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DOCTORAL DISSERTATION

Antecedents and Consequences of Value Co-creation from Employee and Customer Perspectives

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ABSTRACT

This doctoral dissertation is in the area of Marketing, and the specific field of value co-creation. It addresses three interrelated parts with their objectives. First, **Chapter 1** intends to describe and explain the relationship between value co-creation and motivation at employee level and to find out possible preconditions to increase the possibility of successful value creation in professional service firms by considering Frederick Herzberg's Dual Factor Theory and Social & Exchange Theory. Second, **Chapter 2** deals with to understand opinions of employees about customer engagement and the relationship between employee motivation factors and customer engagement on the basis of value co-creation. Third, **Chapter 3** focuses on discovering relationship between environmental and social sustainability perceptions and willingness to co-create from different consumer behaviours (loyalty, satisfaction and purchase intention) with moderating effect of price, whereas it has got an important role in consumer behaviour.

In this dissertation, several research techniques were conducted (qualitative and quantitative) to understand and test the relationship by using semi-structured interviews and questionnaire survey in Turkey. Findings mostly confirmed the relationships and discussions are provided. On the other hand, implications, limitations and future research ideas were also discussed.

Keywords: *value co-creation, employee motivation, customer engagement, environmental sustainability, social sustainability, price effect*

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INTRODUCTION

In the last decade, stakeholder participations, such as employees and consumers, are considered as a factor of management success, for this reason, critical success factors have concerned the minds of scholars and business practitioners. The first reason of this popularity is that organizations believe that stakeholder contribution brings an overall performance for the organization success, which deals with the concept of “co-creation”. For this reason, companies started to integrate with customers, partners, and stakeholders in a mutual value co-creation process (Hein, Weking, Schreieck, Wiesche, Böhm, and Krcmar, 2019).

Even if there are plenty of studies to discover the key factors of organization’s overall success, scholars pay little attention to the importance of the concept of co-creation to increase of organization’s value.

Considering the potential research gap, this dissertation focuses on some critical factors that increases organizations’ value by achieving management success in the “co-creation” concept. The content of this research commits to comprehend and interpret the source of achievement within employee motivation and consumer engagement approaches, whereas, customers, employees are at the intersection of joint agency of experiential co-creators (Ramaswamy and Özcan, 2016).

The issue of organizational success has been studied from different perspectives by many scholars. The “co-creation” concept is one of the main reasons of the organizational success as well, whereas, well-managed co-creation activities can bring new motivations and innovations for the organizations (Prahalad and Ramaswamy, 2004a). These organizations can compete in the business market in a better way by taking this advantage of successful co-creation activities by adding value to their organizations. These values can be new knowledge, higher revenues/profitability and/or superior brand value/loyalty (Rampen, 2009). Therefore, it is important to consider stakeholders’ motivation and engagement factors in order to create value for the organization. These stakeholders are mainly consumers, employees and other parties of the business (Ramaswamy, 2004). However, there is a lack of research looking into the perspective and motives of stakeholders and their experience with business. In order to provide an effective participation of stakeholders in the co-creation, it is vital to listen stakeholders’ needs and wants (Porter and Kramer, 2011) as all actors in the organization play an important role by creating a shared value. Thus, the aim of this research is to explore these needs and desires of stakeholders in order to create value for the organization.

In **Chapter 1**, we will try to understand the concept of value co-creation activity and underlying reasons behind it. Employee motivation is one of the primary reason to add value to the organization, whereas firm’s success always starts inside of the organization and employees are core assets for the companies (Ramaswamy and Prahalad, 2004b). Furthermore, employee motivations are psychological forces that determine the direction of a person's behaviour in an organization, a person's level of effort and a person's level of persistence (Jones and George, 2008). Motivated employees are essential for the organization’s success and they are generally more productive in the workplace. In order to provide employee motivation, it is important to take an effective performance management action. Performance management is all about perfection, synchronizing and creating value for customer with the result of economic value creation to stakeholders. The expansion of performance management is highly extensive, which is why performance management must

be viewed within a firm as a tool to create employee motivation for high performance (Cokins, 2009). Moreover, the relationship between employee motivation and their performance has been studied (Vroom, 1964). However, high statistical relationships between the two were not constituted. Afterwards, research resolved that employee motivation and job performance are connected. From that point of view, primary focus of **Chapter 1** is to discover the motivation factors of employees in professional service firms since there is a lack of research on the relationship between value co-creation and the employee motivations (Nasr Burton, Gruber, and Kitshoff, 2014; Neghina, Caniëls, Bloemer, and van Birgelen, 2014), because professional service firm employees are the main assets of these firms and they are the main element for contacting with the customer. On the other hand, their motivation level can also affect customer behaviour. Therefore, it should be investigated to comprehend clearly and to direct the limitations of future research.

In **Chapter 2**, we focus on customer engagement as one of the crucial factor for successful co-creation activities. In order to empower the relationship between the customer and the product, organization or brand, co-creation can be considered as a measure (Gummerus, Lijander, Weman and Philström, 2012). Recently, the term “customer engagement” has been used in academic marketing literature. The interaction of value co-creation and engagement has been conceptually established and value co-creation was shown as one of the most important indication in customer engagement (Bijmolt, Leeflang, Block, Eisenbeiss, Hardie, Lemmens and Saffert, 2010; Van Doorn, Lemon, Mittal, NassPick, Pirner and Verhoef, 2010). Value co-creation and customer engagement are considered as notions that discuss joint from of value and non-transactional behaviour (Jaakkola and Alexander, 2014). In other words, cooperation with customers to create value through product development relates to customer engagement and it is a compulsive element for the companies (Verleye, 2015). However, specific motivations of consumer engagement needed to be explained and more research is required in order to explore the relationship with successful value co-creation (Hoyer, Chandy, Dorotic, Krafft and Singh, 2010). Especially, there is a lack of research in the literature, which explains the customer engagement from the employee side (Seltzer, Gardner, Bichard and Callinson, 2012). Previous researchers analysed the role of frontline employees at the level of customer engagement. And these researches mentioned that frontline employees act as ambassadors of the company and their contact with external audiences (Seltzer *et al.*, 2012). However, the main point of **Chapter 2** will not just focus on frontline employees’ experiences, but rather it will focus on other employees’ experiences (professional service firms) that are not in a direct relationship with customers as well. Because these employees are tangible resources for companies (Ramaswamy, 2004) and in order to understand the customer engagement, it is important to investigate employees’ perspectives about customer engagement, because they may be aware of their needs, wants and their problems. These two types of employees are assets for the company. In order to understand better the customer, it is important to consider employees’ opinions and attitudes first.

In **Chapter 3**, we focus on ethical motives such as social and environmental issues from the consumer perspective in value co-creation process. Likewise, brands have found out new ways to engage with customers (Ind, Iglesias, and Schultz, 2013). They listen to their brand communities and ask questions to customers to test their offerings and desires (Füller, Matzler and Hoppe, 2008; Gouillart, 2014; Kozinets, 2010; Kozinets, Hemetsberger and Schau 2008). However, customer willingness participates in co-creation processes may have different grounds, it may be self-development, social, hedonic and ethical grounds (Carù and Cova, 2015; Schau, Muñiz and Arnould, 2009). From that point of view, the co-creation process

here is understood as a means to highlight the social and ethical perspectives with consumers embracing the need to fulfill a social and ethical function in society. It means that consumers are in search of solutions to their own apprehensions and they intend to create a better world, guided by their moral values when making buying decision processes (e.g., Hollenbeck and Zinkhan, 2010). Moreover, some studies also (i.e., Shaw, Dineen, Fang and Vellela, 2009) indicate that consumers show closeness to brands that care about well-being, security, equality and respect. In other words, consumers' choices of products and services are based on their higher-order needs for social and environmental justice (Kotler, Kartajaya and Setiawan, 2010). Hence, value creation may depend on the actions of organizations, such as sustainability. For instance, consumers may want to join the co-creation process if they see the organization cares about environmental and social issues in society. Thus, they may want to contribute to the organization' value by creating with them. Furthermore, this chapter also focuses on customer behaviors as consequences of value co-creation. According to the literature, there are two different types of customer value co-creation behaviour which is consumer participation attitude and consumer citizenship attitude (Bove, Pervan, Beatty and Shiu, 2009; Revilla-Camacho, Vega-Vázquez and Cossío-Silva, 2015; Vega-Vazquez Revilla-Camacho, and Cossío-Silva, 2013; Yi and Gong, 2013; Yi, Natarajan and Gong, 2011). Consumer participation behaviour states to expected and required behaviours necessary for the successful production and delivery of the service" (Groth, 2005; Revilla-Camacho *et al.*, 2015; Vega-Vazquez *et al.*, 2013; Yi and Gong, 2013; Yi *et al.*, 2011), whereas consumer citizenship attitude indicates to that voluntary and discretionary behaviours are not required for the successful production and delivery of the service but that, in the aggregate, help the service organization overall (Groth, 2005; Revilla-Camacho *et al.*, 2015; Vega-Vazquez *et al.*, 2013; Yi and Gong, 2013; Yi *et al.*, 2011). According to the social exchange theory, consumer satisfaction, purchase intention and loyalty could be considered as the consequences or outcomes of value co-creation (Yi and Gong, 2013). As a result, an empirical research on the consequences or outcomes of consumers' value co-creation needed to be investigated by examining the construct of satisfaction which refers to consumer acceptance, purchase intention and loyalty as outcomes of consumer value co-creation. Consequently, a lot of companies started to take corporate actions beyond the economic interests, and this leads to become transparent to the society (Carroll, 1979). Most of the companies have adopted social responsibility and sustainability agendas as a long-term corporate strategy (Bowd, Bowd and Harris, 2006). In addition, Clarkson (1995) claims that these corporate strategies should create value to the community through participation of stakeholders. However, value is not stored in objects; it is co-created in interaction with other parties (Ramaswamy, 2008; Vargo, 2008). Thus, this part of the **Chapter 3** addresses the question of how environmental and social sustainability affects the different consumers' behaviours on the way of collaboration with the organization.

Finally, sustainability may increase the cost of operations. Thus, most multi-national companies do not give enough importance to sustainability with regard of the cost saving (Pullman, Maloni, and Carter, 2009). In many cases, sustainability has inevitable trade-offs and may increase the cost (Devinney, 2009) and companies have to charge high prices for sustainable products or services (Kang and James, 2007; Husted, Russo, Meza and Tilleman, 2013). Even though, there is an increasing demand among customers to buy sustainable products, they often put price over sustainability practices. Notwithstanding, examined customers' perceptions of a company's motivation to support sustainability practices and found that customers choose negatively-motivated or neutral companies if the price of the positively- motivated company's product is high (Barone, Miyazaki and Taylor, 2000). Therefore, price is a priority for most of the customers (Horne, 2009). Many customers are

not willing to pay high prices even the product or service is eco- friendly (Gleim, Smith, Andrews and Croin, 2013) or sustainable. Thus, this point of view addresses the moderating effect price on the relationship between sustainability and consumer behaviour. Therefore, in **Chapter 3** we will analyse this aspect.

Therefore, the research goals of this thesis can be summarising as follow;

- **Chapter 1** focuses on professional service firms’ employees’ performance through understanding their motivation levels in order to create value for the organization.
- **Chapter 2** focuses on frontline and professional service firm employees’ experiences on customer engagement in order to understand the relationship between co-creation and customer engagement through employee perspective.
- **Chapter 3** concentrates social and environmental sustainability issues through value co-creation. It has been explained the relationship of these two ethical motives and value co-creation by using different consumer behaviour, actions such as loyalty, satisfaction and purchase intention by moderating effect of price in order to understand the phenomena. In addition, **Chapter 3** also focuses on the discover the relation between willingness to co-create and different level of consumer behaviours and the relationship between environmental and social sustainability actions and different levels of consumer behaviours as sub-goals of this **Chapter 3**.

Table 0.1 presents a brief summary of the research questions, theoretical frameworks, research design and key findings which appear in each of three Chapters of the Doctoral Dissertation.

Table 0.1: Dissertation Approach

Chapter	One	Two	Three
Research Questions	-How can we describe and explain value co-creation and motivation at employee level? -What preconditions increase the possibility of successful value co-creation in professional service firms?	-What employees think about customer engagement, and how can it be increased according to them? -What is the relationship between employee motivation factors and customer engagement?	-What is the effect of environmental sustainability on the consumer’s willingness to co-create with different consumer behavior and at different price level? -What is the effect of social sustainability on the consumer’s willingness to co-create with different consumer behavior and at different price level?
Theoretical Framework/Measurements	Theoretical Frameworks: -Frederick Herzberg’s Dual Factor Theory -Social & Behavioral Exchange Theory	Measurements: - The influence of employees in customer engagement -Employee perception on customer engagement	Theoretical Framework: -Social & Behavioral Exchange Theory
Research Design	-Qualitative Study -Semi-structure interview with 19 employees from Professional Service Firms	-Qualitative Study -Semi-structure interview with 15 employees from Professional Service Firms	-Quantitative Study -Questionnaire Survey with 454 participants from Istanbul, Turkey -Data analysis technique: Structural Equation

			Modelling (SEM)
Key Findings	<ul style="list-style-type: none"> -Engagement factors -Management factors -Social factors -Individual factors -Opportunities of growth -Responsibility 	<ul style="list-style-type: none"> -Employee factors -Communication factors -Management factors 	<ul style="list-style-type: none"> -Strong positive effects between ES, CCE and SS, CCS. -Strong positive effects between CCE, LE, SAE, PIE and CCE, LS, SAS, PIS -Strong positive effects between ES, LE, SAE, PIE and SS, LS, SAS, PIS. -The significant moderating effect of the price for ES, LE, SAE, PIE and SS, LS, SAS -No significant moderating effect of price between SS, PIS
<p>Notes: ES: Environmental sustainability, CCE: Co-creation (environmental), SAE: Satisfaction (environmental), LE: Loyalty (environmental), PIE: Purchase intention (environmental), SS: Social sustainability, CCS: Co-creation (social), LS: Loyalty (social), SAS: Satisfaction (social), PIS: Purchase intention (social)</p>			

CHAPTER 1: EMPLOYEE MOTIVATION FACTORS AS ANTECEDENTS OF VALUE CO- CREATION: EMPLOYEE PERSPECTIVE

1.1 INTRODUCTION

Nowadays networks, alliances, well-informed consumers and knowledgeable employees are highly important for producing opportunities in the business market with regard to the past. An organization could be innovative, challenging and can build new business markets by gaining a whole knowledge of its customers and their needs and desires. However, organizational structures and methods are not enough alone to provide an opportunity of bonding and exchange of information between an organization and its customers. In this perspective, the concept of co-creation enables a platform, which brings a solution to close this gap (Ind *et al.*, 2013). This process brings all stakeholders to act together in brand development and to create new products and services (Ind *et al.*, 2013). Co-creation activities offer opportunities to gain engaged customers by exploring their needs and wants together. Well-managed co-creation activities bring new business opportunities and innovations for the organizations (Prahalad and Ramaswamy, 2004a). Hence, these kinds of organizations can compete in the business market in a better way by taking this advantage of successful co-creation activities. Moreover, successful co-creation activities can add value to the organizations. These values can be new knowledge, higher revenues/profitability and/or superior brand value/loyalty (Rampen, 2009). Therefore, it is important to consider stakeholders' motivation factors in order to create value for the organization. These stakeholders can be consumers, employees, or other parties of the business (Ramaswamy, 2004). However, there is a lack of research looking into the perspective and motives of stakeholders and their experience with the business. In order to provide an effective participation of stakeholders in the co-creation, it is vital to listen stakeholder's needs and wants (Porter and Kramer, 2011), as all actors in the organization play an important role by creating a shared value. Thus, the aim of this chapter is to explore these needs and desires of stakeholders, namely employees in order to create value for the professional service firms. Because employees are the main stakeholders of the organizations and they play a vital role with the interaction of customers (Berry, 1981; Gounaris, 2008; Paswan, Pelton and True, 2005)

In order to understand the concept of successful co-creation activity, the underlying reasons have to be explored. Some of these concepts focused on customer engagement. Significant customer co-created value may occur a positive effect on customer engagement in interactions and in return, with significant customer co- created value levels (Hollebeek, 2011c). Hence, employees have a vital role to provide customer engagement by their attitudes and behaviours (Berry, 1981; Gounaris, 2008; Paswan *et al.*, 2005). Therefore, this article aims to dig deeper into one of the key antecedent of successful co-creation, which is employee motivation. Employee motivation is the psychological forces that determine the direction of a person's behavior in an organization, a person's level of effort and a person's level of persistence (Jones and George, 2008). Motivated employees are essential for the organization's success and they are generally more productive in the workplace.

Motivation has been extensively researched in the past. There are principal motivational theories, which arose in the middle of the twentieth century, namely Maslow's hierarchy of needs (1943), Herzberg's two-factor theory (1959) and Vroom's expectancy theory (1964). These studies centred on motivation in general and employee motivation in particular. In the previous years, different definitions of motivation have been defined, for example, Herzberg

(1959) defined employee motivation *as performing a work-related action because you want to*.

In order to provide employee motivation, it is important to take an effective performance management action. Performance management is all about perfection, synchronizing and creating value for customer with the result of economic value creation to stakeholders (Cokins, 2009). The expansion of performance management is highly extensive, which is why it must be viewed within a firm as a tool to create employee motivation for high performance (Cokins, 2009). The relationship between employee motivation and their performance has been studied (Vroom, 1964). However, high statistical relationships between the two were not constituted. Likewise, further research resolved that employee motivation and job performance are connected (Campell, 1990). In this chapter, it has been investigated possible motivation factors of stakeholders (employees) to provide successful co-creation activities, in other words, to create value for the organization. First of all, this chapter focuses on the background of value co-creation. It follows with literature review by looking influencing elements on employee's value co-creation and value co-creation through involvements. And it follows with theoretical framework, methodology, findings, discussion, conclusion and future research.

1.1.1 Background

Value co-creation is a management initiative that brings different stakeholders together in order to produce a mutually valued outcome. These stakeholders can be employees, companies or group of customers (Prahalad and Ramaswamy, 2004b).

In the literature, research of value has been stable since the beginning of the 21th century (Guenzi and Troilo, 2007). The value has been studied from different aspects, without a clear definition of the term appearing. According to Prahalad and Ramaswamy (2004b), value can be built with the collaboration of supplier and consumer and it is necessary to combine experiences in order to solve the problems with a shared effort between the participants. On the other hand, value can be created with the participation of all parties to perform a common function: to co-create value by the integration of resources and the provision of services (Vargo and Lusch, 2008). Hence, the organizations should recognize that it is not possible to add value to the offer without collecting or combining resources that exceed the entity itself (Prahalad and Ramaswamy, 2004b).

Value co-creation is considered as the way of increasing value both for companies and suppliers (Vargo and Lusch, 2004), and the customer's role is highly important in this process (Payne *et al.*, 2008). Notwithstanding, customers were seen as an inseparable part of service creation and delivery (Lovelock and Young, 1979; Bitner, Farand, Hubbert and Zeithaml, 1997) and they have different roles in order to create value for the company. They are productive resources, contributors and competitors (Bitner *et al.*, 1997). Likewise, all companies worry about the experiences of customers, services and their products. Yet it is unclear as to how many of them really care about the other stakeholders' experiences that have a direct or indirect relationship with the customer. The reality is that the most stakeholders' experiences are still neglected, and that is why stakeholders' opinions are not considered important in designing them. However, people are inherently creative and they want to participate in the organization's processes (Ramaswamy and Guillard, 2010). In order to create economic value for its organization, it is important to listen stakeholder's needs and wants (Porter and Kramer, 2011), because all actors in the organization play an important role and they create shared value for their organization. Therefore, this constitutes a

need for companies to create shared value with their society rather than acting as a firm-centred organization. Meanwhile, the role of the customer has been explained as the reason behind the improvement of co-creation, the central role of the employee can neither be forgotten nor denied (Ramaswamy, 2009). Employees have a big impact on the perception of customers by their behaviour and actions and they play a greater role in the value co-creation process. For instance, motivated employees can bring better solutions to the company in comparison with unmotivated employees (Zerbe, Dobni and Harel, 1998). Also, conducted customer satisfaction surveys and many studies confirmed that employees are internal consumers and their overall motivation affects organizational performance and customers perceive (Chen, 2011). On the other hand, organizational identification is one of the most important construct in order to connect the employee and his/her organization, whereas, highly identified employees can integrate their organizational membership with their feel of who they are. In addition, highly identified employees' work performance can make contribution to the company and can create value (Blader, Patil, and Packer, 2017). Furthermore, strongly identified employees are more motivated and more loyal to their organization and they perform better in their job (Bartel, 2001; Blader, Tyler, 2009; Dukerich, Golden and Shorthell, 2002). And, organizational identification also has a huge effect on employee behaviours, attitudes and cognitions (Ashforth, Harrison and Corley; Haslam, 2004). Therefore, highly identified employees can create value for their organizations.

In the literature, value co-creation has been appealed to facilitate co-creation and the role of the employee. Therefore, companies can create better experiences for employees in order to provide a more enriched customer experience (Ramaswamy and Gouillart, 2010). Employees have different kind of responsibilities in the value co-creation process. They adopt with customer skills and capabilities, gather and utilize customer input when creating products and services as well as sharing this input with the other stakeholders as well. In order to provide employee participation in the value co-creation process, companies are required to ensure better platforms for employees to reach customers, such as having well-trained employees, providing knowledge platforms and sources in place (Prahalad and Ramaswamy, 2004a). This part of the research will focus on the employee motivation that affects performance factors on the way of creating value for the organization.

1.1.2 Problem Statement

There is a lack of research on the relationship between value co-creation and the employee motivations (Nasr *et al.*, 2014; Neghina *et al.*, 2014). These two areas are quite important to investigate, especially to focus on service firms (Neghina *et al.*, 2014). Service firms are directly connected with customers and employees have a direct relationship with them, and their motivation level can also affect customer behaviour. Therefore, it should be investigated to comprehend clearly and to direct the limitations of future research.

Nasr *et al.* (2014) claim that there is a limitation about the motivation of employees since the only element is the positive feedback of the customers in the interaction process. This is a concern as there are other drivers than the customer feedback affects the employee motivations. On the other hand, professional service firms are found insightful in the context of employee welfare, because they are qualified as the intangible resources, namely the employees (professionals). The concept of professional service firms has been developed through customer co-creation of value in the business market. By the mid twentieth century, the discussion around the concept has been started. However, the full concept of Professional Service firms started to rise through the uprising of so called knowledge intensive firms, such as management consultants and large accounting firms (Von Nordenflycht, 2010).

According to Von Nordenflycht (2010), there are three distinctive characteristics of the concept, knowledge intensive, low capital intensity and professionalized workforce. In knowledge intensive companies, the company is dependent upon the skills and knowledge of the employees and, as such, not solely management. Human capital concept is often used as a notion. The second character is Low Capital Intensity. An organization that has low capital intensity does not have a big amount of value/resources lying in non-human assets, in comparison to tangibles such as factories and inventory. Lastly, the third characteristic is Professionalized Workforce. He identified that a professional has three key features; a particular knowledge base, regulation and control of the knowledge base, and ideology. The first two features point to the fact that the employee possess his or her knowledge and can as such also control when and how much to share the knowledge. An ideology is here referred to as a professional code of ethics, which has been enforced through professional associations and internal preferences.

