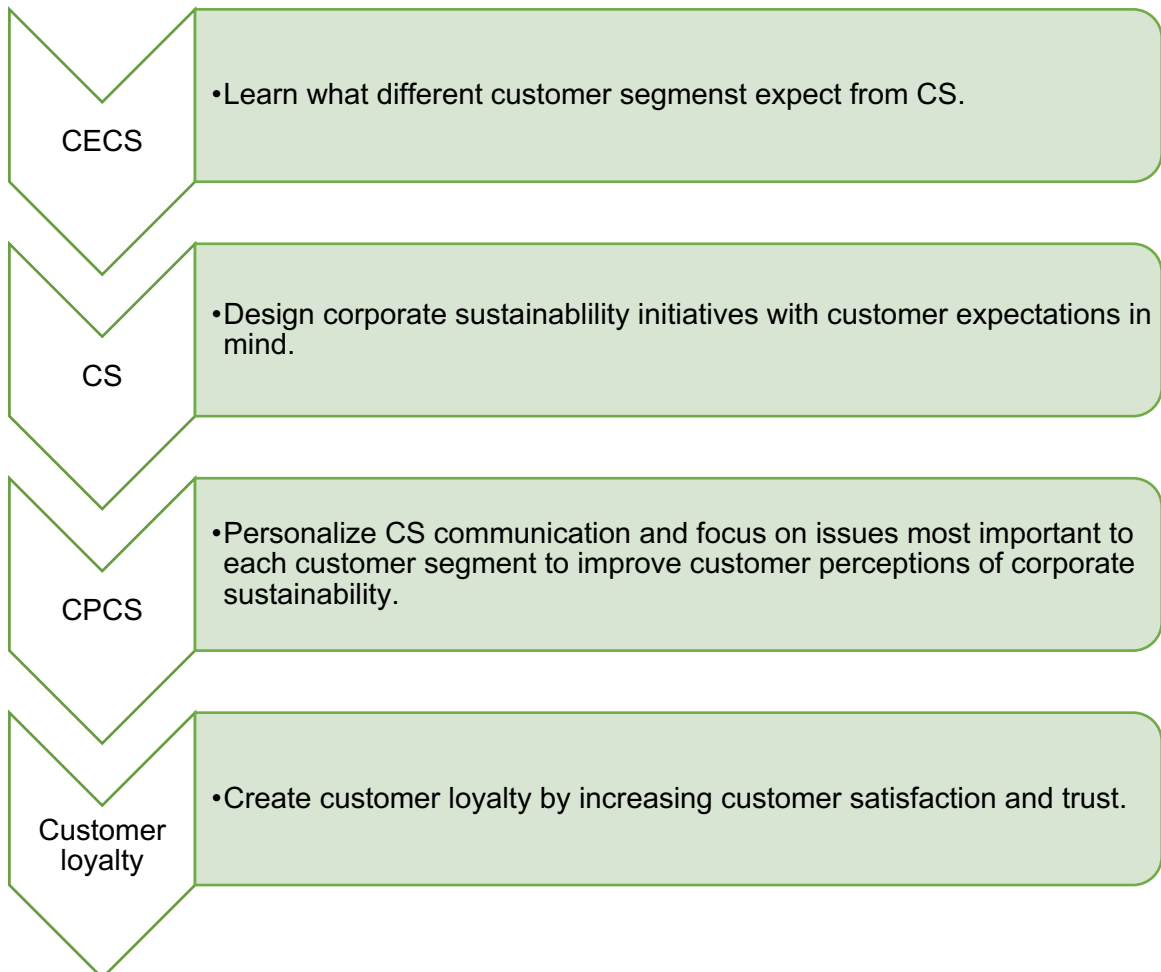


Figure 10. Practical implications: a roadmap to creating customer loyalty with CS

### 7.3 Limitations and future directions

Some limitations should be noted concerning this thesis. First, research context is one single company operating in tourism industry in Finland. Some caution must thus be exercised when interpreting the results in the wider context. This thesis provides an outlook to the Finnish tourism industry but wider research including multiple tourism operators is needed before the findings of this thesis could be extrapolated to tourism industry. Chosen data collection method, voluntary response sampling has an inherent risk of selection bias since respondents are often those most interested on the studied subject leading to skewed sample which may not be the best representation of the whole population. Under-

coverage of population was also an issue since only customers who had ordered a newsletter were contacted, and online questionnaire was available in Finnish and English which may have led to underrepresentation of other nationalities in data sample.