Many professionals, researches and companies recognized the importance of co-creation in order to create value, such as Prahalad and Ramaswamy (2004a), Vargo and Lusch (2008). Likewise, there are plenty of models that have been developed for how to co-create value with their customers. However, Ramaswamy (2009) states that transformation starts within in the organization: "...becoming a co-creative organization is about changing the very nature of engagement and relationship between the institution of management and its employees, and between them and co- creators of value – customers, stakeholders, partners or other employees. In reality, the co-creation journey always begins inside the organization." (p.32). Companies need to implement a co-creative mind-set within the organization in order to be successful in the business market.

Hence, the main point of this chapter will not focus on the external factors such as customers' experiences, but rather it will focus on internal factors, such as employees. While a large number of companies neglect to evaluate employee's motivation level, conducting customer satisfaction surveys and many studies have confirmed that employees are internal customers and their satisfaction contributes to the customer's overall satisfaction and organizational performance (Chen, 2011). Thus, the aim of this chapter is to identify and define internal factors that can act as a resource to support and promote co-creation activities for successful management business practices.

1.1.3 Study Focus

This study is bordered to the employee's perspective and the goal is to get a better understanding of their value co-creation and motivation and to address the limitations in previous studies. In regards to the aim of this research, the decision was made to focus on employees of Professional Service Firms from different sectors in Turkey. The development of these firms relies on the customer co-creation of the value and employee is the main asset for the organization (Von Nordenflycht, 2009). Based on this focus, the main research question structure of the study is to explore and gain insight on:

"How can we describe and explain value co-creation and motivation at employee level?"

"What preconditions increase the possibility of successful value co-creation in professional service firms?"

As it mentioned above positive customer feedback may not be a motivation factor for an employee who has not a direct relationship with the customer. Hence, this chapter will also

look into the possible preconditions of these employees from their perspective as well.

The result of this empirical study will bring a clarification about the employee perspective of value co-creation and motivation in professional service firms.

1.2 LITERATURE REVIEW

1.2.1 Theoretical Perspectives in the co-creation literature

First of all, we started with systematic literature review of co-creation. The concept of co-creation has been studied from different perspectives within different scholars. These perspectives are divided into 3 categories which are service science, innovation and technology management and marketing and consumer research (Galvagno and Dalli, 2014).

Co-creation seen as a core element for the theoretical improvement of service science perspective (Vargo *et al.*, 2008; Ostrom *et al.*, 2010; Maglio *et al.*, 2009), rooted in Service Dominant Logic (SDL) (Lusch and Vargo, 2006; Ballantyne and Varey, 2008) and highly oriented toward innovation (Bitner *et al.*, 2008). On the other hand, co-creation is an important element for the theoretical development of innovation and technology management. These studies highly focus on customer service, innovation, and value creation in general (Nambisan and Nambisan, 2008). Specifically, these studies analyse the virtual dimension of customer-company interaction (Kohler *et al.*, 2009; Nambisan and Baron, 2007, 2009). In terms of innovation, the articles consider products (Sawhney *et al.*, 2005), services (Kristensson *et al.*, 2008), and experiences (Prahalad and Ramaswamy, 2003). Lastly, consumer and marketing research studies focus on customer's roles in the co-creation process in order to understand consumers' presumptions orientations (Xie *et al.*, 2008) and their willingness to co-create with companies (Bolton and SAxena-Iyer, 2009; Dong *et al.*, 2008). Consumer involvement in the value creation process at different stages is seen as engagement (van Doorn *et al.*, 2010) that leads to empowerment (Fuller *et al.*, 2009) and experience sharing (Prahalad and Ramaswamy, 2004a), with a particular emphasis on communities and collectives (Kozinets *et al.*, 2008).

In conclusion, co-creation has been studied from different theoretical perspectives and all these perspectives are related with each other. According to the researches that have been studied co-creation, service science perspective is the dominant perspective and it follows with innovation and technology management and marketing and consumer research (see Table 1.1).

Table 1.1: Theoretical perspectives in co-creation literature

Service science (29.9%)		Innovation and technology management (16.6%)		Marketing and consumer research (13.0%)	
Vargo <i>et al.</i> (2008)	0.85	Nambisan and Nambisan (2008)	0.91	Xie <i>et al.</i> (2008)	0.76
Maglio and Spohrer (2008)	0.83	Kohler <i>et al.</i> (2009)	0.86	Etgar	0.70
Bitner <i>et al.</i> (2008)	0.80	Nambisan and Baron (2009)	0.83	Bolton and Saxena-Iyer (2009)	0.68
Grönroos (2008)	0.80	Sawhney <i>et al.</i> (2005)	0.77	van Doorn <i>et al.</i> (2010)	0.63
Ng <i>et al.</i> (2009)	0.78	Nambisan and Baron (2007)	0.76	Prahalad and Ramaswamy (2004a) ^a	0.62
Ostrom <i>et al.</i> (2010)	0.75	Prahalad and Ramaswamy (2003)	0.72	Dong <i>et al.</i> (2008)	0.62
Vargo (2008)	0.75	Kristensson <i>et al.</i> (2008)	0.65	Fuller <i>et al.</i> (2009) ^a	0.54
Vargo and Lusch (2011)	0.74	Prahalad and Ramaswamy (2004b) ^a	0.63	Kozinets <i>et al.</i> (2008)	0.48
Lusch and Vargo (2006)	0.74	Bonsu and Darmody (2008)	0.59	Cova and Dallı (2009)	0.46
Maglio <i>et al.</i> (2009)	0.73	Rowley <i>et al.</i>	0.55	Prahalad and Ramaswamy (2000) ^a	0.46
Ballantyne and Varey (2006)	0.73	Prahalad and Ramaswamy (2000) ^a	0.55		
Ballantyne and Varey (2008)	0.72	Zhang and Chen	0.51		
Vargo and Lusch (2004)	0.71	Fuller <i>et al.</i> (2009) ^a	0.50		
Cova and Salle (2008)	0.71	Prahalad and Ramaswamy (2004a) ^a	0.47		
Payne <i>et al.</i> (2008)	0.71				
Sheth and Uslay	0.70				
Spohrer and Maglio (2008)	0.67				
Michel <i>et al.</i>	0.66				
Lusch <i>et al.</i>	0.65				
Edvardsson <i>et al.</i> (2005)	0.64				
Merz <i>et al.</i> (2009)	0.63				
Sheth <i>et al.</i>	0.62				
Möller <i>et al.</i> (2008)	0.61				
Ordanini and Pasini (2008)	0.60				
Prahalad and Ramaswamy (2004b) ^a	0.59				
Matthing <i>et al.</i> (2004)	0.56				
Payne <i>et al.</i> (2009)	0.55				
Gentile <i>et al.</i> (2007)	0.51				
Prahalad and Ramaswamy (2000) ^a	0.50				
Prahalad and Ramaswamy (2004a) ^a	0.49				

Notes: Rotation converged in six iterations. ^aThese papers load on more than one factor

Source: Galvagno and Dallı (2014).

1.2.2 Influencing Elements on Employee's Value Co-creation

In the literature, there are some elements that influence employee's value co-creation. Training of employees is one of the most important these elements that affect employee's value co-creation. According to Elmadağ, Ellinger and Franke (2008), formal training of the frontline employees is highly important, because of their active participation in customer satisfaction. Formal training is a process that improves the employee's knowledge, abilities and skills in order to act with accomplish (Swanson and Holton, 2001). Hence, training part may involve how to solve customer's problems and to learn company's service (Elmadağ *et al.*, 2008). Accordingly, DeVaro (2006) claimed that, investing in employees may be an expense for the company, but in the long term it will bring benefit to the company, in other words it can training of employee can create value for the firm.

On the other hand, managerial coaching is another element that impacts employee's ability to co-create value. Regular, constructive and meaningful feedbacks from the managerial side show that the employees are important and respected, which is crucial support in their performance (Elmadağ *et al.*, 2008). Nonetheless, the influence of managerial support has also been studied by other researchers, such as Eisenberg *et al.* (2004). According to them, manager's support has an impact on the overall organizational commitment, which implies a positive relationship between employee motivation and performance (Ellinger, Ellinger and Keller, 2003).

The other influential element of employee's value co-creation is employee satisfaction. According to Gronroos (2001), employee satisfaction is defined as the happy mental state of emotions which occurs from the admiration and back up by the organization itself. He claims

that employees will bring high quality of services, if they feel happy and satisfied, which may impact the staff turnover rate. In addition, he also noted that there is an inverse relationship between employee absence from job, satisfaction level and turnover rates. Other researchers (such as Zerbe *et al.*, 1998), also claimed that motivated employees may deliver better solutions as compared to unmotivated employees. Hence, employees can perform their tasks more efficient when they feel satisfied. Furthermore, regarding employee satisfaction, awards and payment equality are important elements to provide satisfaction of the employee (Parish Berry and Lam, 2008). Companies can fulfil their goals by offering strategically aligned awards to the employees as it helps to satisfy their needs and wants and in parallel with it reflects their behaviour, actions and accomplishments (Elmadağ *et al.*, 2008), where they can add value to their companies by providing satisfaction of employees.

Another important factor for job satisfaction and the perceived job stress is teamwork (Parish *et al.*, 2008). Social relationship in workplace is important for the employee's performance and satisfaction. According to Torrerdell, Kellett, Teuchmann and Briner (1998), people in social environments can be influenced by others' behaviours and it may decrease or increase the motivation to achieve particular outcomes (Forgas, 1995). While the social relationship is important in the work place, the working conditions is also important and it has to be investigated from the employee side to find out the impacts on value co-creation.

1.2.3 Value co-creation through involvements

Marketing is not just about the exchange of value of tangible goods (Vargo and Lusch, 2004). Therefore, there is a switch to the Service Dominant Logic (SDL), which introduced by Vargo and Lusch (2004, p.9), as "a mindset, a lens through which to look at social and economic exchange phenomena so they can potentially be seen more clearly." One of the core tenets of the SDL is the co-creation of value, where the customer is "a co-creator of value". On the other hand, due to the SDL, value is created during the interactions of all stakeholders and focus on the exchange of intangibles (skill, knowledge, information, etc.) and employees' direct or indirect interactions with customers have a critical role in the value co-creation (Vargo and Lusch, 2004), because, employees who interacts with customers may affect the interaction process may lead to creation of value. However, it requires that employees should able to perform successfully in order to interact with the customer. According to Elmadağ *et al.*, (2008), there are some factors that can impact value co-creation of employees, such as formal training, prizes and coaching. Hence, this chapter will clarify the underlying reasons of creation of value from employee perspective.

1.3 THEORETICAL FRAMEWORK

In this section, Frederick Herzberg's Dual Factor Theory and Social & Behavioural Exchange Theory are presented. These two theories are complement of each other. Frederick Herzberg's dual factor theory will aim to find out "motivators" and social exchange theory will focus on the underlying reasons of motivators by focusing on human relations. And the limitations of previous researches are also discussed.

1.3.1 Frederick Herzberg's Dual Factor Theory

According to Herzberg (1959), the opposite of job satisfaction is not job dissatisfaction, and similarly, the opposite of job dissatisfaction is not job satisfaction. In other words, satisfaction and dissatisfaction are not contrary things. Lack of satisfaction does not lead to dissatisfaction and lack of dissatisfaction does not lead satisfaction. Herzberg asked 200 employees in the

fields of accountants and engineers to describe their situation where they felt exceptionally good or exceptionally bad. He discovered that job satisfaction was caused by factors from those that caused dissatisfaction.

Consequently, satisfaction factors were caused by what Herzberg called “motivators” which are included recognition, meaningful work, sense of achievement, responsibility, management system, opportunities of growth, challenging at work, recognition, involvement in decision making and commitment. On the other hand, dissatisfaction factors were caused by problems and he called “hygiene factors”. These factors included pay and benefits, job security, working conditions, the relationship between supervisors and colleagues, work and personal life balance (Herzberg, 1959). He also reported that, absence of motivation factors will not lead to dissatisfaction, it would lead to no satisfaction. In addition to that, job satisfaction cannot be developed by improving any of the hygiene factors, but by improving motivators. A number of researchers criticized his findings because of its respondent’s narrow range of jobs and using only one measure of job attitudes (Ewen, 1966; Brenner, Camrack and Weinstein, 1971; Gordon, Pryor and Harris, 1977; Gardener, 1977). On the contrary, other researches supported the theory. The research has been supported and summarized in his book *Work & the Nature of Man* (1966). Also, there is also recent research supported by Maidani (1991) and Smerek and Peterson (2006).

As can be seen, Herzberg’s Motivator-Hygiene theory has caused a conflict in the area of organizational behaviour and psychology. This study focused on testing it in another context. Herzberg (1959) discovered that hygiene factors do not cause job satisfaction, whereas, in the literature that is mentioned above, claims that social relationship between peers and colleagues as well as customers have a positive impact on employee’s satisfaction in the organization. Hence, it can be said that, hygiene factors may cause dissatisfaction in the workplace.

1.3.2 Social & Exchange Theory

Social & Exchange Theory is a psychological and sociological perspective that expresses social change and stability as a process of negotiated exchanges between parties. Social & Exchange theory claims that human relationships are created by a nominative cost-benefit analysis and the comparison of alternatives (Siddiqui, 2008). Social exchange includes a series of exchanges over a period of time bring out obligations and liberties between workplace social network members (Åmo, 2006; Cook and Whitmeyer, 1992; Cropanzano and Mitchell, 2005; Maurer, Pierce and Shore, 2002). The social relationships are mutually dependent and contingent upon the attitude of another person. In the current literature, mutuality is not commonly used, but, it has been used in the past to indicate to a reciprocal relationship between two entities. Most especially, the cooperative exchange between employees or between employees and the organization has been referred by reciprocity (Dabos and Rousseau, 2004). Likewise, these reciprocal relationships under the right conditions may create good relationships within the organization (Maurer *et al.*, 2002). This means that employees can be more satisfied with the outcomes and they may be more inclined to better perform in the workplace (Shaw *et al.*, 2009). On the other hand, when employees feel more satisfied with the consequences of their workplace relationships, they will be more likely to respond to complete the tasks and obligations. Moreover, reciprocal social exchange interactions are said to be improved only if all parties included consider the exchange as valuable and feel as if they can support (Sluss, Klimchak and Holmes, 2008). Therefore, this study will analyse workplace relationships between the employees and the organization.

This research aims to contribute to gaining further depth of insight into the social exchange interactions between employees and their organizations, colleagues, managers and customers.

1.4 METHODOLOGY

The present study is guided by a qualitative method of enquiry. Qualitative approach method relies on words that allow discovering more open and subjective evaluations (Bryman, 2008) as well as providing deliberate answers. Qualitative methodology is related to inductive and deductive view. In inductive view, study is focusing on grounded theories. However, in this research a deductive view is going to be considered on the base of Frederick Herzberg's Dual Factor theory and Social & Exchange Theory.

The idea of choosing Frederick Herzberg's Dual Factor theory as the main theory of this study is because it will give more detailed clarifications about motivation and performance factors in the workplace. And there are other motivation factors apart from the managerial coaching, payment equality and social relationships. According to Herzberg (1959), challenging at work, recognition, responsibility, involvement in decision making and commitment are also part of the satisfaction of the employee. These themes may affect motivation itself and subsequently touches up on value co-creation. This use of this theory will help to develop a detailed framework of motivation factors of employees. On the other hand, Social & Exchange theory will be supporting theory with regards to compare human relationships in the workplace. The goal of this research is to understanding of employee's point of views about motivation and interaction with value co-creation. The problem should be viewed from the actual employees to get a better understanding. Therefore, a qualitative approach will be used in this research, because this method gives an open and a detailed answer from the participants' point of view (Jacobsen, 2002), whereas it gives more detailed perspectives of individuals. On the other hand, qualitative technique allows discovering a further understanding of contextual factors upon social phenomena (Silverman, 2005), and in this concept, it allows understanding the underlying reasons behind it.

1.4.1 Sample selection

Professional Service Firm employees were chosen as suitable to collect the data. As it's mentioned above, professional service firm employees are the main assets of these firms and the main point of contact with the customer. In respect of this, employee perspective was selected because it is an important field to study towards management perspective, which is often presented in the researches.

On the other hand, consumer value co-creation already studied from many perspectives and stakeholder perception is also other crucial point to study, where they are value creators of the company. Therefore, we decided to conduct a research from employee perspective since it is highly possible to get more accurate and fair answers from employees about their motivation and performance factors by depending on the Social Exchange Theory that we use in this research. Moreover, this research will highlight the relevance of value co-creation and motivation from different perspectives in professional service context. Apart from the literature, Frederick Herzberg's dual factor theory and Social Exchange Theory will enlighten the motivation factors and possible relationship with value co-creation.

The empirical study was conducted in Professional Service Firm's employees in Istanbul, Turkey. 19 employees have participated in this interview process from different sectors. These sectors include, logistics (L), banking sector (B), insurance (I), IT, pharmacy (P), law

sector (LAW) and merchandiser (M). 10 of them work in B2B and 9 of them in B2C businesses. And to make a heterogeneous composition, participants were selected regardless of their functions, ages and genders. Table 1.2 shows the participants' demographic profile that attended to the interview.

Table 1.2: Demographics of the participants

Participant	Gender	Experience	Position	Type of Company
B1	F	2 years	Personal Loan Executive	Banking
B2	F	9 years	Executive Assistant	Banking
B3	M	13 years	Internal Control Assistant Manager	Banking
B4	F	10 years	Internal Control Assistant	Banking
B5	F	7.5 years	Foreign Trade Specialist	Banking
IT1	F	2 years	Technology Advisor	IT
IT2	F	9 months	Credit Card Software Developer	IT
IT3	M	10 years	IT	Banking
LO1	M	1,6 years	Export Specialist	Logistics
LO2	F	15 years	Operation	Logistics
I1	M	12 years	Accounting	Insurance
I2	F	5 years	Operation and Sales	Insurance
I3	F	8 years	Operation and Sales	Insurance
I4	F	5 years	Operation and Sales	Insurance
I5	M	3 years	Operation and Sales	Insurance

P1	M	20 years	Pharmacist	Pharmacy
LAW1	M	20 years	Lawyer	Law
LAW2	F	8 years	Lawyer	Law
M1	F	5 years	Merchandiser	Department Store

1.4.2 Data Collection

The data was collected through the interviews. The interview allows examining their behaviours, beliefs, desires and experiences to get a deeper understanding. In qualitative interviews, questions should be asked as open-ended and neutral. It is important to ask for participants that can answer easily and then proceed to a more difficult topic (Gill, Stewart, Treasure and Chadwick, 2008).

In this research, the interview was conducted with 19 respondents. The discussion was directed by three main questions that were created as a frame. However, these questions have not been asked directly to the participants. Semi-structured interview was adopted which allows ideas to come up during the interview as a result of what the interviewee says. In semi-structured interviews, interview generally has a framework of themes to be discovered (Edwards and Holland, 2013).

It has been asked stimulant questions to get clear information. The main questions of the themes are:

Q1: How do you know that you are doing a good job?

Q2: Which factors do you encourage to do an even better job?

Q3: What makes you feel good at your job?

The first question leads the participants in the field of value co-creation as it refers to the criteria of what they perceive as value. The aim of this question is to understand what value means for them. In other words, this question leads to understand their contribution to the organization that they work for. Hence, it would provide to understand the relationship between performance factors of the job and the perceived value itself.

The second question refers the sources that the participants need in order to live up to those value criteria. This question is directly related to motivation and indirectly related to the value co-creation. Likewise, this question refers motivation factors in order to perform a better job. If an employee feels motivated, it directs to feel them more satisfied and it leads to being more productive in the job. Therefore, they can create value for the organization by increasing of performance factors.

The third question is to discover the participant's perception of motivation in the job. Motivation is the main antecedent of the value co-creation and it is important to find out employees' feelings about what makes them feel good in their job. These factors are important to understand their productivity factors. These factors help to create a better

performance, which is related to the outcome of the company. The outcome of the company is related to the value of the company.

On the other hand, an unmotivated employee may not bring better solutions to the company; it means that he/she cannot create value to the company. However, a motivated employee may bring better solutions and he/she may be a collaborator for the company. Employee motivation is one of the most important antecedents of value co-creation, it is related to value. For instance, a motivated service employee can serve better to the customer, he/she may add new customers or keep the current customer and he/she can provide value by providing customer satisfaction. Value co-creation is just not meaning of creating a product or service, it is also related to how an employee does his/her job properly and it is being about productivity. Productive employee helps to create an outcome for the company. It may be a product or a good service to the customer. Performance factors of the employees are directly related with motivation factors. Thus, in order to find out the value co-creation factors, it is important to discover its antecedents, which is employee motivation. On the other hand, value co-creation directly related with value of the organization, creating value leads to add value to the organization itself.

This semi-structured interview helped to understand underlying reasons of value co-creation. In this case, it is motivation of employees and the main reason of conducting qualitative research is to understand the underlying reasons behind it. On the other hand, question two allows to understand to create value by understanding their perceived motivation. That is why, we supported the idea with literature and conducted qualitative research to find out underlying reasons of “value co-creation”.

1.4.3 Data Analysis

First of all, interviews have been thoroughly read all the answers to analyse the data. It has been started to group all individuals according to their sector, gender and industry type (Turkish or foreign). The empirical findings from the answers and individuals were originally in Turkish. All interviews were recorded digitally and transcribed with Atlas TI v.1.6.0. Nineteen documents were uploaded and coded in English according to the code map in the software.

When all the answers were coded, we could see the specific models in the answers. These models have specified into 8 independent themes according to theories, which have been mentioned above, named: 1. Engagement, 2. Social Relationship Factors, 3. Hygiene Factors, 4. Individual Factors, 5. Management Factors, 6. Opportunities of Growth, 7. Reputation, 8. Responsibility/Challenge (see Figure 1.1).

Figure 1.1: Main patterns and sub-patterns of the findings and the relationship with theories

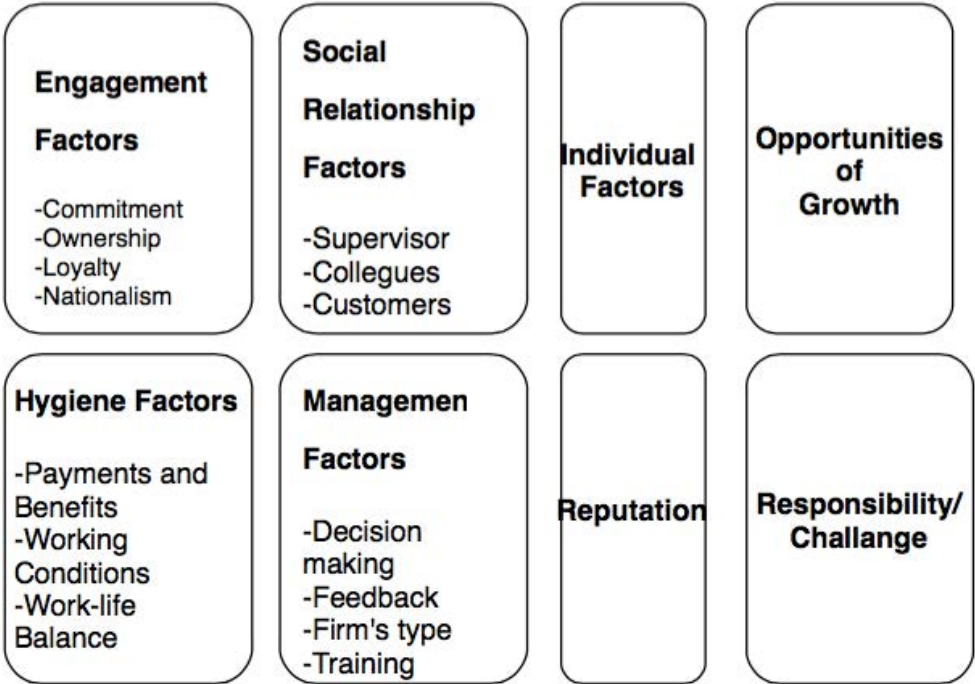


Figure 1.2: Findings that related to Frederick Herzberg’s Dual Factor Theory

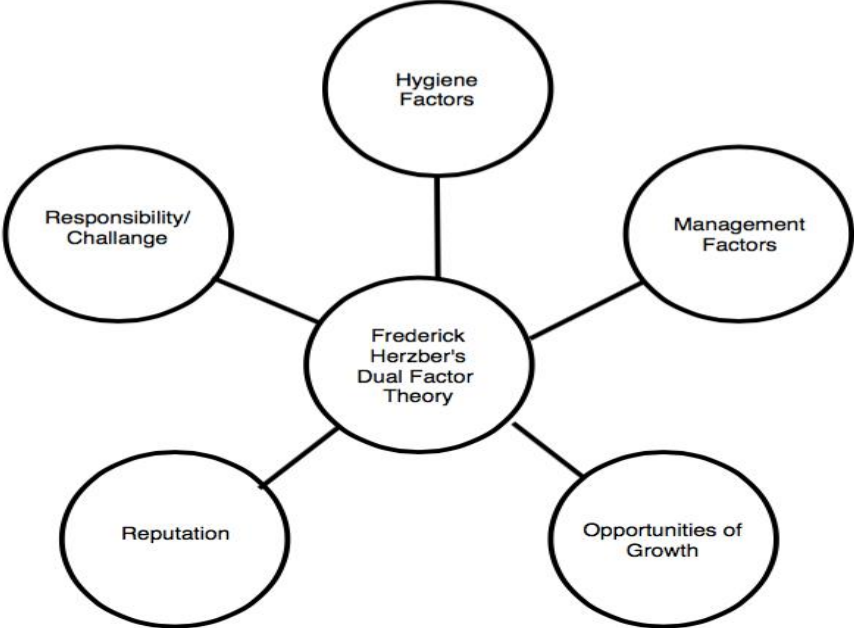
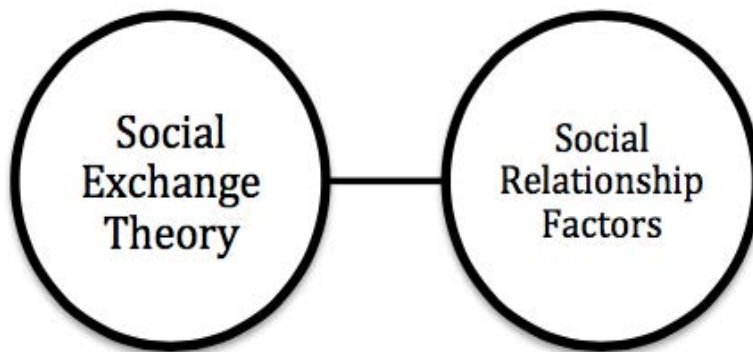


Figure 1.3: Findings that related to Social Exchange Theory



First of all, findings have been divided into 4 sub-themes of engagement, which are commitment, ownership, loyalty and nationalism. These themes are related to motivation factors of employees.

Secondly, social relationship factors represent Social & Exchange theory. It shows the human relationships and we divided into 3 sub-themes, which are manager, colleague and customer. Hygiene factors are related to Frederick Herzberg's Dual Factor theory, which are payment and benefits, working conditions and work life balance. Individual factors refer the feelings of the employees about how they feel good or bad when they are performing their job. Management factors refer Frederick Herzberg's dual factor theory. It has got 2 sub-themes; decision-making, feedback (in the literature, it has been referred as "managerial coaching", however, we coded as feedback, because managerial coaching only refers the feedback of managers, but feedback from employees and customers have an important role as well, firm's type and training opportunities). On the other hand, opportunities of growth refer the career opportunities and it refers Frederick Herzberg's Dual Factor Theory. The reputation of the company and Responsibility/Challenge also refers Frederick Herzberg's Dual Factor Theory. However, there is a new theme, which is nationalism, and it is not related with nor Frederick Herzberg's Dual Factor Theory neither Social & Exchange Theory in the literature.

These patterns have been coded with capital letters that were considered as main codes. Some of the patterns also have sub-patterns and they belong to several main patterns. These patterns do not belong to any specific questions, many of them could be found in different answers.

1.5 FINDINGS

In this section, the result of the empirical research has been presented. This chapter will be divided after the 11 different themes and individual factors that were identified by the data.

1.5.1 Engagement

Engagement is an approach resulting in the right conditions for all members in an organization to give of their best each day, committed to their organisation's goals and values, motivated to contribute to organisational success, with an enhanced sense of their own well-being. Engagement provides to increase individual performance, productivity and well-being.

1.5.1.1 Commitment

The sub-theme refers to the bonds of employees with their organizations. Employees who are committed to organizations generally feel a connection with their organization.

Employees can feel the commitment in different concepts. They may feel a strong connection to a goal and it makes them to believe to achieve this goal. It also reflects their commitment. The quote in below explains this concept:

I have a plan to work in here until my old ages and I want to put this company in a better place further on. When I started to work in here, I had set my goals and I am highly motivated to carry them out. My current plan is to increase the profits in 10 years and I am currently working on it. And I can even come and work on Sundays as well. (Participant I4).

They may have a connection to an organization that reflects the psychological state that bonds an employee to the organization. As a result of these employees are more loyal and less likely to leave it. And following quote is an example from an individual respondent:

Yes, I totally feel commitment to this bank, but I think that every employee has this commitment, because of the culture of the company. Everybody sees as his/her own business and family. Also, every employee has a share in this bank, and we are not a “one man” company. That’s why, all of the employees have emotional bond with this company. (Participant B4).

They also may feel a commitment with regard to others attitude and behaviour in the workplace. The following quotation is an example of this concept:

Yes, I feel the commitment, because all of my colleagues are nice people and my supervisor is also good. All of us are like a family in here, from security guard to a tea maker woman. For instance, if I am sick and not feel good, tea maker woman prepares me a mint and lemon tea to recover, or if I have some errands to do, my colleagues handle my work. I am totally happy with the environment and I trust all of my colleagues and supervisors. (Participant L1).

As it mentioned above, employees can feel the commitment in different ways. The organization’s goal, individual’s goal or workplace may affect the commitment level and employees may attach more to the organizations.

1.5.1.2 Ownership

Ownership is a psychological tie which refers to the experience of possessing and committed to an organization. Employees with having high ownership may bring more effort and motivation to the organization. And this will improve their job satisfaction and happiness (Gino, 2015). The following quote from an individual perspective, demonstrate the relationship between ownership and happiness:

I really feel like it is my own company. I think employers have a greater role in this issue. They make us feel in that way and that’s why I feel comfortable and happy to work in here. For instance, if something happens to this company, I feel totally responsible and bad. (Participant I3).

Another respondent also mentioned about the relationship between comfortable environment and ownership:

I feel comfortable and secure in this work. Because it is like my own company. I don’t feel like

an employee I feel like a partner in here. (Participant, LAW1).

In sum, it can be said that when employees feel a stronger sense of ownership, they are more inclined to engage in the workplace.

1.5.1.3 Loyalty

The employees are willing to stay through good and bad times when they feel loyal. They are ready to spend extra time, energy to the company when it is necessary. And sometimes they put the company ahead of personal, family and other considerations.

Loyalty can be defined as a psychological attachment or commitment to the organization and develops as a result of increased employee motivation (Singhal, 2010). The relevance is illustrated with the following quotes:

Once, I had a better career opportunity from another law firm, but I preferred to stay in here. Because, I work until midnight to solve the cases, I put all of my effort to solve them. Also, I have been working here for 8 years, I am sure that I'll work more. We can say that I have a duty of loyalty. That is why it is difficult to leave and go away. (Participant, LAW1).

I worked as an engineer in the project field. It was a routine and boring task. You had to deal with people all the time. But now, I am working in a family business which is imposed me for a long time. That's why I have feeling of duty of loyalty; I cannot leave and go away. (Participant, I4).

The respondents point out the importance of “duty of loyalty”. This feeling makes them attached to work, and give effort.

1.5.1.4 Nationalism

Nationalism is a range of political, social and economic themes characterized by promoting the interests of a specific nation. It links to the concept of self-determination, it is free from unwanted outside interferences. Nationalism refers to the national identity based on shared characteristics such as culture, language, race, religion and political goals (Triandafyllidou, 1998; Smith, 1981). It often also includes a sense of proud in the nation's achievements (Nairn and James, 2005; James, 2006).

In the concept of engagement, nationalism shows an important role to engage employees to the organizations. Surprisingly, some employees demonstrate high engagement in their work because of working in one specific Turkish bank, which is established with one hundred per cent national capital and it is the first national bank. Following quotations show the importance of nationalism in the work place:

It has got a reputation in the country, and everybody knows when you mention its name. I also think that, it has got an important position in the world. We have branches in Germany, UK, France and some Asian countries as well. It is totally established with the national capital, and I am really prideful to being part of this company (Participant, B4).

Of course, I am happy to work in this bank; it makes me prideful to work in here. I'll never work in another bank in Turkey and I mention it in every platform. Our bank is the first established Turkish bank after the declaration of the republic and it makes me so proud.

That's why I have an emotional commitment to this bank not a natural bond. (Participant, B5).

I am blessed to work in here actually. The first impressive thing when I started to work in here was that the founder of this bank is Atatürk, just like the founder of Turkish Republic. (Participant, B2).

These aspects make the employees feel proud and engaged. Further, this also directs to ownership, employees feel like that they work in their own company and it motivates them.

1.5.2 Social Factors

Workplace relationships are interpersonal relationships with highly important implications for the employees. Some studies show that workplace relationships affect the employee's ability to succeed (Sias, 2005; Lee, Park, 2006). Good relationship with people may attach the employees of the organizations and it may also increase their performance.

1.5.2.1 Relationship with supervisors

This sub-theme refers to the interactions between employee and supervisor in the workplace. There is a significant importance for employee morale and motivation. The relevance is demonstrated with quotes:

We have a good relationship with my supervisor; we are like brother and sister. He is really thoughtful, and we don't have a hierarchy between us. He always supports me by saying "You're the boss". That's why he motivates me a lot and he makes me think that it's my own business. (Participant, LAW1).

I have three supervisors in total. One of them is business development manager and two of them are office managers. We are like friends; I can talk everything with them. If I don't want what they try to make me to do, I can easily say that. There is no pressure, we call to each other by names, and there is no Miss or Mr. I work in a foreign company, that is why there is no strict hierarchy between us. (Participant, M1).

Participant M1 mentioned about the hierarchy, she thought that hierarchy does not exist because of working in a foreign company. Moreover, another participant from foreign company also mentioned the same thing; *I have quite good relations with my supervisors, there is no formality in the workplace, we don't call each other by saying Ms and Mr like in Turkish companies. Because, I work with an American company and there is no hierarchy between us.* (Participant, IT1).

On the other hand, Participant B2 from Turkish company also confirmed that there is a hierarchical environment in the workplace by saying: *I can say that there is a strict hierarchy in the workplace. Because, I work with top managers and there is no friendly environment. However, I like this formality in the workplace, I cannot complain about it.* (Participant B2).

Another participant from the Turkish insurance company also stated, *"Managers try to create a family environment, but I can feel the hierarchy even if they try to hide it."*

In conclusion, it can be said that the hierarchy may depend on the nature of the job and the sector type (Foreign or Turkish). Because, Participant L1 work in a small law office (Turkish

company) and they may have a more intimate relationship in the workplace. However, other participants are working in bigger workplace, that's why hierarchy could be perceivable.

1.5.2.2 Relationship with colleagues

This sub-theme refers to the interactions of employees in the workplace. It may stimulate the performance and productivity of the employee. The quote that we mentioned below explain the situation:

Relationship with people affects my motivation in the workplace. But, I have a quite good environment; everybody is so friendly and helpful. I haven't got any bad experience until now, that's why I feel lucky. (Participant, B4).

There is a family environment in here. It seems like all of the employees are part of the family. Everybody is so helpful to each other and give support. I think that it is an advantage. (Participant, B1).

Participant IT2 also states *"If the working environment is better, I would focus on my work. Because, sometimes they are perks and I feel really uncomfortable"*.

In sum, it can be said that the good relationship with colleagues may directly affect the motivation.

This sub-theme reflects the relationship between employee and customers. The participants point out the importance of customer behaviour when interacting with the employees to be able to feel good in the work and perform better.

1.5.2.3 Relationship with customers

Every day I am dealing with different cases and different people, and sometimes these people are getting of my friends, that's why I really enjoy what I am doing, because you feel that you don't work with customers, you work with your friends. (Participant, I4).

People are coming for you, because they know you and they want to get an advice from you. I feel glad, because they like us. I think that I have a great role to add loyal customers. (Participant, P1).

As it mentioned quotas from above, customer & employee interaction is quite important to make employees happy and motivated. It may increase their productivity and morale.

1.5.3 Hygiene Factors

Hygiene factors can cause dissatisfaction. These factors included pay and benefits, job security, working conditions, the relationship between supervisors and colleagues, personal life. However, these factors are not the motivating factors, they may lead to dissatisfaction, but not the motivation (Herzberg, 1959).

However, we did not take into consideration the relationship between supervisors and colleagues under this pattern. We prefer to analyse it as a part of social factors, which is more related with that topic.

1.5.3.1 Payment and Benefits

This sub-theme illustrates how pay and benefits affect the employee motivation. “*They could be better in regard of salary policy*” (Participant, B4) is an individual respondent’s answer regarding what are the main weaknesses of your company. The participant does not mention about her motivation in regard of salary.

The following quotes illustrate individuals’ respondent’s answer about their salary:

I think that I earn good when I compare with the standard of the country. And I certainly know that it will increase more that’s why I don’t have any concern about this issue. (Participant, B5).

Another participant stated “*I earn less when I compare with what I am doing. If I have worked in different company, I would be paid more. And I would work more if they pay me more.*” (Participant, IT1).

I don’t want to make cliché, but everybody thinks that the salary is not enough. As for me, I also deserve more when I compare with the workload. I have some concerns about this issue. In the future, maybe I will think about the change my company, because of this salary policy. (Participant, L1).

I would work more, if they pay me more. However, they pay quite well comparing with the market value (Participant, I5).

We all work for money, if they increase my salary, of course it will affect in a positive way. (Participant, I1).

I would continue to work in the same way; money is not a motivation factor for me. (Participant, I2).

There is task what I have to do; money cannot be a factor to work more. But, they didn’t increase my salary this year. That’s why it makes me unhappy. (Participant, M1).

I continue to work in the same way, but I would be happy if I get a raise on my salary. (Participant, B2).

In regard to the benefit factor, one of the employees stated: “*They are good at social benefits; I can say that it is an advantage for us*” (Participant I3). Other employee mentioned about the “*health benefits*” and states: “*One of the strongest point of working here is to get health benefits, the bank pays everything with respect to health issue*” (Participant, B2).

It can be said that there is no high relationship between pay and benefits and the employee performance. However, it is related to being unhappy and dissatisfied. In sum, these factors may cause dissatisfaction, but they are not directly related with performance. According to Herzberg’s theory, these factors may lead to dissatisfaction but not motivation.

1.5.3.2 Working conditions

Working conditions have a broad range of topics that include working hours, schedules, remuneration, physical conditions and mental demands that exist in the workplace. Some quotes demonstrate the importance of working conditions:

In pharmacies, we have long hours to work, and we also work on Saturdays. It would be better if working hours were less. (Participant, P1)

My workplace is close to my home; I don't have to go into traffic jam every day. (Participant M1).

My workplace is really far away from my home. I work in European side, but I live in the Asian side. I don't have enough time to take care of my daughter. (Participant, LAW2).

The physical environment is not related what I do at work. (Participant, B3).

As it was mentioned above with related quotes, it can be stated that working conditions are partially related with performance and motivation. It may depend on “nature of the job” and/or “the place of the job”. For instance, another employee of a law office may live close to the workplace, and he/she cannot complain about the distance.

1.5.3.3 Work life balance and stress

This sub-pattern is the last theme of the hygiene factors. Work life balance describes the balance between an individual's work and personal life. In this part, participants point out two perspectives. One part said, *“I have a balance between my work and life”*. On the other hand, another part stated, *“I don't able to balance my work and personal life, sometimes it is stressful”*. However, when I look at the respondents' profile, I see the difference between employees who have a direct relationship with customers and the others who have not. For example, one of the respondents (lawyer) stated, *“I cannot balance with my work life and personal life. I should be available 7/24; I have to give information and direction to the clients, that's why it is quite stressful”* (Participant, LAW1). On the other hand, another participant also stated, *“Yes, I can have balance between my work life and personal life, I don't carry my work to my home. It is not a stressful job, because I don't have a direct relationship with customers”* (Participant B4).

According to the findings, Herzberg's Hygiene Theory can be partially supported. However, there is a point that which should not be missed out. These kinds of job positions may cause by “nature of the job”. It means something that just naturally comes along with, is a part of, and/or is integral to the job. For instance, being a lawyer means that dealing with people every time as well as sales people or insurers. Stress factor may be not depending on other factors in the workplace; it may depend on external factors, such as customers. However, good relationship with customers may decrease the stress and the employee does not think about it too much. Consequently, it may depend on nature of the job. Working balance may be related with to have relationship with customers or not to have it.

1.5.4 Individual Factors

In order to understand how well you are doing, external factors may not be the only factors that affect. As well as, internal factors may affect the employees' performance and motivation. With regard to this theme, respondents generally answered by saying *“I feel that I am doing a specific job”* (Participant B5). Another participant stated, *“It's good to know that you are the one”* (Participant I5). This demonstrates that the employees can designate what is considered as a good work and not themselves. The feeling is another way to recognize a good performance, because they are aware of their professional requirements.

1.5.5 Management Factors

This pattern is related with company's overall policy about decision-making, data management, firm's type and training opportunities.

1.5.5.1 Decision-Making

Decision-making is on the sub-theme of management factors. In order to make the employees, even better, managers must give a choice to employees to tell out their decisions. This sub-theme leads encouragement of employees to do an even better job. Participants highlighted the importance of decision-making in their performances by saying *"They get my opinions about the process of the task, but not all the time. I prefer to tell out my ideas more, because I am in the kitchen, they just eat the food"* (Participant L1). Another participant stated, *"Of course, I would be happy, if they ask my opinions"* (Participant I3). Another respondent complains that her opinions are not taken into consideration by saying *"I would be delighted and feel important, if they ask my opinions, but they don't"* (Participant M1). The other employee stated, *"I would think that I am an important employee for the company and I feel more committed"* (Participant I1).

To take into consideration of employees' opinions make employees to feel important and motivated.

1.5.5.2 Feedback

This sub-theme shows that the employees need information from the managers, colleagues and data management itself in order to perform better. Participants stated about how they get the needed information from the quotes below:

"I always try to get advice from my colleagues and managers about how am I going to process it and which sources should I use. They always help me and I find a solution with their help" (Participant B5).

"Yes, I receive a fast feedback from my colleagues and managers and it motivates me" (Participant B3).

"We have a global platform that we can access all of the employees in the world from our company. For instance, when we have a project to prepare, we can reach the previous projects that have been done before. Also, we don't always work with Turkish people, if there is an expert from another country, we can also contact with them. And it makes you to develop yourself" (Participant, IT1).

"I have a colleague and he has got more experience than me. I directly ask him and he always gives back-ups" (Participant L1).

"Everybody is so helpful in the office and we also have a file document system, it makes my work easier" (Participant M1).

"It is nice to be contacted with people, when they give good feedbacks to you, you feel satisfied" (Participant I3).

1.5.5.3 Firm's Type

This sub-theme illustrates the importance of firm type. Some employees stated the importance of working in a corporate firm and they see as an advantage. One of the respondents highlighted the advantage of saying *“old and corporate firm that's why it has a name”* (Participant B4). Another respondent said, *“I live the advantages to work in a corporate firm”* (Participant B1).

On the other hand, one of the employees complained about working in “as if corporate” firm by saying, *“It seems like a corporate firm, but it is not, it is a one-man company”* (Participant L1).

In conclusion, it can be said that to work in a corporate company makes the employees more secure and happy, they see as an advantage.

1.5.5.4 Training Opportunities

Training opportunities are important to create to challenge and develop the employee. One of the respondents stated: *“We had more training opportunities before, especially on abroad, but now we don't, because of the cost cutting”* (Participant IT1) with regard to questions of what are the weaknesses of your company. Another employee stated, *“They may give better training opportunities to new incomes, I think it is important to adapt the employee and to feel better”* (Participant IT2). Other respondent said, *“There are no training opportunities, you have to learn by yourself, it really demotivates me”* (Participant M1).

The required work characteristics should be given to the employees in order to provide better employee output, otherwise, they may be not aware what they are doing and they may not understand the importance of the job.

1.5.6 Opportunities of Growth

Opportunities of growth refer career opportunities and challenges within the firm. They are both related and also motivation factors for employees. This illustrates by answers of employees; *“If I can challenge myself, yes it definitely motivates me to get promoted”* (Participant I2).

Other participants highlighted the importance of career management for their motivation:

“Of course, it motivates me. I would put my heart and soul to work more” (Participant IT3).

“It is important to see the future, that's why it is important to have a career path, it motivates me and I think that it also motivates other people” (Participant B1).

“Career opportunity encourages me to work more. I have an objective about this issue and I mentioned it to my managers. But the progression is really slow and they don't offer chances. For instance, I still don't know my future in here, do I get promoted or not, it is a question mark for me” (Participant M1).

“If I see a career plan for myself, I would certainly work more” (Participant IT1). Career opportunities let people to see their future and it motivates them. It also provides challenge and they may be more productive in the workplace.

1.5.7 Reputation

Reputation is another theme to make employees feel good and motivated. To being corporate firm makes to see as an advantage for the employees by saying, *“old and corporate firm that’s why it has a name”* (Participant B4). Another point of view of reputation is nationalism, which is clarified as another main theme of motivation below.

1.5.8 Responsibility/Challenge

Responsibility is often regarded as a challenge and trust for the participants. They see that as an opportunity to develop their skills and they also related with the trust of their supervisors. Giving responsibility motivates employees. Here are some quotas of participant with regard to questions about responsibility:

“Yes, I would be happy, if they give me more responsibility, because I think that they believe me and trust me” (Participant, B4).

“If they give me more responsibility, it means that they trust me and I am capable of doing it, that’s why I’d like to take responsibility” (Participant B3).

“It depends on the problem, if I can challenge myself, of course I’d like to take” (Participant IT1).

“I would be happy, because I can challenge myself and I can learn new things. It motivates me spiritually” (Participant I2).

One of the participants related the responsibility to salary; *“I started my career in here as an export officer and then I got promoted after six months of start to work and became an export specialist. If I become a chief for the next six months, I would take more responsibility, following this I’ll be paid more”* (Participant L1).

Another participant talked about to get smart responsibility by saying: *“Responsibility motivates me, it shows that my managers trust me. However, responsibility also means job burden and dealing with more people. That’s why I’d prefer to take smart responsibility”* (Participant I5).

“I’d love to take more responsibility, it shows that I proved myself in some issues” (Participant IT2).

1.6 DISCUSSION

This part contains a discussion about how this chapter is compatible with previous studies and what points are different regarding the employee motivation as underlying reasons of value co-creation and their perspectives about value. The findings in the empirical research are compatible with previous researches in certain points, but there are also new insights that have been occurring. Primarily, the relationship between current findings and previous findings will be demonstrated. In order to outline the thesis, the consistency will be discussed about the conducted literature review and new occurrences. Secondly, the findings that have related with motivation will be presented. The last section includes unique findings and illustrates the factors that are related with value co-creation and employee motivation.