Measuring complex issues is never easy and that was the case with this thesis as well. Customer perceptions and expectations of corporate sustainability were measured using 42 item scale by Öberseder et al. (2014) but items didn't produce same factors as they did in the original study. However, stakeholder domain approach for measuring and comparing perceptions and expectations was justified and fit the purpose of the thesis. Future research could replicate the study using different approach for measuring CS perceptions and expectations to see if that will affect the results. Measuring loyalty was challenging due to the chosen case company's unique role positioning it somewhere between a destination and a company as explained in sub-chapter 4.3. There was a risk of measurement error since it was hard to control whether respondents could separate their experience with the case company from their overall destination experience when answering the questions measuring loyalty. Loyalty construct had weaker values than any other construct in SEM analysis which indicates that chosen measurement scale may not have been the best possible. Future research could test the SEM model presented in this thesis with other companies from tourism industry which wouldn't be as complex regarding customer loyalty measurement to see whether this would improve the loyalty construct and affect the measured relationships.

This thesis investigated how personal traits (demographic and CSR support) affect customer perceptions and expectations of corporate sustainability finding significant differences among variables. Future research could expand this research and investigate whether differences in perceptions translate equally to trust, satisfaction and loyalty in tourism industry context or whether personal traits moderate these effects. CSR support for example has been found to moderate the positive effect of CPCS on satisfaction in banking industry (Pérez, del Bosque, 2017) and hospitality industry (Berezan et al., 2013).

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## Appendix 1: Cover letter

Dear customer of Levi Ski Resort!

My name is Eija Jaatinen and I study business administration at LUT-University (Lappeenranta-Lahti University of Technology LUT) in Finland. I'm doing my master's thesis together with Oy Levi Ski Resort Ltd. Levi Ski Resort is one of the biggest tourism companies in Levi skiing resort in Finnish Lapland. Company's business activities include among others slope services such as lifts and skiing slopes, ski school, ski bus, ski patrol, rental services and Brand Store at Zero Point, rental services and Levi Shop at South Point, the services of Bike Park and Activity Park in the summer, and slope restaurants (Cafe Zero, Horizont, Draivi, Sivakka, Gondoli restaurant, Palovartija, Vinkkari, and summer kiosk at the Activity Park).

The purpose of my research is to obtain information about the attitude of tourists towards sustainability in tourism sector. I will study tourists' perceptions of and expectations towards the sustainability work of Levi Ski Resort.

The aim of my master's thesis is to increase knowledge about how to further improve the sustainability in tourism, and how Levi Ski Resort can even better take all stakeholder groups (eg. customers, employees, locals) and sustainability issues into account.

Your responses will be handled in strict confidence. You cannot be identified as respondent from the results. Your responses are only used for the study presented in this letter. All electronic information will be gathered in my personal computer and will be kept for 6 months after the thesis is submitted before deleting them.

Online questionnaire will take approximately 10 minutes to complete. Hyperlink to questionnaire is at the end of this letter. This questionnaire invite has been sent to all recipients of Levi Ski Resort's newsletter.

My master's thesis will be completed by summer 2022 and will then be freely available in an online publication portal of LUT-University (LUTPub).

If you have questions about the research, you can reach me by email: [ei-ja.jaatinen@student.lut.fi](mailto:ei-ja.jaatinen@student.lut.fi)

Link to the questionnaire: <https://link.webpolsurveys.com/S/1B1BE8BFCC38A618>

Thank you for spending your time for this research.