First of all, performance in organization can be divided into organizational performance and job performance (Otley, 1999). Otley (1999) claims that performance of organization is related to the employee's job performance. Therefore, high job performance is the ability of employee itself. The employee can give a better results and also high productivity (Hunter, 1986). A good employee performance is highly crucial for the organization, since an organization's success is dependent upon the employee's motivation (Ramlall, 2008). In other words, organization's performance equals to employee's job performance and organization performance is related with company's value. Hence, employees who show high performance in the organizations can create value for the company, because they increase the performance of the organization.

Training opportunities are important factors to provide employee's performance in order to create value. According to Elmadağ *et al.* (2008), if employees get better training opportunities, they can interact better with customers, especially in the service sector. However, it has been proved that training is also important factor for employees who do not have a direct contact with customers. Therefore, training is crucial for employees in order to teach them the characteristics of the job and to adapt them to the organization, as well as well-trained employees are concerned with customers' problem and they can interact easily with them. Therefore, customers may feel glad because of the behaviour of employee and it is a underlying reason to create value for the organization.

Manager's constructive and meaningful feedback is another factor to provide better employee performance. It increases their happiness in the workplace. Previous studies have just directed to manager's constructive feedbacks and support (Elmadağ *et al.*, 2008). However, colleagues' feedback and support also have an impact on employee performance. This new pattern is both a better performance and motivation factor for employees.

On the other hand, social relationship between colleagues, supervisors and customers has a positive relationship between employee performances and motivation. The social relationship theme is highly connected to the features of the work group. According to Torrerdell *et al.* (1998), people in social environments can be influenced by others behaviours and it may decrease or increase the performance to achieve particular outcomes (Forgas, 1995). The social relationship received much attention in this study. Relationship with supervisors, colleagues and customers is quite important to provide a better performance of employees. As we mentioned above, performance of employees can affect organizational performance as well. Hence, organizational performance can create value for the company.

The working conditions are identified to affect how well employees are able to perform in their job, and it also shows the relationship with the motivation factor. According to Parish *et al.* (2008), working conditions known as a factor for employees' performance in the workplace. However, there are two main subjects in this research. Working conditions may differ from "nature of the job" and/or "workplace". In this research, working conditions may differ from job type. Hence, working conditions may have effect to create value of the company and/or it may depend on the "nature of the job".

Consequently, job stress may be another factor that affects the performance of the employee. However, in this research, job stress may depend on "nature of the job". People who have direct relationships with customers are more stressful than the people who have not direct relationship with customers. Hence, job stress and work life balance may impact the employee performance with regard to their job, whereas less stress can empower the employee's performance as well as organization performance and/or it may be related to

“nature of the job”.

According to the research, individual factors are connected with creation of value. Because, it shows how well the employee doing his/her job. The feeling of being special is a way to recognize a good performance, because they are aware of their professional requirements. Feeling also affect employee motivation and performance. If they feel good at what they do in the job, it leads to employee satisfaction. Hence, satisfied employee may bring better solutions to the company, which is related with the organizational performance and value of the company.

Decision-making is also a factor, which may encourage employee to do an even better job. Employees would like to take part in the decision-making process, because they may feel special and they may want to participate to create with the organization. And they would perform better. Decision-making is maybe an also a motivation factor for employees, it satisfies them and leads them to create with company.

Opportunities of growth refer career opportunities and challenges within the firm. They are both related and also motivation factors for employees. On the other hand, it may also relate when it needs to create a value. Employees would perform better if they see career opportunity and challenge for themselves. It may influence their productivity in the job, they would tend to work more and effectively. An effective and hardworking employee may create value for the organization, because they may feel motivated and they see future career plans.

Responsibility is often regarded as a challenge and trust for the participants. They may see that as an opportunity to develop their skills and they also related to the trust of their supervisors. Giving responsibility can motivate employees and makes them to perform better in the organization. It is related to the performance of the employee. If the performance of employee increases, their contribution to the company may also increase. Hence, the contribution would lead to create value for the company.

Apart from the social factors, management factors, opportunities of growth and responsibility, there are also new factors that occurred according to the theories that we conducted. Engagement, reputation, nationalism and individual factors also play a major role in employee motivation. And they are indirectly related with value co-creation.

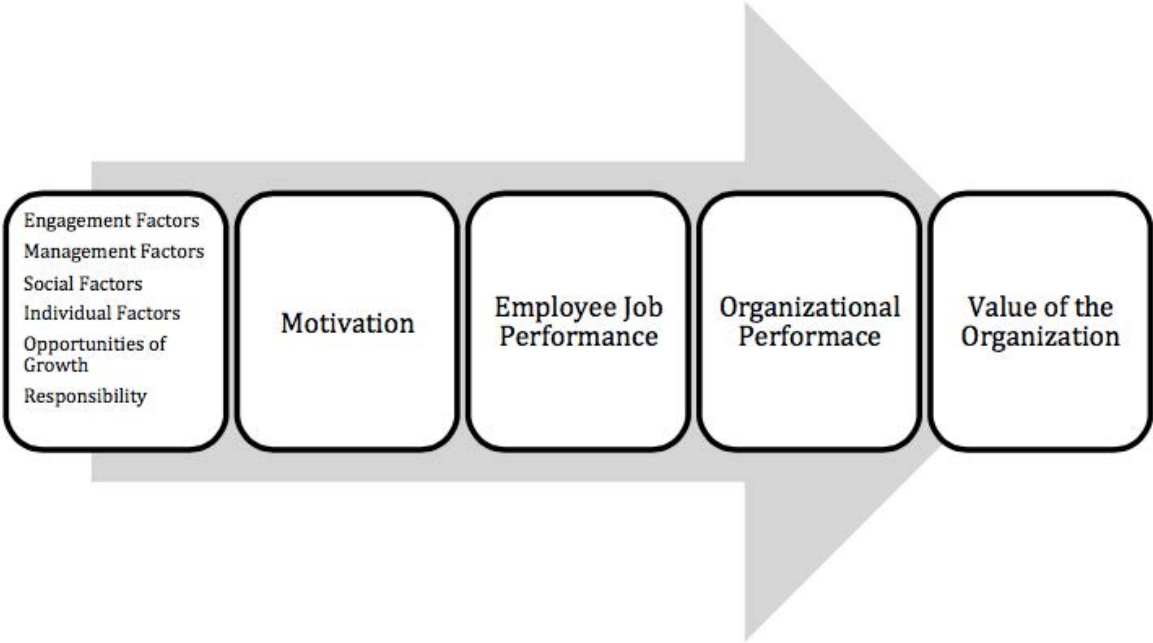
The findings show that value creation and motivation that have not been addressed before. Management factors, training of employees, individual factors, social factors, opportunities of growth and responsibility are influencing factors in order to provide the employee's value creation. On the other hand, the findings show that value creation and motivation of employees are connected to each other. Because, management factors, individual factors, opportunities of growth, responsibility are factors proved to have an impact on employee motivation as well.

1.6.1 Summaries and the Models

According to the findings, this research supports that employee motivation and value of the organization are related. The factors of motivation can affect employee job performance as well as organizational performance whereas, it has been demonstrated the relationship with value of the organization (see figure 1.4). Value of the organization leads to create value for the company. As we mentioned in the literature review part and with supported findings, employee motivation factors, as underlying reasons of value co-creation, are indirectly related

with creating of value for the company, because motivated employees can perform better in their jobs, it directly effects the organizational performance and it indirectly effects the creation of value of a company.

Figure 1.4: Employee participation factors for creating value for the organization



1.7 CONCLUSION AND CONTRIBUTIONS

This chapter provides deeper insights and limitation about value co-creation and motivation from stakeholder’s perspective for the future research.

First, the empirical study shows that motivation of employees is affected by many different factors such as engagement, social, management and hygiene factors. Also, it has got a high relationship between individual factors, responsibility, reputation and opportunities. This chapter confirms that these factors are crucial both for two types of employees (direct or indirect relationship with the customer). On the other hand, there is a new aspect that, motivation and performance factors may change according to the nature of the job. For instance, job stress factor may have different effects on the nature of the job. Employees who have a deeper relationship with customers may feel the job stress level more than the others. On the other hand, there is a new occurring theme with motivation factor, which is nationalism. This factor is may be related to the reputation of the company and firm’s type as well. These two themes are also related to motivation and performance, that is why this theme has been occurring in this research.

Secondly, this research shows that employee’s value co-creation and motivation are highly related to each other. There are many common variables such as social, management, individual factors, opportunities of growth and responsibility. These factors may affect the performance of the organization. Managers should consider these themes in order to create value for their companies.

1.8 LIMITATIONS AND FUTURE RESEARCH

Even though the research has provided many insights, it still needed to be studied from different perspectives as well. First of all, professional service settings may not be coherent with other organizations. It should be studied for another employee organization as well. Therefore, similar studies could be conducted to generalize the findings. Second, it is important to investigate the value co-creation from both sides of employees, which are the ones who have direct relationship with customers and who are not. Motivation and value co-creation factors may be differed in this context. Third, “nature of the job” showed high impact on motivation factors in this research, especially in the Herzberg’s hygiene factors. For the further research, it should be examined more in depth. Fourth, it may be studied in the social relationship of employees for the next researches. It may also depend according to their “nature of the job”. On the other hand, nationalism factor is an unexpected factor in this research. This theme should be studied in the context of comparing cultural factors. In this research, this context is just coherent with Turkish culture. However, this theme should be studied in different cultural contexts and different levels in other countries as well.

In order to create value for the organization, new insights may be occurred with regard to motivation in different sectors and markets for the future researches.

CHAPTER 2: CUSTOMER ENGAGEMENT FACTORS AS ANTECEDENTS OF VALUE CO-CREATION: EMPLOYEE PERSPECTIVE

2.1 INTRODUCTION

Nowadays, customers want to take place in consumption process and exchanges with companies by the associated information technologies (Hoyer *et al.*, 2010). Customers are active co-producers and they are not passive audiences anymore (Prahalad and Ramaswamy, 2004a) and they want to express themselves, they want to build identities and live enjoyable experiences (Gambetti and Graddigna, 2010). Because of that, customers' active participation and engagement are quite important for the future of the organizations (Kumar, Aksoy, Donkers, Venkatesan, Wiesel and Tillmanns, 2010).

The one of the most important consequences of consumer empowerment is customer engagement in the process of successful co-creation. In order to empower the relationship between the customer and the product, organization or brand, co-creation can be considered as a measure. This is because traditional customer loyalty measures are not determinants for the engagement of the customers anymore (Gummerus, Lijander, Weman and Philström, 2012).

Recently, the term “customer engagement” has been used in academic marketing literature. Value co-creation and engagement, interaction has been conceptually established and value co-creation is shown as one of the most important indication in customer engagement (Bijmolt *et al.*, 2010; Van Doorn *et al.* 2010). Value co-creation and customer engagement are considered as notions that discuss joint from of value and non-transactional behaviour (Jaakkola and Alexander, 2014). In other words, cooperation with customers to create value through product development relates to customer engagement and it is a compulsive element for the companies (Verleye, 2015). However, specific motivations of consumer engagement needed to be explained and more research is required in order to explore the relationship with successful value co-creation (Hoyer *et al.*, 2010). Especially, there is a lack of research in the literature, which explains the customer engagement from the employee side (Seltzer *et al.*, 2012).

Previous researches have been analysed the role of frontline employees at the level of customer engagement. And these researches mentioned that frontline employees act as ambassadors of the company and their contact with external audiences (Seltzer *et al.*, 2012). However, the main point of this chapter will not just focus on frontline employees' attitudes, but rather it will focus on other employees' experiences (professional service firms) who are not in a direct relationship with customers as well. Because these employees are tangible resources for companies (Ramaswamy, 2004) and in order to understand the customer engagement, it is important to investigate employees' perspectives about customer engagement. These two types of employees are assets for the company. In order to understand better the customer, it is important to consider employees' opinions and attitudes first.

2.1.1 Background

2.1.1.1 A co-creation perspective of engagement

Engagement is a manifestation, which shows the level of customer involvement and relation with the organization (Verhoef, Reinartz and Krafft, 2010). An engaged customer is the result of feeling satisfied from the company-customer relationship itself (Hollebek, 2011). This

relationship is a particular aspect of the service marketing.

The term of “customer engagement” has been increasingly used in the broader academic literature since 2005 (Brodic, Hollebeek, Juric and Llic, 2011). However, there are scarce systematic conceptualizations of engagement in the marketing field (Vivek, Beatty and Morgan, 2012), whereas the definition of customer engagement by Brodie *et al.* (2011) can be considered one of the most extensive customer engagement in the literature by saying “a multidimensional concept comprising cognitive, emotional, and/or behavioural dimensions” (p. 260). Engagement arises by the quality of an individual’s interactive experience with a “focal or engagement object” (Hollebeek, 2011), that may involve brands, offerings and organizational activities after purchases. The joint activity with a focal object or/and the level of customer engagement in a particular interactive experience may create a level of perceived value in the customer’s mind, or co-created value. Significant customer co-created value may occur a positive effect on customer engagement in interactions and in return, with significant customer co-created value levels (Hollebeek, 2011). The mutual nature of customer engagement is conceptually aligned with the co-creation and the “joint value creation” concepts (Grönroos, 2011). The role of interactive customer experience and customer’s co-creation value have been highlighted as the underlying conceptual elements of customer engagement by Brodie *et al.* (2011). On the other hand, co-creating customer experiences may be interpreted as the act of “engaging” (Vargo and Lusch, 2006). Hence, customer engagement can be referred to customer co-creation as well (Brodie *et al.*, 2011)

Co-creation is considered as an important indicator of customer engagement behaviours, defined as “customers’ behavioural manifestations toward a brand or firm, beyond purchase, resulting from motivational drivers” (Van Doorn *et al.*, 2010, p.254). Co-creation is formed when the customer joins through spontaneous, optional behaviours over the selection of foregone options (Van Doorn *et al.*, 2010). Customer engagement behaviours also involve voluntary and extra-role behaviours driven by their own unique aim and desires, instead of those originated by the company (Jaakkola and Alexander, 2014). This illustration differentiates co-creation as a customer engagement behaviour from other concepts, such as co-production or co-design. However, they are seen overlapping concepts by many authors (Galvano and Dalli, 2014; McColl-Kennedy, Vargo, Dagger, Sweeney and van Kasteren, 2012).

Hence, co-creation can be occurred in different concepts (Bolton and Saxena-Iyer, 2009). On the other hand, existing discussion in the literature does not give a clear view and the definition of value creation; thus, the co-creation concept includes different meanings. Service-Dominant logic approaches value co-creation as co-creation and consider that both provider and customer are always co-creators of value (Lusch and Vargo, 2006). Another opinion is that value creation is an on-going process and co-creation occurs only in a joint sphere when two or more parties to interact with each other (Grönroos and Voima, 2013). Consequently, value co-creation can be considered from a dual perspective; actor-to-actor (Lusch and Nambisan, 2015) or the network-to-network (McColl-Kennedy *et al.*, 2012). Collaborative innovation is an optional, spontaneous, extra role, voluntary and effortful engagement of customers in the co-creation of value unlike co-production (Galvagno and Dalli, 2014). Hence, customer involvement in product development is considered as a customer engagement behaviour (Jaakkola and Alexander, 2014).

The understanding concept of value creation and co-creation directs the need of further study customer’s motivations to engage in the process. Encouraging customers is considered the next frontier in competitive effectiveness as value co-creators (Bendapudi and Leone, 2003;

Jaakkola and Alexander, 2014). Customer engagement plays a significant role in constituting customer motivations to get involved in co-creation activities. Previous researches showed that customers might comprehensively contribute resources (time, skill, knowledge) through customer engagement (Schau *et al.*, 2009), which effects value co-creation. However, there is a lack of research on how to engage customer in co-creation (Bijmolt, Leeflang, Block, Eisenbeiss, Hardie, Lemmens and Saffert, 2010; Payne, Storbacka and Frow, 2008), especially, from the employee perspective.

2.1.1.2 Employee role in customer engagement

According to the literature, employees who are in direct relationship with customers play a vital role in this interactive process (Berry, 1981; Gounaris, 2008; Paswan *et al.*, 2005). Because of that, employees act as the spokespeople of the firm and they take an active role in providing information, helping customers how to make better use of the service or product, proposing solutions, generating feedback, which is all about having a big importance for the company's present and future value. On the other hand, there are some aspects such as training, actions and motivation of employees can be also result of customer engagement (Berry, 1981; Gounaris, 2008; Paswan *et al.*, 2005).

However, there is a lack of research in the literature, which explains the customer engagement from employee side. Previous researchers analysed the role of frontline employees at the level of customer engagement. And these researches mentioned that frontline employees act as ambassadors of the company and their contact with external audiences (Seltzer, Gardner, Bichard and Callinson, 2012). The actions and responses of these employees are the most effective communication tool. Consumers sometimes trust the employees' responses and actions more than any other source of communication (Van Laer and De Ruyter, 2010). However, there is a lack of research apart from frontline employees, because organization is an entity where all participants have important roles. Ramaswamy (2009) states that transformation starts within in the organization: "...becoming a co-creative organization is about changing the very nature of engagement and relationship between the institution of management and its employees, and between them and co-creators of value – customers, stakeholders, partners or other employees. In reality, the co-creation journey always begins inside the organization." (p.32). All of the employees seem as a value for the organization. And their opinions are important in order to create and add value to the organization. Thus, the main point of this chapter will not just focus on frontline employees, but rather it will focus on other employees' experiences (professional service firms) who are not in a direct relationship with customers as well. Because these employees are tangible resources for companies and in order to understand the customer engagement, it is important to investigate employees' perspectives about customer engagement. These two types of employees are assets for the company. In order to understand better the customer, it is important to consider employees' opinions first. Hence, the main questions of this research:

What employees think about customer engagement, and how can it be increased according to them?

What is the relationship between employee motivation factors and customer engagement?

2.2 THEORETICAL BASE OF THIS STUDY

2.2.1 Customer value co-creation

The customer value concept has received attention in the marketing field from the beginning of 1980s. The value co-creation idea has been suggested by Vargo and Lush (2008) and Prahalad and Ramaswamy (2004). They claimed that organizations can create value with customers, which means that customer value is neither a means used by producers to please consumers nor a value created by consumers for producers by participating in the production process. According to these researchers, customer value co-creation refers to the process of interaction of both producers and customers. In this co-creation process, these two participants jointly create a service experience through dialogue and interaction (Grönroos, 2008). Based on this, some researchers mentioned a new point of co-creation, which is customer value, is created through the interaction between consumers and companies (Shau, Muniz and Arnold, 2009). In order to understand the concept better, it is important to discover the antecedents of customer value co-creation. This research will develop a framework of customer value co-creation and its one of the antecedents, which is customer engagement.

2.2.2 Customer engagement

In the customer management literature, engagement has recently occurred in the field of relational marketing (Verhoef, Reinartz and Krafft, 2010). Numerous studies have been published to analyse the concept of engagement and its influences on business results (e.g., Smith and Wallace, 2010; Voyles, 2007). Engagement concept has been investigated by some authors such as Brodie *et al.*, (2011), in the field of sociology, psychology and marketing. This concept is defined as a behavioural demonstration of the customer towards the company and it shows different motivations of the customer such as repurchase intentions (Van Doorn *et al.*, 2010). In this case, disengaged customers have an effect on company results, which should be added to the economic transaction that is coming from sales (Kumar *et al.*, 2010).

Engagement reflects the behavioural bond of the customer through the organization (Van Doorn *et al.*, 2010). This bond not just serves to maintain present customers, but also attracts new customers (Bowden, 2009). In order to provide customer-company interaction, it is important to ensure engagement elements between customers (Druckenmiller, 2009). Terms such as participation, involvement or connection are used (Higgins and Scholer, 2009). The interactive experience and co-creativity of the customer are also mentioned in the relationship with the company (Brodie *et al.*, 2011). On the other hand, customer engagement is considered a global construct, it makes easy to determine the extent to which satisfaction factors affect the result of level of engagement. According to Higgins and Scholer (2009), customer satisfaction is a key element to determine the extent of engagement. It is a satisfaction-driven construct, meaning that satisfaction is a fundamental priority in this context (Van Doorn *et al.*, 2010).

On the other hand, in service marketing, the notion of the service-profit chain is used to express how a company's operational sources are related to financial performance and marketing outcomes (Heskett, Jones, Loveman, Sasser, and Schlesinger, 1994; Heskett, Sasser, and Schlesinger, 1997). It is assumed that customer satisfaction is related to high level

of perceived service quality, whereas, when customers are widely satisfied they become loyal customers (Heskett *et al.*,1994) and customer loyalty is perceived as one of the important driver of company profits which is a value for the firm (Reichheld and Sasser, 1990). According to Homburg, Wieseke and Hoyer (2009), “identification with the firm” is a scope of traditional service-profit chain. In addition to the traditional satisfaction-based path, they created a different social identity based path and they claim that “customer-company identification represents a different aspect of the customer-firm relationship than the classic customer satisfaction construct” (Homburg *et al.*, 2009, p. 38). Therefore, identification, like satisfaction may be the reason of loyalty and financial performance, hence value creation. In addition, previous researches suggest that identification is not a driver of loyalty, it also positively effects customer engagement (McAlexander, Kim, and Roberts, 2003; Stokburger-Sauer, Bauer, and Mäder, 2008) and customer engagement has a direct and positive effect to loyalty as well as indirect influence through customer value co-creation (Zhang, Guo, Mu, Liu, 2017). Thus, identification plays a crucial role in value co-creation by providing customer engagement.

2.2.2.1 The influence of employees in customer engagement

Human factors such as employee and customer relationship are important for successful customer experiences even if the great advances in technology, telecommunications and virtual services (Ballantyne, 2003; Zeithaml, Parasuraman and Malhotra, 2002). Hence, consumers still prefer the human connection to get information. Many researchers claim that employees are core assets for the company, and they play a great role in order to provide customer satisfaction and maximize efficiency (Gummesson, 1987; Ahmed and Rafiq, 2003; Ballantyne, 2003). Especially, the relationship between frontline employees and customers can create a great marketing opportunity for the company. This shows itself in different ways, not just in terms of the provision and delivery of the services, but also it creates an opportunity to understand customers’ opinions, expectations, their level of satisfaction or dissatisfaction, which is a great value for the company (Ballantyne, 2003; Cadwallar, Burke-Jarvis, Bitner and Ostrom, 2010).

In order to satisfy the needs and expectations of the customers, it is important to provide employee satisfaction (Gounaris, 2008). This fact is connected with all employees, because the actions of the employees influence the perceived experience of the customer and the assessment of the service quality received (Zeithaml *et al.*, 2002; Berry, 1981; Georger, 1990; Paswan *et al.*, 2005; Wangenheim, Evanschitzky and Wunderlich, 2007). Hence, from a management point of view, there are some aspects to increase the level of employee satisfaction such as selecting the right staff (Rafiq and Ahmed, 2000), training, rewards of employees (Babakuş, Yavaş, Karatepe and Avcı, 2003; Cadwallar *et al.*, 2010; Zhand and Bartol, 2010), understanding and trust (Ahmed and Rafiq, 2003), communication, work environment, justice and sincerity (Paswan *et al.*, 2005) and transparency (Ballantyne, 2003).

Consequently, communication between employees and customers is termed as service interaction. Service interactions play a significant role in our lives. Ford (2001, p.1) claims that, “from health care to auto repair to banking, to clerical support, service interactions have become a significant part of our daily routines and the nature of these interactions may dramatically impact our overall quality of life”. In addition, every service interaction is considered as performance of employee that has to show values to the customers (Durvasula Lysonski and Mehta, 2005). Therefore, in a service interaction context, since customer service

becomes important to service organizations, employing good service employees may take a meaningful part for an organization's success (Baydoun, Rose and Emperado, 2000). Therefore, it is important to provide good communication to the customers. The quality of interpersonal relationship between employees and customers can affect directly on customer satisfaction and relationship (Bin Haji Zain, 2010). According to Durvasula *et al.* (2005), customer in a service encounter would be enjoyable and satisfying through contacting with helpful, experienced and pleasant service employee. By doing so, customer will stay loyal and organization can maintain the relationship with customer. As a result, they can serve and support customers in the best way and they may provide customer engagement (Ford, 2003).

On the other hand, customer's satisfaction is highly influenced by aspects such as correct and courteous treatment, the effort and interest shown product knowledge, the ability to transmit clear and concise information, empathy, or solving problems (Ahmed and Rafiq, 2003; Babakuş *et al.*, 2003; Gounaris, 2008). In order to provide customer satisfaction, they should receive a level of service that meets with their expectations (Anderson, Fornell and Mazzyancheryl, 2004; Torres and Tribo, 2011). From an academic point of view, there is a positive relationship between the quality of employee attitudes and the level of customer satisfaction (Gummenon, 1999; Ballantyne, 2003).

2.2.2.2 Employee perception on Customer engagement

All actors in the organization play an important role and they create shared value for their organization. Employees are internal customers and their satisfaction contributes to the customer's overall satisfaction and organizational performance (Chen, 2011). They have a big impact on the perception of customers by their behaviour and actions and they play a major role in the value co-creation process and they have different kind of responsibilities in this process. They can adopt with customer skills and capabilities, gather and utilize customer input when creating products and services and they can share this input with the other stakeholders as well (Van Laer and De Ruyter, 2010). However, there is a lack of research in the literature apart from the effect of employee motivation on customer engagement. It is also important to discover what employees think about engaging customers in organizations. Because, employees are the internal stakeholders (Ramaswamy, 2004) and their ideas should be considered to increase the value of the company.

2.3 RESEARCH OBJECTIVE AND APPROACH

2.3.1 Research objective

In order to understand the underlying reasons of value co-creation, it is important to understand customer engagement factors as well, whereas consumers are one of the main sources for companies to create value (Prahalad and Ramaswamy, 2004). In order to perform the research, employee perception was used and qualitative method was conducted. A qualitative approach method relies on words that allow discovering more open and subjective evaluations (Bryman, 2008). And it also provides deliberate answers. Thus, it helps to understand underlying reasons of value co-creation. This research employed a semi-structured in-depth interview method to uncover rich, deep insights into the phenomena under investigation (Smith, 1995).

The research objective was, combined with the findings from the theoretical base of this study, to provide academic understanding into the nature and dynamics characterizing the

conceptual relationship between customer engagement and employee perception. Especially, the research questions created to guide the inquiry was: What is the nature of the connection between customer engagement and employee perspective?

2.3.2 Data collection procedures

Professional Service Firm's employees were chosen to collect the data, because professional service firm's employees are the main assets of these firms and they create value within the organization. In respect of this, employee perspective was chosen because it is a challenging field to study towards management perspective, which is often presented in the articles.

In this study, employees were chosen from different sectors; banking (B), insurance (I), pharmacy (P), information technologies, law (LAW), logistics (L) and fast-moving consumption companies (FMC). The semi-structured in-depth interview method was conducted to 15 employees in Istanbul, Turkey.

Target group was selected according to their relationship with customers; employees who have a direct relationship with customers (frontline employees) and employees who have not a direct relationship with customers. And to make a heterogeneous composition, participants were selected regardless of their functions, age and gender. Interviews held face to face and it took approximately 20 minutes. Table 2.1 shows the participants' demographic profile that attended to the interview

Table 2.1: Demographics of the participants

Participant	Gender	Experience	Position	Type of Company
B1	F	7,5 years	Foreign Trade Specialist	Banking
IT1	M	10 years	IT Specialist	IT
B2	M	13 years	Internal Control Assistant Manager	Banking
I1	M	3 years	Operation and Sales	Insurance
I2	F	5 years	Operation and Sales	Insurance
I3	F	5 years	Operation and Sales	Insurance
I4	F	8 years	Operation and Sales	Insurance
LAW1	M	15 years	Lawyer	Law Sector
LAW2	F	8 years	Lawyer	Law Sector
B3	F	9 years	Executive Assistant	Banking
B4	F	2 years	Personal Loans Executive	Banking
L1	M	1,6 years	Export	Logistics

			Specialist	
IT2	F	2 years	Technology Adviser	IT
P1	M	20 years	Pharmacist	Pharmacy
FCM1	M	10 years	Marketing Manager	Fast Consumption

2.3.3 Data Analysis

Primarily, all the interviews were conducted in Turkish language. The interviews were recorded digitally and transcribed by Atlas TI v.1.6.0. 15 documents were coded in English according to the code map in the software. The model specifies, according to the theoretical base, which is a customer engagement from employee perspective and motivation. And, 3 independent patterns have occurred, according, named; 1. Employee factors, 2. Communication factors, and 3. Management factors. These patterns also have sub-patterns, which will be discussed in the findings section. This semi-structured interview contains three main questions in order to understand the customer engagement from employee side. These main questions are;

Q1: What do you think about customer engagement?

Q2: How can it be increased?

Q3: Which factors should be changed or developed in order to serve better to the customers in the workplace?

Q4: How employees serve better to the customers, what are the reasons behind it?

2.4 FINDINGS

2.4.1 Employee factors

Employee motivation factors are highly important in order to create value for customers and employees. The role of employees is highly crucial and they have a big impact on the perception of customers. In order to satisfy the needs and expectations of the customers, it is important to provide employee satisfaction (Gounaris, 2008). Therefore, motivated employees can bring better solutions to the company and they can create customer engagement as well (Zerbe et al., 1998). In this finding, there are two main employee factors in order to create customer engagement that are training of employees and responsibility.

2.4.1.1 Training

In this study, training has been found as an important factor for employees to create an engagement for customers as a new factor apart from literature. According to our findings, well trained employees can bring better solutions and provide better service quality. One of the respondents stated, *“There are some customers who don’t pay their debts, and agents try to make collections from them. But, they have a lot of job burden and they are really stressful. I think they should have gotten an advanced training in order to approach better to the customer. If so, customer would feel better and agent would be less stressful”*. (Participant B4).

Another employee also stated, *“Employees should get an advanced training in order to analyse the data, because there is an operational burden and they try to pick up the data and it takes time. If they can reach the data in short time, we can serve better to customers and they would be more satisfied”* (Participant I4). Another employee from IT sector also claimed, *“It is really hard to make glad the customer, they demand a lot of things, that is why, experts should handle the cases, and of course training is important to contact with customers better”* (Participant IT2).

2.4.1.2 Responsibility

Responsibility is one of the most important motivation factor for employees and it has a high impact on customer engagement. Here are some quotas of the employees with regard to questions about customer engagement:

“They have restricted some authorizations of the employees in order to restrain fraud. I think it should not be like that. Employees should use some initiatives to engage customers, if so customers may think that they are special and the company really cares about him/her. It may strengthen customer loyalty. And you can provide customer satisfaction and add new customers as well.” (Participant B3).

“I can directly contact with the customer without having the permission of my supervisor, I have total authorization. It makes me happy, and it also makes the customer happy. Because, you don’t lose time and give fast feedback to the customer, so there is a mutual happiness” (Participant LO1).

“We have a lot of loyal customers. However, it was not easy to have this kind of customer profile, because, you need to give a good service quality. For example, if a customer cannot pay at the moment, you do a favour by saying it’s ok you can pay it later. It is important to use initiative to get a loyal customer, and also they feel relaxed and they trust you” (Participant P1).

2.4.2 Communication factors

Communication factors are important to determine the satisfaction level of customers and in parallel with engagement itself (Bin Haji Zain, 2010). Because, customer engagement is considered a global construct, it makes easy to determine the extent to which satisfaction affects the resulting level of engagement. Communication factors are important to provide customer engagement.

2.4.2.1 Empathy

Empathy is the capacity to understand or feel what another person experiencing from the other’s perspective (Bellet, Paul, Micheal and Maloney, 1991). Here are some answers with regard to the question of what makes customers more engaged to the company.

One participant from law sector states, *“You need to show that it is like your own case, empathy is quite important in our job, because the customer wants to see that you care and you fight a lot”* (Participant L1). Another participant from the banking sector states, *“We always have problematic customers, because they don’t pay their debts in time, it is really hard to communicate and persuade with them. I think that agents should show some empathy to customers. It would be a more constructive way to communicate with them”* (Participant B4)

2.4.2.2 Creating a good environment

Creating a good environment with customers is a constructive way to communicate with customer. Because, they may feel a commitment and they may feel more engaged to the company. Here is a quote from an insurance company participant that explains the relationship with the customer; *“We are like a family with our customers. If something happens to them, they always call us. Because, you are not just an insurer, you are also doctors, lawyer or repairman to them. That’s why they feel closer to you”* (Participant I3).

2.4.2.3 Informing customers

Informing customers is another way to communicate effectively with the customers. Here are some quotes with regard to the question of what is important to serve better to the customer;

“The most important thing to serve in a better way to customer is to inform them. It is really important to give the right information. For instance, you are preparing full auto insurance, but the customer has to know that what is full, what is involved and not involved. That’s why it is crucial to enlighten the customer from the beginning” (Participant I4). Another participant from law sector also states, *“It is important to enlighten the customer, he/she should know every step of the case. For instance, if some of the customers are really apprehensive and wants a quick resolution, I tell them that it is not an effective factor, because we are talking about the Turkish judicial system which is a detailed and tough process”*. (Participant L1).

2.4.2.4 Listening customers

Listening customers is highly effective to engage the customer. If companies listen customer’s needs and desires, they would have a chance to create with customers and customers would get happy. Here are some quotes from employees with regard to the question how consumer collaboration increase;

“It is important to listen consumers’ suggestions. For example, what should be done in order to serve you better or what kind of services do you prefer etc.” (Participant IT1).

“We are working with customers, we try to serve customers with regard to their preferences and suggestions, and we call it tailor made. We got many good feedbacks from our customers, and it provides mutual happiness as well” (Participant I2).

“In our business environment, there is a lot of competition. In order to compete with other companies, it is important to work with customers. We always listen them and create according to their preferences” (Participant I4).

“It is not possible to go further without listening people anymore. There is a popular expression; everybody will be famous for 10 seconds. At the present time, there are a lot of famous people around the world because of Facebook, Twitter and other social sites. They can express their ideas and they see themselves important. And if they see themselves as important, you have to listen more. On the other hand, social trends are changing so fast, and you have to keep up with it. That’s why listening and acting with customers is important. People don’t respect the companies anymore if they cannot touch them and act with them together” (Participant FMCI).

2.4.3 Management factors

This theme is related with organization’s management factors in order to provide engaged customers according to employees.

2.4.3.1 Data management

This sub-pattern considers the importance of data management factor in order to create better service opportunities to the customers. Here are some answers of participants;

“I work in a department that request information from other departments of the bank. Actually, we are their customers. In order to work better, it is important for us to reach the information at the right time. It is about the information system of the bank. It is not easy to change it. But if we reach the information easier, we would serve better to the customer. Because, we can analyse them easily and connect with the customers better” (Participant B2).

“Currently, we are working on a digital channel which calls Insurance tech. However, we still don’t get the output. If we can manage it, probably we would reach and serve to customers better” (Participant I2).

“We have a lot of data, information about customers. And we still have problems to gather and pick up the data, we need time for that. Also, we have a serious operation burden, there are new staffs and they should be trained. So, we need more time it is hard to manage the time” (Participant I3).

“We have a good relationship with customers. But if we reach the data faster, we can give fast feedbacks to customers and they would be happy. However, our data system is no so steady now” (Participant I1).

2.4.3.2 Digital channels

According to participant, digital channels are also helpful in order to reach and serve better to the customers. Here are some quotes that have been mentioned by participants;

“Actually, our current aim is to reach potential customers and digital channels are important to add these potential customers to our bank. We make an effort to use social media and if needed we should get help from experts. I think social media is the most useful way to reach to the customers in today’s business environment” (Participant B1).

“I think we have lack of using digital channels, it is a crucial defect for our company. We should keep up with the current business environment to reach and serve to the customer in a better way” (Participant I3).

2.4.3.2 Financial saving

Financial saving has been mentioned by a participant who works in fast consumption product company by saying;

“Especially, if there is no financial saving for the customer, nobody cares about the part of sustainability. In other words, when you try to show about caring environment, you also need to show the financial saving part. If customers cannot get any economic benefits from that, they don’t care a lot. In order to engage the customer or add potential customer, you need to demonstrate the part of financial saving” (Participant FMC1).

2.4.3.3 Sustainability and Corporate Social Responsibility

“A social environment is highly significant for all of the people. Everybody is so sensitive about nature and they are concerned about that. The question is in here; does the company respect to the nature? Sustainability is highly important for our company. We want to decrease the harm that we do in half in next five years. It is important for consumers as well as employees. Because, psychologically people want to feel better. With this goal in mind, consumers engaged in value creation with the company through supporting sustainability and corporate social responsibility programs. For instance, if you are working in detergent business, there are some chemicals that do harm to the environment. For packaging, there is plastic inside and to colour it, you use paint etc. It is important that all these chemicals should be eco-friendly. On the other hand, we also care about the social responsibility issues. For instance, we have a campaign about to provide disabled chairs for people who need it by collecting plastic bottle caps. These campaigns are socially and psychologically effective in people’s mind.” (Participant FMC1)

The figure 2.1 shows the most repeated words during the interviews in Atlas.ti. Sustainability, CSR, listening customers and financial saving are some of the most repeated themes in interviews.

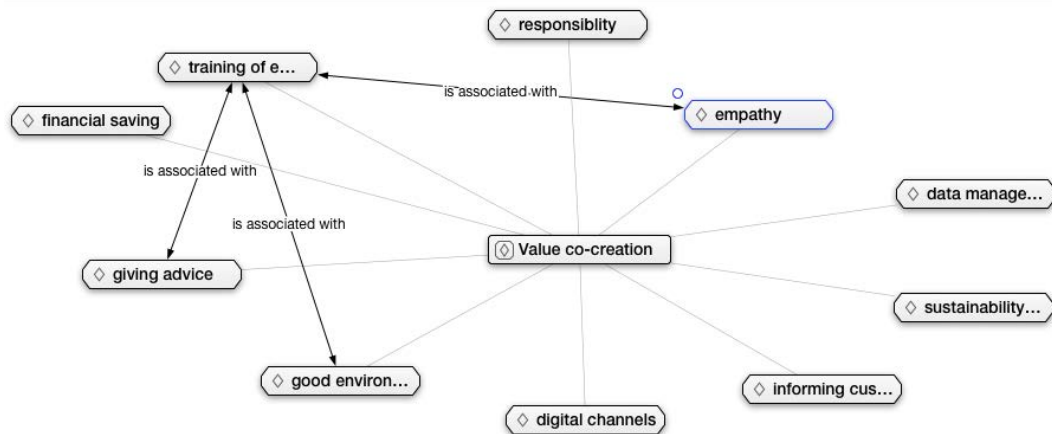
Figure 2.1: The code cloud of the most used words



Source: Code Cloud from Atlas.ti software

Figure 2.2 shows the semantic network between value co-creation and possible indirect reasons behind it by ensuring customer engagement from employee perspective. According to the employees, customer engagement can be provided by the factors that have mentioned below (figure 2.2). Training of employees, creating good environment, financial saving, empathy, sustainability, responsibility of employees, using digital channels are mostly mentioned factors from employees. Companies can engage customers into their organizations by considering these factors, and they may lead to create value for their organization by applying them.

Figure 2.2: Semantic Network



Source: Self-elaborated using Atlas TI software

2.5 DISCUSSION

This part contains a discussion about how this chapter is related to the employee perspective on customer engagement which is the underlying reasons about creation of value. The findings in the empirical research are compatible with previous researches in certain points, but there are also new insights that have been discovered. According to the theoretical base of this study, employee motivation factors may play an important role to provide customer engagement. Moreover, interpersonal interactions between customer and employee may play

an important role. However, there are new insights about to provide customer engagement. These are management factors, sustainability, Corporate Social Responsibility (CSR) and financial saving according to employee perspective.

First of all, employee factors such as training and responsibility could be reasons to provide customer engagement in order to create value. Training, actions and motivation of employees can be the result of customer engagement (Berry, 1981; Gounaris, 2008; Paswan *et al.*, 2005). Training of employee may affect the level of engagement of customers, especially frontline employees. Because, customers can get clear and accurate information from the well-trained employee and they could direct by employee properly. Both customer and employee would not lose time and they would not go in to struggle about the service or product. On the other hand, well-trained employee is not just to carry out his/her task; they would also learn how to communicate with customers. And it may affect the relationship of the customer and employee. A strong relationship may affect the engagement of customer and correspondingly the value of the organization as well, because strong relationships with customers may depend on performance of employees in pursuit of training of employees. According to the professional service firm employees, training of employees is important in order to provide customer engagement, especially employees who have a direct relationship with customers. Hence, good engagement with customers can create value for the company through well-trained employee behaviours.

Secondly, actions and motivations of employees can create better solutions for the company. The way of behaviour of the employee may provide customer engagement. Responsibility is a consequence of one of the motivating factors. If an employee can take decisions apart from manager's directions, he/she may feel motivated and reflect to the customer as well. Using initiative may provide by being important for employees. On the other hand, employees are the main assets for the company and they would know the needs of customers better than the supervisors. And if they can use initiatives and take responsibility, customers would be happy and appreciated. Therefore, they may feel more engaged and they may create value for the company. However, this is a new perception from employee side to encourage customer engagement whereas, it is not only applicable for frontline employees, professional service firm employees who deals with customers consider themselves as a valuable employee if they can take decisions apart from their supervisors. Hence, taking responsibility may not be a good decision for every frontline employee, it is also important to consider employees' background in order to give this initiative. Likewise, responsibility can encourage employee's performance and he/she can feel a valuable person in the organization. Hence, an employee, as a value for the organization, can increase the value for the company itself.

On the other hand, in a service interaction context, since customer service becomes important to service organizations, employing good service employees may take a meaningful part for an organization's success (Baydoun, Rose, and Emperado, 2000). Therefore, it is important to provide good communication to the customers. The quality of interpersonal relationship between employees and customers can affect directly on customer satisfaction and relationship (Bin Haji Zain, 2010). There are communication factors, which may affect the engagement of the customers. Firstly, empathy is one of the important tools for the communication. Empathy is a way of feeling what another person's experiences. If an employee shows the empathy to the customer, he/she may establish a bond between company and the customer. Customers tend to add value with companies that understand them. Hence, empathy of the customer may directly affect the performance of the organization as well as value of the company. Likewise, creating a good environment may be another engagement

factor for the customer, since customers may choose the companies where they feel happy and relaxed. Human relationships are quite important to create a good environment. It may depend on the employee's communication ability with the customer. Moreover, training of employees may act a role to create this environment. In order to create value, it is important to ensure this kind of friendly environment to the customer. On the other hand, informing customers properly may create a better experience for the customer. Well-informed customers could feel happy and illuminated and they may feel more enthusiastic to create with the company. Moreover, informing customers may be seen as a communication tool which may depend on the employee's ability and training part could have an important role in this respect. Lastly, listening customer is another effective communication tool in order to make customer engaged. Because, if the customers feel that of caring by the other side, they may feel committed and engaged. Therefore, they may create value. Hence, professional service firm employees also confirm that empathy, creating good environment, listening customers are important factors with regard to customer engagement.

Finally, management factors may also important to provide customer engagement. There are four sub-themes of it that are data management, digital channels sustainability & CSR and financial saving. First of all, data management may provide a better platform for employees in order to reach the proper data at the right time. Notwithstanding, they may give fast feedbacks to the customers and provide fast and effective service to them. And customers may feel satisfied and happy and it may affect their engagement. Using of digital channels may be another factor to reach to the customer. Having a lack of digital channels may create a mess for the employees. They are able to access to the potential customers. And they could serve better to these customers also provide satisfaction to the customers. On the other hand, there is another way of having engaged customers. Sustainability and corporate social responsibility of the companies could affect the customers in both ways, which are socially and psychologically. Customers could feel relieved when they buy the product or the service. Because, they may have the feeling of helping someone else and providing to protect the nature by buying these kind of products or services. Last but not least, financial saving is highly important to create new customers and to keep current customers. If customers see that they get financial benefit from the company, they would be happy to join to the co-creation processes directly and they would also feel more engaged than before. That is why, it is important to show to the customer the economic advantage of the act.

In conclusion, apart from the literature, such as attitudes of employees, training of employees, interpersonal relations etc., professional service firm employees think that management factors play important role on customer engagement. Using of digital channels, effective using of data managements, CSR and financial saving are crucial elements in order to create customer engagement. In other words, these factors may lead to create value by engaging customers.

2.6 LIMITATIONS AND FUTURE RESEARCH

Although the research has provided different aspects, there are still new aspects to be discovered. First of all, professional service firms may not be enough to generalize the results. It needs to be studied from different kind of employees as well. Secondly, another employee motivation factor should be investigated in order to find out the relationship between consumer and employee. On the other hand, aspects of employee training should be discovered. Likewise, there is a possible relationship between training of employees and communication factors with the customers. These may be strong bonds to create value jointly.

On the other hand, effective use of data may create an effective business environment. This point should be discovered in the future research. Employees have mentioned sustainability and corporate research responsibility factors. Hence, these factors should be researched from both an employee and customer side for the effect on the value co-creation. Last but not the least, these engagement factors should be studied from customer behaviours in order to understand their needs and wants on the way of value co-creation.

CHAPTER 3: EFFECTS OF ENVIRONMENTAL AND SOCIAL SUSTAINABILITY PERCEPTIONS ON VALUE CO-CREATION AND ITS ANTECEDENTS

3.1 INTRODUCTION

Customers' role in the value co-creation process is undeniable. Today's business environment has changed and developed if compared with 19th century's business market. Notwithstanding, the roles of customers and companies have also changed, and customers are more active and powerful than before. Customers, in the current environment, are stakeholders according to their interest. They may be a collaborator, communicator or competitor (Prahalad and Ramaswamy, 2000). On the other hand, the companies' roles have also changed due to the technological development, increasing globalization and the availability of internet. Hence, companies found themselves in the collaboration and communication environment through networks and alliances (Prahalad and Ramaswamy, 2000). Customer value co-creation subject arises from the companies' economic necessities, because it is a way to meet its economic benefits with collaboration with customers. Therefore, in order to survive in the business environment, customer value co-creation has become an indispensable topic to study.

In today's business world, brands have found out new ways to engage with customers (Ind *et al.*, 2013). They listen to their brand communities and ask questions to customers in order to test their offerings (Füller *et al.*, 2008; Gouillart, 2014; Kozinets, 2010; Kozinets *et al.*, 2008). However, customer willingness participates in co-creation processes for different reasons, it may be self-development, social, hedonic and ethical reasons (Carù and Cova, 2015; Schau *et al.*, 2009). In this connection, the co-creation process here is understood as a means to emphasize the social and ethical aspects with consumers embracing the need to fulfil a social and ethical function in society. It means that consumers are increasingly seeking solutions to their own concerns and they are interested in creating a better world, guided by their moral values when making buying decision processes (e.g., Hollenbeck and Zinkhan, 2010). Furthermore, customers are getting push companies to carry out corporate social responsibility (CSR) practices and co-creation activities (Iglesias, Markovic, Bagherzadeh, Singh, 2018). Some studies (i.e., Shaw *et al.*, 2005) indicate that consumers show closeness to brands that care about well-being, security, equality and respect. In other words, consumers' choices of products and services are based on their higher-order needs for social, economic, and environmental justice (Kotler *et al.*, 2010).