Yours sincerely,

business student Eija Jaatinen

Appendix 2: Research questionnaire including variable names for items used in construct development

## TRAVEL INFORMATION

Have you made a holiday trip to Levi in the last three (3) years? (since 1.1.-19)? Yes / No

How many times have you visited Levi in the past three (3) years? \_\_\_\_\_

How long was your usual stay during the three (3) year period?

- a day trip
- 1-2 nights
- 3-4 nights
- 5-6 nights
- 7 nights or more

---

**CSR-SUPPORT** (7-point Likert scale from 1=strongly disagree to 7=strongly agree and midpoint 4=don't agree nor disagree)

Please, rate the following statements according to your level of agreement / disagreement.

- |      |   |
|------|---|
| CSR1 | I would pay more to buy products from a socially responsible company  |
| CSR2 | I consider the ethical reputation of businesses when I shop   |
| CSR3 | I avoid buying products from companies that have engaged in immoral actions   |
| CSR4 | I would pay more to buy the products of a company that shows caring for the well-being of our society                       |
| CSR5 | If the price and quality of two products are the same, I would buy from the firm that has a socially responsible reputation |

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Questions on the following pages focus on one tourism company in Levi: Oy Levi Ski Resort Ltd. Levi Ski Resort's business activities include among others slope services such as lifts and skiing slopes, ski school, ski bus, ski patrol, slope restaurants (Cafe Zero, Horizont, Draivi, Sivakka, Gondoliravintola, Palovartija, Vinkkari and summer kiosk at the Activity Park), rental services and Brand Store at Zero Point, rental services and Levi Shop at South Point, and in the summer the services of Bike Park and Activity Park.

Have you used the services of Oy Levi Ski Resort Ltd during your holiday trip(s) to Levi in the past three (3) years? Yes / No

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**EXPECTATIONS** (7-point Likert scale from 1=strongly disagree to 7=strongly agree and midpoint 4=don't agree nor disagree)

Please state your level of expectations towards Levi Ski Resort (the company) concerning following issues.

**I believe that Oy Levi Ski Resort Ltd should...**

- |       |   |
|-------|---|
| Ecom1 | Contribute to the economic development of the region              |
| Ecom2 | Preserve jobs in the region                                       |
| Ecom3 | Create jobs for people in the region                              |
| Ecom4 | Source products and raw materials locally                         |
| Ecom5 | Respect regional values, customs, and culture                     |
| Ecom6 | Communicate openly and honestly with the local community          |
| Eemp1 | Respect human rights of employees                                 |
| Eemp2 | Set working conditions which are safe and not hazardous to health |
| Eemp3 | Set decent working conditions                                     |
| Eemp4 | Treat employees equally   |

Eemp5	Offer adequate remuneration (money paid for work or a service)
Eemp6	Develop, support and train employees
Eemp7	Communicate openly and honestly with employees
Eemp8	Provide flexible working hours for employees
Eshr1	Ensure economic success of the company by doing successful business
Eshr2	Invest capital of shareholders correctly
Eshr3	Communicate openly and honestly with shareholders
Eshr4	Provide sustainable growth and long-term success
Eenv1	Reduce energy consumption
Eenv2	Reduce emissions like CO <sub>2</sub>
Eenv3	Prevent waste
Eenv4	Recycle
Eenv5	Dispose of waste correctly
Eenv6	Invest in research and development regarding environmental protection
Eenv7	Have corporate environmental protection standards that are higher than legal requirements
Esoc1	Employ people with disabilities
Esoc2	Employ long-term unemployed
Esoc3	Make donations to social facilities
Esoc4	Support employees who are involved in social projects during working hours
Esoc5	Invest in the education of young people
Esoc6	Contribute to solving societal problems
Ecus1	Implement fair sales practices
Ecus2	Label products clearly and in a comprehensible way
Ecus3	Meet quality standards