However, there is a lack of study on ethical motives such as social and environmental issues from the consumer perspective in value co-creation process. Environmental sustainability and corporate social responsibility (CSR) programs are some of the ethical actions that companies perform. One of the highly known definition of sustainability is sponsored by United Nations which belongs to Brundland (1987). According to this definition, sustainability is the needs of the present without endangering the necessities of the next generations to meet their own needs (Bruntland, 1987). According to CSCMP (Council of Supply Chain Management Professionals, 2013, p.191): "Corporate sustainability refers to efforts a company makes related to conducting business in a socially and environmentally responsible manner. It contains elements including sustainable development, CSR, stakeholder concerns, and corporate accountability".

Many firms noticed the importance of sustainability and give importance on their CSR activities in order to get a competitive position. These activities include creating partnerships

with environmental non-governmental organizations (NGOs) that work on environmental issues (e.g., Johnson & Johnson or Ford), donating to educational initiatives to encourage environmental awareness (e.g., Disney or Walgreen), and helping initiatives for ecological preservation (e.g., Samsung) (Jose and Lee, 2007). In short, environmentally sustainable companies preserve natural resources, minimize waste, and reduce emissions (Krause, Vachon, and Klassen, 2009). On the other hand, social sustainability programs receive attention of the corporations in order to keep competitive business environment (Pullman, Meloni, and Carter, 2009; Sarkis, Helms, and Hervani, 2010). Social responsibility also concerns employees' working conditions, relationships with communities and social values (Sarkis *et al.*, 2010). For example, Wal-Mart carried out social responsibility activities in its operations. The company helped mentally ill children in India, found homes for abandoned children in North America, and rebuilt homes and drinking water facilities in Africa and in the Middle East (Çavuşgil and Çavuşgil, 2012). Briefly, socially responsible firms add value to the communities that they operate by increasing the human capital of individual partners as well as enabling the societal capital of these communities (Dyllick and Hockerts, 2002).

Environmental and social sustainability programs play an important role in planning and management within firms and across supply chains where people, activities, information, and resources involved in moving a product or service from supplier to customer (Linton, Klassen and Jayaraman, 2007). For example, progression of sustainable products requires a joint effort by all participants of the supply chain (Vasileiou and Morris, 2006). Hence, sustainability is becoming important for the supply chain issue more than the organization level (Vasileiou and Morris, 2006; Vachon and Klassen, 2007; Green, Zelbst, Meacham, and Bhadauria, 2012). Also, many businesses focus on social issues in order to compete in the business market (Pullman *et al.*, 2009; Ashby, Leat, and Hudson-Smith, 2012). Moreover, the aim of a supply chain is to increase consumer value (Bowersox, Closs, and Stank, 2000). The focus of the whole supply chain is to understand and meet consumer demands (Fearne 1996; Cooper, Lambert, and Pagh, 1997). Therefore, environmental and social activities play a crucial role for supply chains. Nowadays, consumers are more concerned to environmental and social issue than past. They choose environmentally products in their shopping decisions, they are more sensitive about social issues such as child labour, fair wages, and working conditions and prefer forms that are socially responsible (Lash and Wellington, 2007; Tate, Ellram, and Kirchoff, 2010; Gould, 2003; Branco and Rodriguez, 2006; Closs, Speier and Meacham, 2011).

In addition, recently sustainability has been on the top of the agenda in the last years. Even though, experts and academicians argue the importance of problems such as energy, water consumption and waste control, corporate strategies have been developed in response to increased environmental regulations (Menon and Menon, 1997), sustainability goes further environmental perspectives only. Many firms started to take corporate actions beyond the economic interests, and this leads to become transparent to the society (Carroll, 1979). Most of the companies have adopted social responsibility and sustainability agendas as a long-term corporate strategy (Bowd, Bowd and Harris, 2006). In addition, Clarkson (1995) claims that these corporate strategies should create value to the community through participation of stakeholders. However, value is not stored in objects; it is co-created in interaction with other parties (Ramaswamy, 2008; Vargo, 2008). Thus, this part of the research addresses the question of how environmental and social sustainability affects the consumers' behaviour on the way of collaboration with the organization.

On the other hand, sustainability may increase the cost of operations. Thus, most multi-national companies do not give enough importance to sustainability with regard of the cost

saving (Pullman *et al.*, 2009). In many cases, sustainability has inevitable trade-offs and may increase the cost (Devinney, 2009). Consequently, companies have to charge high prices for sustainable products or services (Kang and James, 2007; Husted, Russo, Meza and Tilleman, 2013). Even though, there is an increasing demand among customers to buy sustainable products, they often put price over sustainability practices. Notwithstanding, examined customers' perceptions of a company's motivation to support sustainability practices and found that customers choose negatively-motivated or neutral companies if the price of the positively-motivated company's product is high (Barone, Miyazaki and Taylor, 2000). Therefore, price is a priority for most of the customers (Horne, 2009). Many customers are not willing to pay high prices even the product or service is eco-friendly (Gleim, Smith, Andrews and Croin, 2013). Thus, this point of view addresses the moderating effect price on the relationship between sustainability and consumer behaviour.

In sum, this part of the research's aim is to find out the effect of price between environmental and social sustainability practices, because environmental and social sustainability issues have important role to figure out consumers' ethical motives. On the other hand, these ethical motives can encourage consumers' willingness to participate in value co-creation process with the organization itself. Thus, willingness to participate of consumers in co-creation process can increase the organization's value. In order to discover this relationship between these motives, purchase intention, satisfaction and loyalty will be used as a measure of consumer behaviour and the antecedents of co-creation. The added value of this study is to discover the relationship between consumers' willingness to co-create and perceived environmental and social sustainability. In the literature, it has not been researched the possible relationship between willingness to co-create and environmental and social sustainability by using the consumer behaviour scales such as purchase intention, loyalty and satisfaction. In this paper, we will investigate to fulfil this gap and consumers' perspectives about environmental and social sustainability on the way of creating value for the company. This paper provides a new perspective about co-creation antecedents and sustainability practice, thus the research will help to develop new management perspectives for the companies that use a sustainable policy or willing to use it in the future.

3.1.2 Research Questions and Objective

This dissertation attempts to explore environmental and social sustainability and its effects on customer willingness to co-create with different consumer behaviour and at different price levels. The current research examines the following questions:

1. What is the effect of environmental sustainability on the consumer's willingness to co-create with different consumer behaviour and at different price level?
2. What is the effect of social sustainability on the consumer's willingness to co-create with different consumer behaviour and at different price level?

3.1.3 Research Approach

In this study, Social Exchange Theory will be applied. This theory will allow to measure cause-and-effect relationships between sustainability, consumer behaviour and consumers' willingness to co-create (Thomas, 2011). The first part of the research will test environmental

sustainability perception, consumer behaviours and willingness to co-create. The second part will test social sustainability perception, consumer behaviour and willingness to co-create.

3.1.4 Contributions of this research

The discovery of the effects of sustainability perceptions on consumers' behaviour and consumers' willingness to co-create make several contributions to the literature. First of all, this research will help to figure out a better understanding of different types of consumer behaviours as a consequence of co-creation and as a part of the supply chain. In other words, consumer satisfaction, loyalty and purchase intention will be investigated in order to understand better the relationship between sustainability and consumers' willingness to co-create which is a neglected field of research in the supply chain and value co-creation literature. On the other hand, this study will focus on consumers' perceptions of the individual level relationship which has been mentioned by some scholars as a future research area (e.g. Atasu, Guide and Van Wassenhove, 2008).

Secondly, this research will provide a great understanding of a disregarded dimension of co-creation in the supply chain context. Whereas the aim of a supply chain is to increase consumer value (Bowersox, Closs and Stank, 2000), the focus of the whole supply chain is to understand and meet consumer demands (Fearne 1996; Cooper, Lambert and Pagh, 1997). Thus, this study will help to understand better the relationship between consumer value co-creation and sustainability. On the other hand, most of the studies ignored the price part of environmental and social sustainability (Pullman *et al.*, 2009; Sarkis *et al.*, 2010). This study will help to figure out the price effect on consumers' willingness to co-create with its consequences towards sustainability practices.

3.2 LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

This section reviews and synthesizes the literature and the theory to develop a testable hypothesis. First, Social Exchange Theory is introduced as the theoretical objective of this research. Second, sustainability is discussed, in the context of supply chain and its influence on consumers. Third, sustainability and co-creation context is discussed. Fourth, consumer behaviours as consequences of co-creation are discussed. Fifth, environmental and social practices of sustainability and their influences on consumer behaviour and willingness to co-create are examined. Sixth, price on consumers' behaviour is discussed. Finally, based on the literature, the research hypotheses are developed and demonstrated within the theoretical model.

3.2.1 Theoretical Foundation

3.2.1.1 Social Exchange Theory

This research will examine the consumers' perceptions towards sustainability practices by using Social Exchange Theory perspective (Thibaut and Kelley, 1959). Thibaut and Kelley (1959) proposed a theory interpersonal relations as a primary concern. This study along with other related studies of that era, has come to be mentioned Social Exchange Theory (Homans, 1958; Blau, 1964; Kelley and Thibaut, 1978; Anderson and Narus, 1984). The main hypothesis of Social Exchange Theory is that persons engage in an exchange interaction when they obtain a social benefit from other parties (Blau, 1964). As the theory claims, the acts of

each party may not be explained only through economic benefits (Atuahene-Gima and Li, 2002). In the B2C contexts, consumers look forward to get benefits from products that transcend the basic economic benefits. For instance, consumers consider buying and utilizing the products as a way of state themselves and to get benefit from it (Sirgy, 1985).

The most common form of Social Exchange Theory is reciprocity (Gouldner, 1960). This form has been described as a repayment exactly and clarify behaviours when parties seek to maximize net reward interactions (Cropanzo and Mitchell 2005; Griffith, Harvey, and Lusch, 2006). The reciprocity provides a long-term relation between customer and business. Reciprocal behaviours have effect on consumer loyalty, satisfaction and purchase intention (Agustin and Singh, 2005; Beltramini, 2000; Sung and Choi, 2010; Wu, Chan and Lau, 2008).

Consumers' perceptions shape companies' sustainability practices, which affects their purchase behaviour. Plenty of research confirmed that sustainability practices of companies have a high effect on consumers' purchase decisions (Sen and Bhattacharya, 2001; Lichtenstein, Drumwright, and Braig, 2004; Kim and Choi 2005; Mohr and Webb; Stall-Meadows and Hebert, 2011). Research also demonstrated that consumers who are satisfied with the firm's products and services tend to buy from a sustainable firm (Mohr, Webb and Harris, 2001). For instance, companies that have a high reputation on environmental and social sustainability behaviours will be rewarded by customers with high purchase intentions (Creyer and Ross, 1997).

Sustainable practices provide a reason for consumers to reciprocate with their behaviours and attitudes, because they believe that they will reward to company (Gouldner 1960; Udorn, Bloom and Zeithaml, 1998). Likewise, consumers believe that they are contributing to pursue environmental and social welfare by involving in an exchange relationship with the sustainable company (Rios, Martinez, Moreno and Soriano, 2006). In Social Exchange Theory, all parties believe that if they engage in a sustainable purpose, they will be satisfied (Thibaut and Kelley, 1959; Gassenheimer, Houstan and Davis, 1998).

In an exchange relation, consumers anticipate purchasing environmentally and socially sustainable products at the lowest price (Goebel, Moller and Pibernik, 2012), which is rewarding for the consumer. Otherwise, lack of reward will likely to decrease purchase intention, loyalty and satisfaction.

In the organizational literature, customer voluntary behaviours are considered crucial behavioural acts that explain the relationship between the consumer and the organization. By expanding the notion, customers are considered partial employees, it makes sense that a customer in a social relationship with an organization can engage in value co-creation such as helping employees, providing ideas and making suggestions via their knowledge and ideas to develop the performance of the organization (Choi, Lotz and Kim, 2014).

3.2.1.2 Sustainability and supply chain relationship

The term of sustainability has been described in different fields such as environmental science, management and social science (Linton, Klassen and Jayaraman, 2007). The concept of sustainability is quite new and there are differences in definitions in existing literature, even there are common definitions (Carter and Rogers 2008; Winter and Knemeyer, 2013).

The most well-known description of sustainability is: “meeting the needs of the present without compromising the ability of future generation to meet their own needs” (Brundtland, 1987). Several descriptions of sustainability are coming from the “Triple Bottom Line” concept (Elkington, 1997). This concept is the most extensive concept in the literature which debated sustainability at the crossing of economic, social and environmental goals of a company. The economical aspect directs that economic needs of the parties (customers, employees, suppliers, etc.) are met effectively and efficiently, the social dimension is about human rights and employees’ health and safety, and the environmental facet concerned with emission reduction and protection, waste minimization of natural resources (Bansal and McKnight, 2009; Krause, Vachon and Klassen, 2009). On the other hand, the concept of “Triple Bottom Line” is called People, Profit and Planet (3Ps). The intersection of these aspects generates the core of sustainability.

Sustainability plays an important role in the whole supply chain in designing and managing supply chains (Kleindorfer, Singhal and Van Wassenhove 2005; Srivastava 2007; Golicic and Smith, 2013). Plenty of studies have researched the sustainability issue in the supply chain context. Previous research has stayed focused on socially responsible buying and environmentally friendly purchasing. It has been discovered that socially responsible buying attitude regarding to the environment took place in the organizations (Drumwright, 1994). The effect of environmental relationship in supplier selection decisions has been investigated by Min and Galle (1997). Notwithstanding, Noci (1997) also provided a framework for the supplier selection procedure from an environmental aspect. However, posterior studies examined the barriers and triggers for sustainability and created frameworks for sustainable supply chain management. Bansal and Roth (2000) have studied the motivations and contextual elements that encourage environmental sustainability in companies. Bansal (2002) highlighted the challenges for the firms applying sustainability practices into their organizations. The three aspects of sustainability (environmental, social, and economic) have been argued by Dylick and Hockerts (2002) to find out the answer the question of how sustainability can be achieved in a firm. Linton *et al.* (2007) obtained a background for the increasing role of sustainability in the supply chain. All of these researches found the importance of sustainability in the supply chain during the designing and managing.

Sustainable supply chain management framework has been identified as a concept of sustainability from the firm to the supply chain level (Carter and Rogers, 2008). Suring and Muller (2008) introduced a literature review of supply chain management and outlined the most important lines of research in the field, as well as Carter and Easton (2011) that they reviewed and identified the trends in the field.

Lastly, consumer preferences and their influence on supply chain have been identified by Bask, Halme, Kallio and Kuula. (2013). Wolf (2014) discovered the relation between supply chain management, stakeholder pressure and corporate sustainability performance. And, consumers’ role in managing sustainability throughout a supply chain has been discovered by Sigala (2014). In these studies, corporate sustainability performance plays highly important role on consumer preferences.

3.2.1.3 Sustainable supply chain and consumers

A supply chain has been described as “a set of three or more entities (organizations or individuals) directly involved in the upstream and downstream flows of products, services,

finances, and/or information from a source to a customer” (Mentzer, DeWitt, Keebler, Nix, and Smith, 2001, p.4). Final consumers are also considered as a member of the supply chain in other contexts as well (e.g. Cooper and Ellram 1993; La Londe and Masters 1994; Lambert Stock and Ellram 1998, Mentzer *et al.* 2001). The most important focus of supply chain is to meet the end consumer demand (Bowersox, Closs and Stank 2000). Sustainable supply chain has to provide sustainable goods and services to all customers (Font, Tapper, Schwartz and Kornilaki, 2008; Morali and Searcy, 2013).

According to the literature, companies are dealing with pressures from stakeholders to formalize sustainable supply chains. Klassen and Vachon (2003) highlighted that the pressures are coming from downstream members of the supply chain and it demonstrated that how the mutual relation improves environmental management. Kocabasoglu, Prahinski and Klassen (2007) discovered the managerial efforts for getting through with stakeholder pressure on eco-friendly operations. Moreover, it has been discovered the significance of stakeholder pressure and Sustainable Supply Chain Management (SSCM) for firm’s performance (Wolf, 2014). This all stakeholder pressure almost come from consumers (Waddock and Bodwell, 2004; Lubin and Esty, 2010; Kirchoff, Koch and Nichols, 2011; Bjorklund, Martinsen and Abrahamsson, 2012). These studies also demonstrated that consumers want firms to become more social and environmental in their products and services and it provides a positive relation between firm’s sustainability and consumer behaviour. For instance, Stall-Meadows and Hebert (2011) explored that consumers tend to purchase and use sustainable products as compared to a non-sustainable preference. Likewise, consumers’ purchase likelihood increases if the product comes from a sustainable company (Feldman and Vasques-Parraga, 2013).

In the literature, there are plenty of examples about sustainability practices of firms and the results of meeting and not meeting consumer demands of sustainability. Firms may face with prevalent consumer boycotts if they ignore consumer demands. For example, Coca Cola obtain water diverted from public, or Home Depot buys lumber from old growth forests (Parmigiani, Klassen, and Russo, 2011). In other words, consumers highly consider the sustainable practices of suppliers as well (Ehrgott, Reimann, Kaufmann and Carter, 2011). In order to response to consumer expectations, companies have begun to choose suppliers that meet certain sustainability requirements (Tate *et al.*, 2010). For instance, CarComp implements sustainability requirements into its own supplier contracts by indicating that all products were produced under environmentally and socially responsible conditions (Wolf, 2011). Moreover, Apple Inc. got inspired from Foxconn to decrease worker hours, increase payments and improve worker living conditions (Kull, Ellis and Narasimhan, 2013).

In sum, all parties in the supply chain are suppliers to the consumer. In order to focus on the whole supply chain, it is important to comprehend consumer needs and wants (Fearne, 1996; Cooper, Lambert and Pagh, 1997). The aim of the supply chain is to raise consumer value (Bowersox *et al.*, 2000). Therefore, supply chains have to comprehend the increasing request of consumers for sustainability practices.

3.2.1.4 Environmental sustainability

The environmental sustainability provides companies to engage in activities that are connected to corporate environmental management and care for natural resources (Bansal, 2005; Hart, 1995; Kim and Ma, 2014; Leonidou *et al.*, 2012; Park, Ko and Kim, 2010).

In today’s business market, the importance of environmental issues and focusing on corporate

environmental responsibility and to increase (Drumwright, 1994; Ham and Choi, 2012; Lee and Park, 2013; Stall-Meadows and Davey, 2013). Previous researches on the environmental dimension focus on the antecedents of environmental strategy integration and the performance outcomes of such initiatives (Baker and Sinkula, 2005; Chabowski, Mena and Gonzalez-Padron, 2011; Menon and Menon, 1997). The presence of policy entrepreneurs, the support of top management, the threat of regulation and the influences of regulatory power, competitive intensity and internal policy are all central to the successful implementation of environmental strategies (Menon and Menon, 1997).

In the literature, there are some main environmental sustainability issues discussed in different areas such as energy consumption, water usage, recyclable material usage, greenhouse gas effect and other emissions and waste type disposal method and spills (GRI, 2013). Mayyas, Qattawi, Mayyas and Omar (2013) and Lindahl, Robèrt, Ny and Broman (2014) researched sustainability issues in material usage and selection. Reich-Weiser and Dornfeld (2009) and Aviso, Tan, Culaba and Cruz, (2011) analysed water usage issues in supply chain, Van Hoek and Johnson (2010) and Ingarao, Ambrogio, Gagliardi and Di Lorenzo (2012) examined energy consumption and saving issues, Downie and Stubbs (2012) and Nishitani and Kokubu (2012) investigated the effect of greenhouse gas emissions on organizations. Simpson and Samson (2010) and Kaipia, Dukovska-Popocvska and Loikkanen (2013) researched waste reduction and its impact on sustainability performance. These studies demonstrate the importance of environmental sustainability issues that have an important effect on performance of supply chain context. This research focuses on environmental and social sustainability within the supply chain context. Environmental sustainability in the supply chain literature has been referred to other dimensions of sustainability. These researchers focused on green product development and innovation (Tracey 2004; D'angelico and Pujari 2010; Isaksson, Johansson, and Fischer 2010; Chen and Chang 2013a), environmental and reverse supply chain management (Erol, Velioglu, Serifoglu,, Büyüközkan, Aras, Cakar and Korugan, 2010; Eng-Larsson and Kohn, 2012; Kim and Lee, 2012; Huscroft, Hazen, Hall, Skipper and Hanna, 2013), and green supply chain practices (Sarkis, 2012; Perotti, Zorzini, Cagno and Micheli, 2012; Morali and Searcy, 2013; Gimenez and Sierra, 2013). Hence, there is a lack of research on the downstream of supply chain literature. This research will discover the relation between organizations' environmental sustainability practices and consumers' willingness to co-create, purchase intention, satisfaction and loyalty. Price also another concern and it will be investigated as a moderating effect.

3.2.1.5 Social sustainability

The social sustainability mostly focuses on companies' impacts on society and societal problems such as education, community relationships, charities (Elkington, 1998; Wood, 1991). Corporate social responsibility (CSR) is one of the common issues due to social dimension (Chabowski *et al.*, 2011; Lichtenstein, Drumwright, and Braig, 2004; Kim, 2014; Ko, Choo, Lee, Song, and Whang, 2013). CSR has been studied in different concepts such as, cause-related marketing (Varadajaran and Menon, 1988), customer response (Brown and Dacin, 1997) and corporate performance (Luo and Bhattacharya, 2006). The important elements to achieve socially focused initiatives involve consumer preference, perception and support (Barone, Miyazaki, and Taylor, 2000; Dhaoui, 2014; Handelman and Arnold, 1999), as well as employee motivation (Drumwright, 1994). In order to be successful in the social

sustainability strategies, consumer perceptions are important as perceived corporate motives moderate CSR performance (Ellen, Webb and Mohr, 2006).

Even though sustainability researches have widely focused on the environmental side, there are few studies that focused on social sustainability issues. Branco and Rodrigues (2006) focused on social sustainability as an improvement of social well-being. Ehrigott, Reimann, Kaufmann and Carter (2011) examined the elements that effect socially sustainable selection of suppliers. Social sustainability focused on as a part of ethical issues in the literature. Simola (2012) explored the individual and organizational level of behaviours in relation to social sustainability. Carrington, Neville and Whitwell (2014) discovered the intention-behaviour gap in an ethical consumption context. Whereas social sustainability has been referred an ethical issue in the previous literature, the point so far has been on the environmental point of views (Lindgreen, Antiocho, Harness and Sloot, 2009; Peattie and Collins, 2009; Ashby *et al.*, 2012). There are plenty of calls for more study to discover social sustainability (Pullman *et al.*, 2009; Sarkis *et al.*, 2010). “Socially sustainable companies add value to the communities within which they operate by increasing the human capital of individual partners as well as furthering the societal capital of these communities” (Dyllick and Hockerts 2002, p. 134). Socially responsible practices help companies gain competitive and comparative advantages (Florea, Cheung, and Herndon 2013).

Companies have been focused on more social sustainability activities than before because of the consumer widely demand. Present social sustainability research focuses on the management of the individual’s skills and abilities, relations and social values (Sarkis *et al.* 2010; Ashby, Leat and Hudson-Smith, 2012). Equity, diversity, connectivity and outside the community are all referred as main elements of social sustainability (Pullman *et al.* 2009; Gimenez and Tachizawa, 2012). Animal welfare also highlighted as an aspect of social sustainability (Low and Davenport, 2007). Van Buren and Greenwood (2013) studied labour issues, such as long hours of work, income inequality and loss of employee voice.