Ecus4	Set fair prices for products and services
Ecus5	Offer safe (not harmful) products and services
Ecus6	Offer the possibility to file complaints
Esup1	Provide fair terms and conditions for suppliers
Esup2	Communicate openly and honestly with suppliers
Esup3	Negotiate fairly with suppliers
Esup4	Select suppliers thoroughly with regard to respecting decent employment conditions
Esup5	Control working conditions at suppliers

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**PERCEPTIONS** (7-point Likert scale from 1=strongly disagree to 7=strongly agree and midpoint 4=don't agree nor disagree)

Based on your current perceptions of sustainability related practices of Levi Ski Resort (the company), please indicate your level of agreement/disagreement with the following statements.

**I believe that Oy Levi Ski Resort Ltd...**

Pcom1	Contributes to the economic development of the region
Pcom2	Preserves jobs in the region
Pcom3	Creates jobs for people in the region
Pcom4	Sources products and raw materials locally
Pcom5	Respects regional values, customs, and culture
Pcom6	Communicates openly and honestly with the local community
Pemp1	Respects human rights of employees
Pemp2	Sets working conditions which are safe and not hazardous to health

Pemp3	Sets decent working conditions
Pemp4	Treats employees equally
Pemp5	Offers adequate remuneration (money paid for work or a service)
Pemp6	Develops, supports, and trains employees
Pemp7	Communicates openly and honestly with employees
Pemp8	Provides flexible working hours for employees
Pshr1	Ensures economic success of the company by doing successful business
Pshr2	Invests capital of shareholders correctly
Pshr3	Communicates openly and honestly with shareholders
Pshr4	Provides sustainable growth and long-term success
Penv1	Reduces energy consumption
Penv2	Reduces emissions like CO <sub>2</sub>
Penv3	Prevents waste
Penv4	Recycles
Penv5	Disposes of waste correctly
Penv6	Invests in research and development regarding environmental protection
Penv7	Corporate environmental protection standards are higher than legal requirements
Psoc1	Employs people with disabilities
Psoc2	Employs long-term unemployed
Psoc3	Makes donations to social facilities
Psoc4	Supports employees who are involved in social projects during working hours
Psoc5	Invests in the education of young people
Psoc6	Contributes to solving societal problems
Pcus1	Implements fair sales practices

Pcus2	Labels products clearly and in a comprehensible way
Pcus3	Meets quality standards
Pcus4	Sets fair prices for products and services
Pcus5	Offers safe (not harmful) products and services
Pcus6	Offers the possibility to file complaints
Psup1	Provides fair terms and conditions for suppliers
Psup2	Communicates openly and honestly with suppliers
Psup3	Negotiates fairly with suppliers
Psup4	Selects suppliers thoroughly with regard to respecting decent employment conditions
Psup5	Controls working conditions at suppliers

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**SATISFACTION** (ten-point Osgood scale)

How satisfying was your last experience with Levi Ski Resort (the company)?

sat1	terrible / delightful
sat2	highly unsatisfactory / highly satisfactory
sat3	very unpleasant / very pleasant

**TRUST** (7-point Likert scale from 1=strongly disagree to 7=strongly agree and midpoint 4=don't agree nor disagree)

Please, rate the following statements about Levi Ski Resort (the company) according to your level of agreement/disagreement.

tru1	I trust Levi Ski Resort's efforts and commitments for sustainable practices.
tru2	Levi Ski Resort is reliable.
tru3	Levi Ski Resort has standards regarding honesty and morality.

**LOYALTY** (7-point Likert scale from 1=strongly disagree to 7=strongly agree and midpoint 4=don't agree nor disagree)

When considering the services, provided by the company Levi Ski Resort (that you have used during your vacation) please rate the following statements according to your level of agreement/disagreement.

- sat1            Levi is a preferred vacation destination for me
- sat2            Levi is the destination for my next vacation
- sat3            I would visit Levi again
- sat4            To me, this resort (Levi) is the same as other resorts.
- sat5            I would encourage friends and relatives to visit Levi
- sat6            I would recommend Levi to people who seek my advice
- sat7            I would tell other positive things about Levi

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**BACKGROUND INFORMATION:**

Age:

- under 18
- 18-24
- 25-34
- 35-44
- 45-54
- 55-64
- 65 and over

Gender:

- male
- female
- other / don't want to answer

What is your nationality? \_\_\_\_\_

What is your highest level of completed education?

- primary education or less
- secondary education
- higher education (bachelor's degree, master's degree etc.)

What is your income level (yearly gross income)?

- less than 10 000€
- 10 000€ - 19 999€
- 20 000€ - 39 999€
- 40 000€ - 59 999€
- 60 000€ - 79 999€
- 80 000€ and over
- I don't want to answer

Appendix 3: Group means and statistical comparisons of customer perceptions of CS (CPCS) and customer expectations of CS (CECS) based on demographic traits

	CPCS		CECS	
	Mean	N	Mean	N
<b>Gender</b>				
male	5.1083	553	6.2052	573
female	4.8982	473	6.4060	482
Mann-Whitney U-test	Z	-4.241	-5.747	
	p-value	<b>.000</b>	<b>.000</b>	
<b>Nationality</b>				
FIN	4.9672	867	6.2893	885
GBR	4.9443	59	6.4443	59
other	5.5462	88	6.2982	96
Kruskal-Wallis test	27.853		10.560	
p-value	<b>.000</b>		<b>.005</b>	
U-test FIN-GBR	-1.394 (p-value .163)		<b>-3.120 (p-value .002)</b>	
<b>Education</b>				
primary	5.0726	17	6.4946	17
secondary	5.1950	291	6.3128	297
higher	4.9370	717	6.2861	739
Kruskal-Wallis test	19.520		2.141	
p-value	<b>.000</b>		.343	
<b>Income</b>				
less than 15,000€	5.3077	30	6.5216	30
15,000€ - 19,999€	4.8134	24	6.4360	25
20,000€ - 39,999€	5.0491	184	6.3650	185
40,000€ - 59,999€	5.0151	272	6.2623	277
60,000€ - 79,999€	4.9860	173	6.2862	180
80,000€ or more	4.9165	239	6.2397	250
Kruskal-Wallis test	5.728		13.427	
p-value	.334		<b>.020</b>	
<b>Age</b>				
under 18	4.7282	7	6.6284	7
18-24	4.9728	42	6.2255	42
25-34	5.0200	85	6.3713	91
35-44	4.9815	224	6.2386	232
45-54	4.9938	382	6.3114	390
55-64	4.9701	195	6.3385	200
65 or over	5.2267	103	6.2321	105
Kruskal-Wallis test	8.294		10.525	
p-value	.217		.104	