Social sustainability is highly related with the concept of CSR, which has been defined as “a concept whereby companies integrate social and environmental concern in their business operations and in their interaction with their stakeholders on a voluntary basis” (Commission of the European Communities, 2001, p.6). In this regard, CSR includes social and environmental issues together (Bansal, 2005; Branco and Rodrigues, 2006). Whereas CSR activities are more focused on organizational activities such as transparency and sustainability reporting issues, sustainability focuses on value creation and environmentally friendly and socially-responsible production (Van Marrewijk, 2003). The basic contrast between sustainability and CSR is that the typical frame of CSR does not involve consumers, despite the sustainability compound the consumer as an important stakeholder in corporate strategy (Hult, 2011). Hence, sustainability practices are more powerful to get a competitive advantage (Reuter, Foerstl, Hartmann and Blome, 2010; Hult, 2011; Paulraj, 2011).

3.2.1.6 Sustainability and stakeholder participation context

Delivering excellent value in business includes the participation of a plenty of parties bringing up the difficulties of coordination business interaction (Anderson, Kumar and Narus, 2007). It may occur massive recalls of products, if there is a failure action in complex value chains, so

it is important to manage these business interactions properly with different types of stakeholders.

On the customer part (as a part of stakeholder), the levels of knowledge available promoted by the improvement of knowledge technology can expose, at short notice, any problems a firm may have. More importantly, increased knowledge availability has promoted the occurrence of new groups of customers that actively look for information about the business practices as well as probe the behaviour of the suppliers of those businesses. It means that, customers are efficient to see further into suppliers' extended relations, as well as investigating the behaviour of their members (Biggemann, Williams and Kro, 2014). Sustainability practices are some of the strategic business actions of these members. In today's world, consumers are more concerned about ethical issues and they show their reactions towards to these members. Hence, it is important for organizations to care about ethical actions when they produce or/and launch a product or a service.

On the other hand, businesses' reacts to consumers' increased ability to probe their operations are various. They may keep their suppliers as a secret (e.g., Apple), to forcing them to give in to their norms and regulations (e.g. Walmart). However, some companies (e.g. Mattel) have tried for years to assemble international operation regulations, only to face the truth that one party's opportunistic behaviour is enough for their whole system to fall down (Biggemann *et al.*, 2014). Even though some companies try to keep their suppliers as a secret, consumers want to know it and they focus on their business operations. In worst case, these companies encourage massive product recalls (e.g., Volkswagen) if there is an unsuitable product launched. Hence, these kinds of problems affect business viability and each time a business' sales falls on average 4 per cent (PriceWaterhouseCoopers, 2008). The loss of reputation and equity causes problems for the company and it makes difficult to recuperate.

In order to compensate their loss, companies apply new strategies for their businesses. This strategy is called Corporate Social Responsibility, and it helps to compensate their reputation. The goal of these strategies is to show the behaviour of "we are good citizens", because, companies need to demonstrate that they care about communities (Biggemann *et al.*, 2014). The initiatives of CSR may deliver various results even though they are broadly utilized. Due to the existing problems between the firm and some stakeholders may not be resolved but may bring little advantage in the best thought-out CSR programs; for instance, if other participants of the value chain happen to have problems with their own stakeholders, for other related companies' results may be negative. Therefore, the relationship between stakeholders in the value chain is important and it has to be managed decently in order to avoid negative results.

The aim of value chain is to focus on identifying consumer's wants and needs and then gathering sources to develop a product or service that encounters their needs. Hence, the value chain is about how value is created (Biggemann *et al.*, 2014). Therefore, Smith and Colgate (2007) claim that there is no sufficient knowledge about what value should be created or "what constitutes a well-defined product concept from a value perspective" (p.7), thus, these scholars offer a new way which the advantages of a sustainability strategy can be considered within the chain.

Creation of value may be the result of sharing sources, information and technology and may also involve sustainability within the participants of the chain along the way to final consumption (Biggemann *et al.*, 2014). The alternative concept of value is not fully involved

within a product or service, on the contrary it is realized in use. Prahalad and Ramaswamy (2004a) claimed that unique value can be co-created by containing the end user via the process of value creation. Thus, value involves in co-creation experience instead of lying only in the physical or service offering. In other words, value creation may depend on the actions of organizations, such as sustainability. For instance, consumers may want to join the co-creation process if they see the organization cares about environmental and social issues in society. Thus, they may contribute to the organization' value by creating with them.

In the service marketing area, value is realized when a service is used (Holbrook, 1999). However, Sandstrom, Edvardsson, Kristensson and Magnusson (2008) claim that consumers are co-creators and judges of the service value. On the other hand, Flint (2006) identifies the dynamics of value creation as the customer valuing the product, beginning with the idea of utilizing the product at the pre-purchase stage followed with valuing the experience of purchase at the purchasing transaction stage, then it follows with valuing owing the product at the post-purchase stage, ending with de-valuing owing the product, which can finish with the beginning of a new cycle of buying (Flint, 2006). In other words, value can be created by consumer experiences. If consumer uses the service and also continues to use the service, he/she can create value for the organization as well.

Moreover, Smith and Colgate (2007) suggest a framework to conceptualized value involved by four different categories: functional/instrumental, experiential/hedonic, symbolic/expressive and cost/sacrifice, sustainability arguably lying between the symbolic/expressive and experiential/hedonistic modes. These different types of value indicate the participation of consumer and supplier in both evaluation, as well as realizing the value of the offering. Today's consumers are more likely to consider in detail how value is created so that firms take actions by putting programs to ensure them no ethical issues exist in the elaboration in their offerings, which is called customer social responsibility in the literature (Biggemann *et al.*, 2014).

The opinion of sustainability is to know the importance of determining and comprehending the needs and interests of all participants and the value that is created in the interaction with them, but, value evaluation is quite difficult because of the importance given to economic value on which most studies on business cases is focused. On the other hand, the value of sustainability is also hard to quantify (Salzman, Inoescu-Somers and Stager, 2005) because monetary value only realize in the long term. Actually, there is no strong proof of positive results from corporate citizenship activity (Spence and Bourlakis, 2009). Therefore, determining the beneficiaries of value is also difficult as well as quantifying the value. Hence, the question should not just focus on how much value is created, but it should also focus on how it is distributed (Biggemann *et al.*, 2014).

In sum, social responsibility programs are about the encourage sustainability, but they are not enough to success firms' sustainability strategies, because of the broad problems of involvement of value chain partners within the chain (Biggemann *et al.*, 2014). In despite of CSR programs are adding to corporate reputation (Williams, Buttle and Biggemann, 2012), the actual value transmitted by CSR projects is difficult to evaluate. Moreover, the assignation of how sustainability value is delivered and made sustainable is equally concerned, thus the necessity to evaluate stakeholders' participation as well their commitment, is becoming more visible. Thus, stakeholders (consumers) can deliver value by participating co-creation process if they see a contribution from company's side to the society by providing environmental and social sustainability actions. Hence, this study's goal is to highlight the relationship between

sustainability strategies of organizations and stakeholder (consumer) participation into their businesses. Therefore, we proposed the following hypotheses:

H1a: The perceived environmental sustainability of a company positively influences the willingness to co-create.

H1b: The perceived social sustainability of a company positively influences the willingness to co-create.

3.2.1.7 Consumer behaviours as dimensions of value co-creation

The value co-creation concept originally comes from service dominant logic (S-DL) paradigm (Vargo and Lusch, 2004). The S-D logic in the marketing literature has been underpinned the increasing transformation of marketing thinking (Lehmann, McAlister and Staelin, 2011). The S-D logic viewpoint challenges the basic principles of economies (Vargo and Lusch, 2004). The G-D logic's aim is to manufacture, distribute and sales products and services for the consumption purposes. Organizational production processes include different sources of value hidden in the production of products and services, which will reflect in the price a given customer is willingness to pay for it. Therefore, economization of scale and standardization will direct to maximum efficiency and in exchange will positively reflect on profits. The S-D logic perspective is where every exchange is dependent and when products are included in this process; they are just tools of delivery and application of resources (Vargo, Maglio and Akaka, 2008). Likewise, it directs to the understanding that products are important for service delivery and consumers' participation indispensably develops all productivity in more than one way. Moreover, active involvement of consumers helps to decrease in cost (Auh, Bell, McLeod and Shih, 2007).

On the other hand, co-creation indicates to the transaction in which a consumer and a service provider reciprocally engage in the transaction of value creation (Park and Ha, 2015). Thus, value co-creation is a consequence of joint effort which is created by the consumer and the service provider (Prahalad and Ramaswamy, 2004a). There are two different types of customer value co-creation attitude which is consumer participation attitude and consumer citizenship attitude (Bove, Pervan, Beatty and Shiu, 2009; Revilla-Camacho *et al.*, 2015; Vega-Vazquez *et al.*, 2013; Yi and Gong, 2013; Yi, Natarajan and Gong, 2011). Consumer participation attitude indicates to expected and required behaviours necessary for the successful production and delivery of the service (Groth, 2005; Revilla-Camacho *et al.*, 2015; Vega-Vazquez *et al.*, 2013; Yi and Gong, 2013; Yi *et al.*, 2011), whereas consumer citizenship attitude indicates to voluntary and discretionary behaviours that are not required for the successful production and delivery of the service but that, in the aggregate, help the service organization overall (Groth, 2005; Revilla-Camacho *et al.*, 2015; Vega-Vazquez *et al.*, 2013; Yi and Gong, 2013; Yi *et al.*, 2011). According to the Social Exchange Theory, consumer satisfaction, purchase intention and loyalty could be considered as the consequences or an outcome of value co-creation (Yi and Gong, 2013). As a result, an empirical research on the consequences or outcomes of consumers' value co-creation needed to be investigated by examining the construct of satisfaction which refers to consumer acceptance, purchase intention and loyalty as outcomes of consumer value co-creation.

3.2.1.8 Value co-creation and consumer loyalty

Loyalty claims that a person has faith, trust and adherence (Oliver, 1999). Loyalty can be defined as “a deeply held commitment to repay a preferred product or 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 behaviour” (Oliver, 1999, p.36). It means that if a customer finds a product or service that satisfies with their pre-purchase expectations, he will be less concerned to seek alternatives.

On the other hand, loyalty is the element of free-will for the consumer. Any shape of real loyalty requires the “opportunity of being disloyal” (Jacoby, Chestnut, 1978). Some researchers claim that loyalty can be “constraint-based” and it can occur when a customer is locked-in with the supplier. However, research indicates that these kinds of customers are not truly loyal (Dickinson, 2013). According to “dedication-based” approach, loyalty is the element of freewill and it is value-driven (Yang, 2015). Research demonstrated that perceived value has a significant effect on the customer loyalty (Mustonen *et al.*, 2015). Hence, loyal consumers demonstrate more willingness in order to create value together with the company.

Therefore, the following hypotheses have been proposed:

H2a: There is a positive relationship between consumers’ willingness to co-create and consumer loyalty in the environmental sustainability concept.

H2b: There is a positive relationship between consumers’ willingness to co-create and consumer loyalty in the social sustainability concept.

3.2.1.9 Value co-creation and consumer satisfaction

According to Fournier and Mick (1999), holistic contingency view of satisfaction contains the relational dimensions. An increased relational content refers increased value co-creation. The concept of co-creation is naturally customized as contextual sides of the exchange become tailored to each consumer.

Although satisfaction has been basically understood as an individual judgment of performance versus expectation (Hunt, Geiger-Oneto and Varca, 2012), a growing number of works suggest that satisfaction judgments are social (Fournier and Mick, 1999). This proposal represents a change of approach from tangible resources to intangible resources, such as value co-creation and relationships (Vargo and Lusch, 2004). In fact, the customer’s involvement in the value co-creation processes probably has consequences from the point-of-view of assessing their satisfaction with the service. Thus, if we consider the customers as active participants in the value co-creation process (Vargo and Lusch, 2008), their greater satisfaction can be a consequence of this (Grönroos, 2008). Via the customer’s involvement it is possible to obtain a final product that is fully adapted to the customers’ needs.

On these theoretical grounds, we propose the following hypotheses:

H3a: There is a positive relationship between customers’ willingness to co-create and their level of satisfaction with the environmental sustainability concept.

H3b: There is a positive relationship between customers’ willingness to co-create and their

level of satisfaction with the social sustainability concept.

3.2.1.10 Value co-creation and consumer purchase intention

Co-creation indicates a convergence in the roles of consumer and the company (Prahalad and Ramaswamy, 2004a). The co-creation consumer becomes part of the process of value co-creation, an inseparable part of future value creation within the organization (Payne *et al.*, 2008; Jaworski and Kohli, 2006; Liang and Wang, 2008). The activities of co-creation raised the likelihood of purchase intention, because, the company creates unique insights into the co-creating customers' principle of value. The meaning of customer principles of value, how value occurs, inoculates the company against competitive offerings (Payne *et al.*, 2008; Jaworski and Kohli, 2006; Liang and Wang, 2008). This inoculation process means that co-creation "represents a source of significant competitive advantage" (Jaworski and Kohli, 2006, p. 116) with regard to increased customer satisfaction and positive impact on purchase intention.

H4a: There is a positive relationship between willingness to co-create and consumer purchase intention in firm's environmental sustainability actions.

H4b: There is a positive relationship between willingness to co-create and consumer purchase intention in firm's social sustainability actions.

3.2.1.11 Sustainability practices and its effects on consumers' behaviour

3.2.1.11.1 Sustainability and consumer loyalty

Organizations can develop consumer loyalty by listening customers' opinions and being responsive to their concerns. In order to comprehend customer needs, being responsive to their concerns and adjusting products and services offered are crucial in building customer loyalty (Kotler and Keller, 2012).

According to the literature, companies can gain consumer loyalty by increasing their environmentally and socially sustainable benefits (Forte and Lamont, 1998; Sheikh and Beise-Zee, 2011; Smerecnik and Andersen, 2011). Moreover, there are evidences in the literature that sustainability activity bond to higher levels of consumer loyalty (Gupta and Pirsh, 2008; Kirchoff *et al.*, 2011; Stanaland, Lwin and Murphy, 2011; Lee *et al.*, 2012). Socially responsible activities are related to greater purchase likelihood and long-term loyalty (Du, Bhattacharya and Sen, 2007). According to Pirsch, Gupta and Grau (2007), consumer perceived value is the most basic form of sustainability practices, and these activities can develop consumer loyalty. In regard to literature, environmentally and socially committed company has important influences not only in loyalty but also on satisfaction (Matute-Vallejo, Bravo and Pina, 2011). Hence, companies can enhance consumer loyalty by being involved in their sustainability concerns (Marin, Ruiz, and Rubio, 2008). In return, they will gain high level of consumer loyalty by adopting sustainability practices (Pirsch *et al.*, 2007).

Consumers are enthusiastic to support companies that have activities such as donating charities, protecting the environment or sponsoring local events (Maignan and Ferrel, 2004). Thus, companies can strength loyalty through these practices (Maignan, Ferrell, and Hult, 1999). Likewise, many companies have already begun to implement sustainable practices into their operations to increase customer loyalty (Menon, Menon, Chowdhury and Jankovich,

1999; Fraj-Andres, Martinez-Salinas and Matute-Vallejo, 2009). For example, Timberland associated sustainable practices such as fair and humane labour practices, environmental consciousness, which resulted in enhanced consumer loyalty (Du, Bhattacharya and Sen, 2007).

As shown in the literature, consumers are willing to buy from environmentally and socially sustainable firms. These sustainable practices should increase consumer loyalty.

H5a: An increased perceived environmental sustainability leads to increase in consumer loyalty.

H5b: An increased perceived social sustainability leads to increase in consumer loyalty.

3.2.1.11.2 Sustainability and consumer satisfaction

Concepts such as environmental orientation, social sustainability triggers the relation between companies' sustainability activities and the satisfaction of the consumers (Luo and Bhattacharya 2006; Fraj-Andrés *et al.*, 2008). Many companies introduced sustainability practices into their operations to empower the satisfaction of the consumers (Menon *et al.*, 1999). Introducing of sustainable practices in supply chain leads to greater consumer satisfaction (Bjorklund *et al.* 2012; Eskandarpour, Zegordi, and Nikbakhsh 2013) whereas the aim of supply chain is to increase consumer satisfaction. Because of that, firms began to focus on sustainable activities as consumers wanted; otherwise they would not sell their products or services (Sirgy and Lee, 2008). The reason of satisfaction of consumers is that they believe they are contributing to an environmental or social issue by involving in an exchange relationship with the sustainable company (Rios, Martinez, Moreno and Soriano, 2006).

Therefore, we proposed the following hypotheses:

H6a: An increased in perceived environmental sustainability leads to an increase in consumer satisfaction.

H6b: An increased in perceived social sustainability leads to an increase in consumer loyalty.

3.2.1.11.3 Sustainability and purchase intention

According to the literature, there is a positive relationship between the consumers' purchase intention and companies' sustainability practices (Sen and Bhattacharya 2001; Lichtenstein Drumwright and Braig, 2004; Kim and Choi 2005; Mohr and Webb 2005; Stall-Meadows and Hebert 2011; David, Kline, and Dai 2005; Branco and Rodrigues 2006; Lash and Wellington 2007), because consumers care about environmental and social issues and it may reflect their purchase intention. With regard to a survey from Greendex (2012), more than fifty percent of the consumers refer themselves as people who select eco-friendly products as they can. Other surveys have also found out the positive relationship between purchase intention and sustainable products and services (Drumwright, 1994; Mohr, Webb and Harris, 2001, Schlegelmilch and Pollach, 2005).

There are boycotts by consumers towards companies that have poor environmental and social records (Tate *et al.*, 2010; Ha-Brookshire and Norum, 2011). For example, Nike's use of sweatshops in its international operations, Shell's poor handling of the Brent Spar affair and Burger King's and McDonald's' dangerous environmental and social practices which led to

wide consumer boycotts (Iyer, 1999; Branco and Rodrigues, 2006; Aguilera, Rupp, Williams and Ganapathi, 2007). Normally, consumers have high purchase intention with regard to companies who have sustainable practices and they have less intention to the less responsible organizations (Brown and Dacin, 1997; Oliver and Lee, 2010) because of their care about environmental and social issues.

Therefore, we proposed the following hypotheses:

H7a: An increased in perceived environmental sustainability leads to an increase in consumer purchase intention.

H7b: An increased in perceived social sustainability leads to an increase in consumer purchase intention.

3.2.1.11 Price effect

Consumer satisfaction, purchase intention, and loyalty are not just consequences of firms' sustainable activities. Even though the sustainability practices of a firm are significant, price also is a crucial determinant of consumer behaviour (Ha-Brookshire and Norum, 2011). There is an increment in consumers' interest in the sustainable products and services, but consumers are not buying these products as expected (Clifford and Martin, 2011). The major reason is the high prices of sustainable products. In recent surveys, 83 percent of consumers mentioned the importance of sustainable practices of the companies; however, just 22 percent of consumers say that they would pay more for an environmentally friendly product (Nielsen, 2011).

There are some researches that examined the relation between price and consumer behaviour from a sustainable manner in the literature. According to the research, social sustainability practices do not lead to decrease costs, and neither environmental and nor social sustainability practices are related to direct cost reductions (Pullman *et al.*, 2009). Other research also found out that environmental and social sustainability dimensions are important, but not as important as the price of the products (Lindgreen, Antico, Harness and Sloat, 2009). Creyer and Ross (1996) studied how ethical and unethical corporate attitude affect consumers' willingness to pay for a product and claimed that consumers do not reward ethical corporate attitude with a willingness to pay higher prices. Thus, the price is a main element in consumers' behaviour to sustainable products because it has a great impact in consumers' decision making (Gleim *et al.*, 2013). Likewise, consumers want to use sustainable products, but they are not willing to pay the high prices of these products (Wolf, 2011). On the other hand, sustainable practices increase an additional cost to the products which deals with remanufacturing, recycling, and refurbishing (Linton, Klassen and Jayaraman, 2007). Moreover, apart from the economic costs, there are cost factors that are affected by sustainable practices, such as changing behaviour, negotiating, monitoring and enforcement costs (Frooman, 1999). Profitability and sustainability are multiple objectives of companies which are often in conflict and force companies to make trade-offs (Garrette and Karnani, 2010). These costs naturally lead to high prices.

Even though, there is a high awareness and willingness to buy eco-labelled products, consumers often choose to pay less (Barone *et al.*, 2000; Horne, 2009; Gleim, Smith, Andrews and Cronin, 2013). Thus, the environment generally loses because of the choices of the consumers (Connelly, Ketchen and Slater, 2011). A lot of consumers are not willing to pay high prices for the sake of sustainability (Johri and Sahasakmontri, 1998). However,

consumers highlighted that if the price of a product is the same as other options, they would buy the products from an environmentally friendly firm (Luchs, Naylor, Irwin and Raghunathan, 2010).

Consumers expect firms to present goods and services and develop new processes, but not those that could harm to the nature and certainly not at a high price (Devinney, 2009). Expensive products and services cause a decline in loyalty and satisfaction levels of consumers (Simola, 2012). According to Bray, Johns and Kilburn (2010), price is the main obstacle to ethical consumption for consumers of ethical products, but they demonstrate great loyalty to an ethical alternative when price is ignored.

As mentioned in the literature, sustainable products have high prices and high prices have a negative impact on consumer behaviour (Lindergreen *et al.*, 2009; Garrette and Karnani, 2010; Wolf, 2011; Gleim *et al.*, 2013). This research examines the moderating effect of price on different aspects of sustainability practices.

Therefore, we propose the following hypotheses:

H8a: Price has a moderating effect on the relationship between environmental sustainability and consumer loyalty.

H8b: Price has a moderating effect on the relationship between social sustainability and consumer loyalty.

H9a: Price has a moderating effect in the relationship between environmental sustainability and consumer satisfaction.

H9b: Price has a moderating effect in the relationship between social sustainability and consumer satisfaction.

H10a: Price has a moderating effect in the relationship between environmental sustainability and consumer purchase intention.

H10b: Price has a moderating effect in the relationship between social sustainability and consumer purchase intention.

CONCEPTUAL MODEL

The proposed conceptual mode of this research is presented in the figure 3.1 for environmental sustainability and in figure 3.2 for social sustainability.