values statistically significant at 5% level marked with bold

Appendix 4: Stakeholder domain CPCS and CECS means with demographic traits

		CPCOM	CPISH	CPENV	CPSOC	CPCUS	CPSUP	CECOM	CEEMP	CESHR	CEENV	CESOC	CEESC	
<b>Gender</b>														
male	Mean	5.9732	5.2402	4.9165	4.4222	5.3073	4.6449	6.2830	6.6783	6.4616	6.2539	5.1024	6.4569	
	N	553	545	537	531	532	529	573	572	571	571	571	571	
female	Mean	5.8397	4.9503	4.5932	4.1852	5.2312	4.4143	6.4358	6.8586	6.4570	6.5285	5.4935	6.6628	
	N	473	467	460	459	462	457	481	482	482	482	482	482	
Mann-Whitney U-test		Z	-2.551	-4.563	-4.936	-4.894	-1.465	-4.372	-3.218	-7.262	-.220	-5.231	-5.508	-5.982
		p-value	<b>.011</b>	<b>.000</b>	<b>.000</b>	<b>.000</b>	.143	<b>.000</b>	<b>.001</b>	<b>.000</b>	.826	<b>.000</b>	<b>.000</b>	<b>.000</b>
<b>Nationality</b>														
FIN	Mean	5.9037	5.0836	4.7166	4.2309	5.2491	4.4821	6.3473	6.7797	6.4684	6.3729	5.2008	6.5715	
	N	867	857	844	838	841	834	884	885	885	884	885	884	
GBR	Mean	5.7062	4.9054	4.8559	4.4511	5.0466	4.5103	6.4356	6.7893	6.4124	6.6297	5.8263	6.5725	
	N	59	58	58	58	58	58	59	59	59	59	59	59	
OTHER	Mean	6.2083	5.5507	5.3409	5.0763	5.7242	5.1494	6.3875	6.6057	6.3342	6.2958	5.7577	6.4070	
	N	88	86	85	83	84	83	96	96	95	96	95	95	
Kruskal-Wallis test			13.775	18.516	16.100	35.793	20.454	26.409	1.516	7.619	1.079	8.958	38.763	3.594
		p-value	<b>.001</b>	<b>.000</b>	<b>.000</b>	<b>.000</b>	<b>.000</b>	<b>.000</b>	.469	<b>.022</b>	.583	<b>.011</b>	<b>.000</b>	.166
Mann-Whitney U-test		Z	-1.077	-1.931	-.442	-.724	-1.908	-.704	-1.078	-1.377	-.101	-2.961	-4.563	-.593
FIN-GBR		p-value	.281	.053	.659	.469	.056	.481	.281	.168	.919	<b>.003</b>	<b>.000</b>	.553
<b>Education</b>														
primary	Mean	5.8824	5.1444	4.9429	4.0222	5.6556	4.5067	6.6824	6.9412	6.4412	6.5412	5.6691	6.6928	
	N	17	15	15	15	15	15	17	17	17	17	17	17	
secondary	Mean	5.9880	5.3525	5.0483	4.5358	5.4179	4.7463	6.4044	6.7700	6.4628	6.2764	5.3806	6.5820	
	N	291	289	287	286	287	283	297	297	296	297	296	296	
higher	Mean	5.8840	5.0061	4.6482	4.2219	5.2057	4.4544	6.3239	6.7567	6.4486	6.4215	5.2274	6.5435	
	N	717	707	694	687	690	686	738	738	738	737	738	738	
Kruskal-Wallis test			1.618	25.390	27.725	27.371	10.457	18.138	4.019	4.605	.961	5.754	5.141	.975
		p-value	.445	<b>.000</b>	<b>.000</b>	<b>.000</b>	<b>.005</b>	<b>.000</b>	.134	.100	.619	.056	.076	.614
<b>Income</b>														
<15,000€	Mean	5.8889	5.4046	4.8673	4.5976	5.7488	4.9286	6.4333	6.9333	6.5333	6.5733	5.8458	6.8106	
	N	30	29	28	28	28	28	30	30	30	30	30	30	
15-19,999€	Mean	5.7083	4.6768	4.4740	4.1924	5.1591	4.5273	6.4560	6.8743	6.5868	6.4240	5.5729	6.7130	
	N	24	23	22	22	22	22	25	25	24	25	24	24	
20-39,999€	Mean	5.9293	5.1794	4.8869	4.2994	5.3094	4.5941	6.4195	6.8210	6.3842	6.4551	5.4639	6.6462	
	N	184	184	183	179	181	177	185	185	185	185	185	185	
40-59,999€	Mean	5.8995	5.0856	4.7810	4.3697	5.2761	4.5346	6.3065	6.7738	6.3976	6.2920	5.2862	6.5160	
	N	272	269	267	264	265	263	277	276	276	276	276	277	
60-79,999€	Mean	5.8786	5.0792	4.7882	4.3814	5.2298	4.5243	6.3433	6.7657	6.4778	6.3881	5.2010	6.5414	
	N	173	171	170	170	169	169	180	180	180	180	180	180	
>80,000€	Mean	5.9261	5.0457	4.6004	4.1114	5.1436	4.3849	6.3496	6.6857	6.5353	6.3878	5.0044	6.4916	
	N	239	234	230	229	230	229	249	250	250	249	250	249	
Kruskal-Wallis test			1.145	7.720	7.227	16.518	8.473	10.022	5.730	31.167	12.422	4.902	30.170	18.390
		p-value	.950	.172	.204	<b>.006</b>	.132	.075	.333	<b>.000</b>	<b>.029</b>	.428	<b>.000</b>	<b>.002</b>
<b>Age</b>														
under 18	Mean	5.4762	4.7500	4.3810	3.7778	5.5000	4.1333	6.7429	7.0000	6.6071	6.4857	5.9821	6.9524	
	N	7	6	6	6	6	6	7	7	7	7	7	7	
18-24	Mean	5.7302	4.9820	4.6541	4.2886	5.2842	4.5737	6.1405	6.8129	6.3631	6.0762	5.4103	6.5503	
	N	42	41	38	38	38	38	42	42	42	42	42	42	
25-34	Mean	6.1098	5.1225	4.7496	4.2004	5.3750	4.5881	6.4857	6.8195	6.5412	6.3385	5.3750	6.6677	
	N	85	85	85	84	84	84	91	91	91	91	91	91	
35-44	Mean	5.8854	5.0868	4.6986	4.3219	5.2571	4.5422	6.3254	6.7372	6.4159	6.2693	5.1710	6.5079	
	N	224	223	221	218	219	217	232	231	230	231	230	231	
45-54	Mean	5.9193	5.0625	4.7654	4.2546	5.2515	4.4910	6.3501	6.7689	6.4795	6.4451	5.2650	6.5597	
	N	382	375	368	365	368	363	390	390	390	390	390	390	
55-64	Mean	5.8632	5.0951	4.7476	4.3026	5.1702	4.4758	6.4111	6.7692	6.4629	6.4810	5.3189	6.5873	
	N	195	193	191	190	190	190	199	200	200	200	200	200	
65 or over	Mean	5.9531	5.3805	5.0505	4.6277	5.4133	4.7576	6.2743	6.6925	6.3746	6.3322	5.3158	6.4418	
	N	103	101	100	100	100	99	105	105	105	104	105	104	
Kruskal-Wallis test			7.129	9.006	9.265	23.836	5.300	8.491	12.396	11.800	6.166	10.204	6.916	10.839
		p-value	.309	.173	.159	<b>.001</b>	.506	.204	.054	.067	.405	.116	.329	.093

Note: Values statistically significant at 5% level marked with bold. CP customer perceptions and CE customer expectations. COM community domain, EMP employee domain, SHR shareholder domain, ENV environmental domain, SOC society domain, CUS customer domain, SUP supplier domain, ISH internal stakeholder domain, ESC extended supply chain domain.

**Appendix 5: Correlation matrix of variables used in linear regressions**

	x1	x2	x3	x4	x5	x6	x7	x8	x9	x10	x11	x12	x13	x14	x15	x16	x17	y1	y2
x1. nationality British	1																		
x2. nationality other		1																	
x3. age under 18			1																
x4. age 18-24				1															
x5. age 25-34					1														
x6. age 35-44						1													
x7. age 45-54							1												
x8. age 55-64								1											
x9. gender male									1										
x10. education primary										1									
x11. education secondary											1								
x12. income <15k												1							
x13. income 15-20k													1						
x14. income 20-40k														1					
x15. income 40-60k															1				
x16. income 60-80k																1			
x.17 CSR support																	1		
y1. CPCS																		1	
y2. CECS																			1

\* Correlation is significant at the 0.05 level (2-tailed).

\*\* Correlation is significant at the 0.01 level (2-tailed).