Figure 3.1: Conceptual model for environmental sustainability

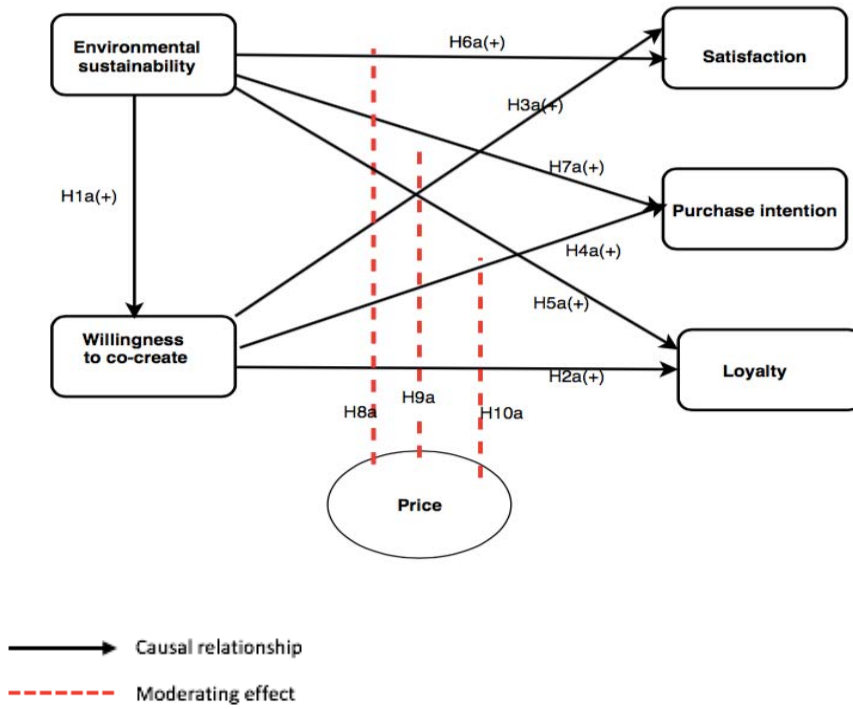
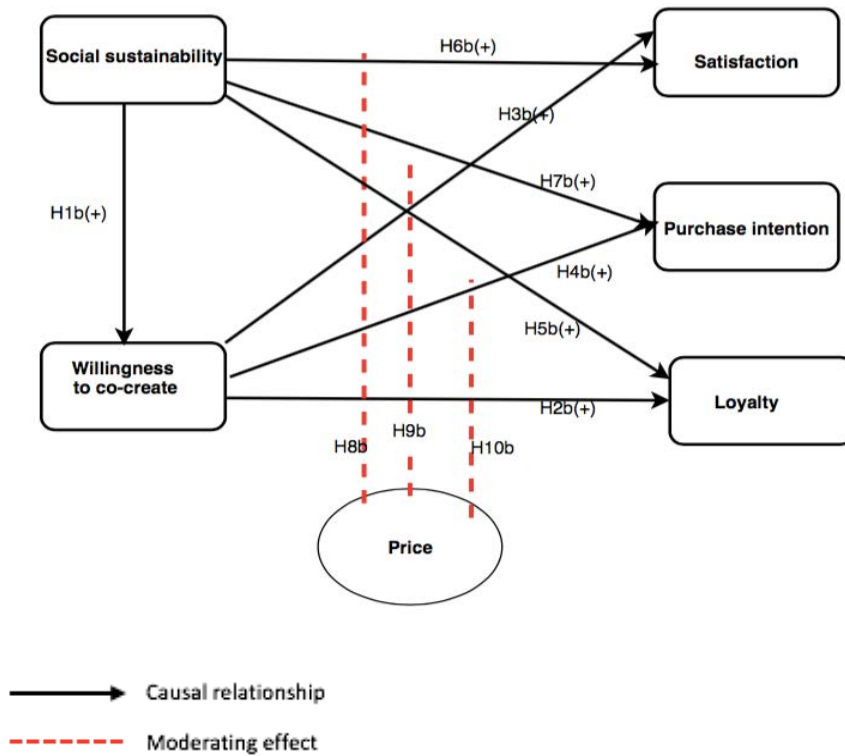


Figure 3.2: Conceptual model for social sustainability



3.3 RESEARCH METHODOLOGY

The research data was collected from Istanbul (Turkey) in order to measure environmental and social sustainability effects on willingness to co-create at different consumer behaviour levels with the moderating role of price. Turkey is defined as an emerging market economy by the IMF (2011) and it is among the world's developed countries according to the Central Intelligence Agency (CIA). From the beginning of the republic 1923 to 1983, strict government plans and limitations over private sector and foreign trade were implemented. In 1983, open economic model has been applied with government initiatives. On the other hand, it has the world's 17th-largest nominal GDP (IMF, 2018) and it is economically and culturally different from the countries that used sustainability actions in previous researches (Maignan, 2001; McCarty and Shrum, 2001; Eisingerich and Rubera, 2010; Robinson, Irmak and Jayachandran, 2012). Hence, this research can provide various aspects of customer behaviours of an emerging market concept.

3.4 DATA COLLECTION AND SAMPLE PROFILE

A questionnaire survey method was conducted in order to obtain required data. In social sciences, questionnaire survey method is widely used technique to gather the data. Surveys can be distinguished from other methods in social sciences by the form of the data collected and the analysis methods. Questionnaire survey is highly used in especially management and business studies (Saunders *et al.*, 2003) and it also used in many market orientation literature. This technique is also have been supported by Churchill (1995) who claimed that the survey is the best-known technique to collect primary data in the marketing area.

First of all, in February 2018 a pilot study has been conducted to a sample of 25 consumers in order to identify the extent of applicability and transferability of the used scales into Turkish consumers. The of this questionnaire from English to Turkish was made with the assistance of Turkish-English bilingual person.

After the primary data for testing hypotheses, 454 participants were chosen regardless of their functions, ages and genders in order to make a heterogonous composition (see, Table 3.1)

Table 3.1: Demographic profile

VARIABLES		Number of respondents	Percentage of respondents
AGE	18 and below	8	1.76
	18-25	110	24.23
	26-35	125	27.53
	36-45	67	14.76
	46-55	56	12.33
	55 and above	88	19.88
GENDER	Female	226	49.78
	Male	228	50.22
MARITAL STATUS	Married	240	52.98
	Single	203	44.81
	Other	10	2.21
EDUCATION	Primary school	4	0.88
	Secondary school	8	1.77
	High school	52	11.48
	University	274	60.49
	Master degree	93	20.53
	PhD	22	4.86
EMPLOYMENT STATUS	Student	103	22.79
	Own job	26	5.75
	Full-time	177	39.16
	Part-time	14	3.10
	Housewife	23	5.09
	Retired	93	20.58
	Don't work	16	3.54

Income*: The average household income according to Turkish Statistics Institute 2017 which is 3500 TL.

3.5 MEASUREMENT

This study comprises a sample of 454 individuals across different backgrounds. A questionnaire survey was used in order to get the required data and it was designed using adapted scales for each of the constructs in the proposed study. All constructs were measured using Likert-type scales with 7-point response format by “strongly disagree” to “strongly agree”. However, there are two scales (environmental and social sustainability) that have been coded as “Not at all important” to “Extremely important”. Questionnaires were distributed via internet and by hand.

Table 3.2: Measurement scales and sources

Scale	Items	Source
Environmental Sustainability	Utilizing of green technology*	Kim, Taylor and Lee (2015)
	Investing for the environment	
	Producing eco-friendly products	
	Achieving environmental innovativeness	
	Recycling/using recycled materials	
Social Sustainability	Serving social responsibility	Kim <i>et al.</i> (2015)
	Caring about human rights	
	Making social contributions	
	Providing social activities for social communities	
	Hiring local people	
	Donating and offering volunteer work	
Co-creation	Given the opportunity, I would like to collaborate with environmentally/socially sustainable brands in generating new ideas for new products	Blasco-Arcas, Hernandez and Jimenez (2014)
	I would like to participate in defining the products that I would buy from environmentally/socially sustainable brands	
	Given the opportunity, I would like to take an active role in any act of co-creation offered environmentally/socially sensitive brands	
Loyalty	I would say positive things about environmentally/socially sustainable brands to other people	Young and Peterson (2004)
	I would recommend the environmentally/socially sustainable brands to those who seek my advice about such matters	
	I would post positive messages about the environmentally/socially sustainable brands on some Internet message board	
	I would encourage friends and relatives to use environmentally/socially sustainable brands	
	I intend to do more business with the environmentally/socially sustainable brands	
	I intend to continue more business with the environmentally/socially sustainable companies	

Satisfaction	I look more positively to organizations who have produced environmentally/socially sustainable products	Sung and Choie (2010)
	I am satisfied with using environmentally/socially sustainable products	
Purchase Intention	A more environmental/social approach by an organization would improve my satisfaction	Dodds <i>et al.</i> (1991)
	I would consider buying from environmentally/socially sustainable products	
	I would buy from environmentally/socially sustainable brands	
	I would certainly buy from environmentally/socially sustainable brands	
	If I were going to buy a product, I would consider buying environmentally/socially sustainable product at the price shown	
	The probability that I would consider buying environmentally/socially sustainable product is high	
Price	I am willing to pay more for environmentally/socially sustainable products	Isaacs (2015)
	I believe the price of environmentally/socially sustainable products affects my decision to purchase them	
	I am willing to pay more for a environmentally/socially sustainable product with respect to a conventional product with similar characteristics	
	I am willing to buy environmentally/socially sustainable products	

3.6 DATA ANALYSIS

Data analysis indicates to the search for meaning in the gathered knowledge. The essential knowledge, in this case, focused on consumer management factors in the field of co-creation. In other words, we try to discover the antecedents of management success by looking into consumer willingness to co-create.

The analysis procedure of questionnaires started with writing in Excel sheet and after that, statistical program STATA version 12 was used in order to complete the analysis. First, all variables were assigned with names and coded for computer entry. Second, all the responses were coded to make easier computer data input. Third, target variables were computed due to

get composite scores for items on a scale. Fourth, data files were screened to minimise the errors.

The first step is to assess scale reliability. In order to evaluate that, Cronbach's alpha used. Then, exploratory factor analysis was performed in order to validate each construct. After that, the Confirmatory Factor Analysis (CFA) was conducted, which allows researchers to analyse relation among observed and no observed items (Schreiber *et al.*, 2006). After the exploratory analysis, Structural Equation Modelling (SEM) technique was conducted. This technique is highly used by marketing scholars (Saavedra, Criado and Andreu, 2013 p. 217)

In order to analyse the reliability of the constructs, exploratory factor analysis (EFA) was conducted with STATA software. First of all, Cronbach's alpha method was conducted in order to measure reliability of each construct considering a minimum value of 0.7 (Cronbach, 1970, p.140; Nunnally, 1978). All variables considered comfortably exceeded the minimum threshold of 0.7 except one item of price (environmental sustainability) demonstrates less than 0.7. However, we did not extract that item, because, it does not change the total value.

Likewise, it is verified that the correlation of the total item, where the correlation of each item is measured with the sum of the rest of the items in the scale, is greater than the minimum of 0.3 established by Nurosis (1993) (see tables 3.3, 3.4 for environmental and social sustainability)

Assessment of Common Method Bias

Common method variance (CMV) needs to take into consideration, because it may impact the relation between constructs. Potential resources of common method bias involve data on different variables being gathered from the same respondent, using the same medium and gathering data at the same point in time (Podsakoff, Nathan and Jeong-Yeon, 2003). In this study, we performed different procedures suggested by Podsakoff *et al.* (2003) to check for method biases. First of all, care and time were taken into account that the indicators used were certain, brief and accurate. Secondly, the scale formats, anchors (strongly disagree to strongly agree vs. not at all important to extremely important), and values (1 to 7) were varied in the questionnaire. Thirdly, in order to obtain answers and consumers' true feelings, respondents were assured confidentiality. Fourthly, we assured respondents that there are no right or wrong answers. Finally, respondents were not being informed about the conceptual model of the study in order to avoid the potential impact to research. Furthermore, the Harman's single-factor test was conducted in this study. However, Harman's single-factor test does not statistically control for CMV and there are no certain guidelines on the variance for the first factor are provided for it to be conceived a general factor. On the other hand, the test is less inconspicuous as the number of variables increases (Podsakoff *et al.*, 2003). Notwithstanding, the Harman's single-factor test is still valid to address common bias concerns (Podsakoff *et al.*, 2003). In this direction, it has been conducted a unique exploratory factor analysis without rotation. Since more than one factor appeared from the data and the first factor does not explain more than 50% of the variance (it explains 48.04% of the variance in the data). Hence, common method bias is not an essential subject in this research.

Table 3.3: Reliability analysis of environmental sustainability model

		Cronbach alpha	Correlated item-Total Correlation	Cronbach alpha if item is eliminated
Environmental sustainability	ES1	0.913	0.897	0.896
	ES2		0.891	0.890
	ES3		0.882	0.881
	ES4		0.899	0.898
	ES5		0.902	0.901
Co-creation (ES)	CCE1	0.837	0.899	0.898
	CCE2		0.685	0.674
	CCE3		0.716	0.703
Loyalty (ES)	LE1	0.872	0.855	0.850
	LE2		0.861	0.855
	LE3		0.857	0.852
	LE4		0.834	0.825
	LE5		0.842	0.826
	LE6		0.849	0.834
Satisfaction (ES)	SAE1	0.821	0.767	0.766
	SAE2		0.724	0.725
	SAE3		0.771	0.772
Purchase Intention (ES)	PIE1	0.884	0.873	0.871
	PIE2		0.843	0.841
	PIE3		0.843	0.841
	PIE4		0.871	0.869
	PIE5		0.862	0.860
Price (ES)	PE1	0.773	0.688	0.673
	PE2		0.770	0.776
	PE3		0.646	0.627
	PE4		0.758	0.763

Table 3.4: Reliability analysis of social sustainability model

		Cronbach alpha	Correlated item-Total Correlation	Cronbach alpha if item is eliminated
Social sustainability	SS1	0.896	0.885	0.884
	SS2		0.878	0.877
	SS3		0.862	0.860
	SS4		0.876	0.873
	SS5		0.894	0.892
	SS6		0.878	0.876
Co-creation (SS)	CCS1	0.882	0.893	0.894
	CCS2		0.798	0.793
	CCS3		0.803	0.798
Loyalty (SS)	LS1	0.901	0.877	0.871
	LS2		0.879	0.872
	LS3		0.894	0.891
	LS4		0.877	0.868
	LS5		0.887	0.876
	LS6		0.885	0.873
Satisfaction (SS)	SAS1	0,8633	0.795	0.791
	SAS2		0.798	0.798
	SAS3		0.829	0.827
Purchase Intention (SS)	PIS1	0,8982	0.889	0.888
	PIS2		0.862	0.863
	PIS3		0.867	0.865
	PIS4		0.878	0.876
	PIS5		0.880	0.877
Price (SS)	PS1	0,8202	0.747	0.737
	PS2		0.808	0.810
	PS3		0.732	0.723
	PS4		0.801	0.804

Subsequently, we proceeded to assess the degree of one-dimensionality of the scales considered. That is, we tried to see the degree to which items loaded on the theoretically proposed factors. The analysis of the dimensionality was made through an EFA of main components with varimax rotation (Hair, Anderson, Tatham and Black, 1998) that indicates the number of factors that configure each concept, the loads of each variable on the factor and the percentage of variance explained (see Tables 3.5, 3.6 for Environmental and Social Sustainability respectively).

The KMO Sample Adaptation Measurement proposed by Kaiser-Meyer-Olkin indicates that the values higher than 0.70 shows high correlation which can be seen above for the variables of environmental sustainability, purchase intention, loyalty and satisfaction. However, co-creation and price variables (see table 3.5, 3.6) have lower than 0.70 but more than 0.50, but it is still acceptable (Uriel and Aldas, 2005). On the other hand, Bartlett's test of sphericity is a statistical test for the presence of correlations among variables, providing the statistical probability that the correlation matrix has significant correlations among at least some of the variables. For factor analysis to work some relationships between variables are needed. Thus, the p-values should be lower than the critical levels 0.05 or 0.01. In our case, all of the scales are lower than 0.01. On the other hand, cumulative percentage explained variances is 67.4%, 70.31% (see table 3.7, 3.8) which explains the variance in the case of environmental and social sustainability respectively. Moreover, KMO value for the whole model is 0.923 and 0.936 respectively which is highly acceptable and Barlett-Chi square test demonstrates lower than 0.01 (see table 3.5, 3.6).

Table 3.5: Dimensionality of the scales for environmental sustainability

Latent Variable	Variables which included in factor	Weight of every variable in the observed factors	Percentage of explained variances	Correlation KMO	Barlett test	
					Chi-square	Sig.
Environmental sustainability	ES1	0.853	74.46	0.869	17423.168	0.000
	ES2	0.875				
	ES3	0.853				
	ES4	0.903				
	ES5	0.847				
Purchase Intention (ES)	PIE1	0.792	68.94	0.855	1225.426	0.000
	PIE2	0.877				
	PIE3	0.877				
	PIE4	0.786				
	PIE5	0.812				
Loyalty (ES)	LE1	0.753	61.07	0.816	1426.512	0.000

	LE2	0.719				
	LE3	0.742				
	LE4	0.849				
	LE5	0.818				
	LE6	0.798				
Satisfaction (ES)	SAE1	0.852	73.89	0.717	482.603	0.000
	SAE2	0.875				
	SAE3	0.850				
Co-creation (ES)	CCE1	0.779	76.08	0.665	660.183	0.000
	CCE2	0.913				
	CCE3	0.910				
Price (ES)	PE1	0.837	59.88	0.660	634.781	0.000
	PE2	0.670				
	PE3	0.875				
	PE4	0.691				

Table 3.6: Dimensionality of the scales for social sustainability

Latent Variable	Variables which included in factor	Weight of every variable in the observed factors	Percentage of explained variances	Correlation KMO	Barlett test	
					Chi-square	Sig.
Social sustainability	SS1	0.784	66.34	0.860	1555.322	0.000
	SS2	0.825				
	SS3	0.892				
	SS4	0.836				
	SS5	0.729				
	SS6	0.815				
Purchase Intention (SS)	PIS1	0.797	70.18	0.832	1399.933	0.000
	PIS2	0.884				
	PIS3	0.873				
	PIS4	0.833				
	PIS5	0.826				
Loyalty (SS)	LS1	0.851	67	0.823	1909.421	0.000
	LS2	0.845				
	LS3	0.760				

	LS4	0.851				
	LS5	0.794				
	LS6	0.804				
Satisfaction (SS)	SAS1	0.893	78.53	0.735	639.934	0.000
	SAS2	0.892				
	SAS3	0.872				
Co-creation (SS)	CCS1	0.858	8.,04	0.721	777.500	0.000
	CCS2	0.921				
	CCS3	0.919				
Price PS)	PS1	0.854	65.24	0.730	728.428	0.000
	PS2	0.740				
	PS3	0.873				
	PS4	0.754				

Table 3.7: Factorial loadings for environmental sustainability

	1	2	3	4	5	Uniqueness
ES1	0.816	0.084	0.178	0.017	0.046	0.292
ES2	0.833	0.034	0.206	0.060	0.058	0.254
ES3	0.879	0.117	0.127	0.071	0.068	0.186
ES4	0.802	0.225	0.114	0.092	0.061	0.280
ES5	0.799	0.135	0.132	0.067	0.139	0.300
PIE1	0.306	0.541	0.525	0.088	0.066	0.324
PIE2	0.206	0.765	0.226	0.136	0.155	0.277
PIE3	0.204	0.777	0.174	0.071	0.232	0.264
PIE4	0.154	0.701	0.088	0.207	0.260	0.365
PIE5	0.110	0.736	0.238	0.085	0.259	0.313
LE1	0.188	0.251	0.535	0.012	0.536	0.327
LE2	0.197	0.210	0.608	0.076	0.414	0.368
LE3	-0.006	0.203	0.170	0.456	0.542	0.426
LE4	0.143	0.239	0.448	0.260	0.596	0.297
LE5	0.112	0.264	0.108	0.363	0.738	0.227
LE6	0.103	0.312	0.082	0.342	0.730	0.234
SAE1	0.267	0.185	0.618	0.178	0.191	0.443
SAE2	0.246	0.358	0.624	0.182	0.181	0.354
SAE3	0.332	0.116	0.713	0.206	0.107	0.313
CCE1	0.184	0.095	0.390	0.536	0.274	0.440
CCE2	0.121	0.058	0.115	0.825	0.229	0.234
CCE3	0.113	0.083	0.150	0.822	0.236	0.224
PE1	-0.024	0.521	0.106	0.630	0.164	0.291
PE2	0.0177	0.228	0.503	0.350	-0.075	0.566

PE3	-0.024	0.538	0.183	0.558	0.124	0.348
PE4	0.272	0.274	0.640	0.231	0.104	0.376

Correlation KMO:0.924

Barlett test: Chi-square:7206,660 Sig: 0.000

Cumulative percentage of explained variances: 67,94

Table 3.8: Factorial loadings for social sustainability

	1	2	3	4	5	Uniqueness
SS1	0.250	0.688	0.079	0.101	0.228	0.393
SS2	0.063	0.766	-0.003	0.112	0.277	0.319
SS3	0.137	0.818	0.114	0.214	0.204	0.210
SS4	0.207	0.787	0.174	0.186	-0.018	0.270
SS5	0.061	0.683	0.121	0.233	0.076	0.453
SS6	0.204	0.706	0.160	0.130	0.255	0.351
PIS1	0.504	0.372	0.082	0.226	0.481	0.316
PIS2	0.762	0.268	0.085	0.203	0.260	0.229
PIS3	0.802	0.259	0.150	0.229	0.138	0.194
PIS4	0.708	0.154	0.260	0.313	0.176	0.276
PIS5	0.669	0.151	0.217	0.271	0.266	0.337
LS1	0.210	0.228	0.175	0.803	0.263	0.157
LS2	0.221	0.249	0.139	0.805	0.235	0.165
LS3	0.305	0.079	0.525	0.542	0.036	0.328
LS4	0.353	0.246	0.270	0.670	0.187	0.256
LS5	0.372	0.155	0.419	0.505	0.169	0.378
LS6	0.344	0.132	0.408	0.511	0.270	0.361
SAS1	0.257	0.284	0.267	0.285	0.653	0.272
SAS2	0.343	0.182	0.191	0.339	0.644	0.281
SAS3	0.152	0.298	0.136	0.243	0.770	0.217
CCS1	0.163	0.164	0.696	0.168	0.378	0.289
CCS2	0.115	0.137	0.858	0.190	0.062	0.191
CCS3	0.113	0.156	0.848	0.138	0.146	0.202
PS1	0.549	0.004	0.608	0.158	0.069	0.298
PS2	0.209	0.020	0.500	0.143	0.343	0.567
PS3	0.590	-0.039	0.532	0.203	0.091	0.316
PS4	0.325	0.207	0.347	0.250	0.537	0.378

Correlation KMO:0.936

Barlett test: Chi-square:8752.930 Sig: 0.000

Cumulative percentage of explained variances: 70,31

Table 3.9 shows the relationship between independent (PIE, LE, SAE, PE) and dependent variables (ES, CCE). Pearson's correlation test demonstrated that there is a positive relationship between all variables and the significance level ($p < 0.05$). As shown in table 4.9, the highest level of correlation is 0.562 between purchase intention (PIE) and satisfaction (SAE). It indicates that purchase intention and satisfaction of consumers are related, if the

purchase intention increases, satisfaction of consumers will also increase. On the other hand, there is also another strong correlation between loyalty (LE) and purchase intention which is 0.550 at the significance level of $p < 0.05$. It follows with 0.533 between loyalty and satisfaction, 0.508 between loyalty and co-creation (CCE) at the level of $p < 0.05$.

Table 3.9: Correlation values for environmental sustainability

	ES	PIE	LE	SAE	CCE	PE
ES	1.000					
PIE	0.409*	1.000				
	0.000					
LE	0.368*	0.550*	1.000			
	0.000	0.000				
SAE	0.428*	0.562*	0.533*	1.000		
	0.000	0.000	0.000			
CCE	0.282*	0.407*	0.508*	0.486*	1.000	
	0.000	0.000	0.000	0.000		
PE					0.472*	
	0.198*	0.391*	0.408*	0.368*	1.000	
	0.000	0.000	0.000	0.000	0.000	0.000

* $p < 0.05$

Table 3.10 shows the relationship between independent (PIS, LS, SAS, PS) and dependent variables (SS, CCS). Pearson's correlation test demonstrated that there is a positive relationship between all variables and the significance level ($p < 0.05$). As shown in table 3.10, the highest level of correlation is 0.615 between loyalty (LS) and satisfaction (SAS). It indicates that loyalty and satisfaction of consumers are related, if the loyalty increases, satisfaction of consumers will also increase. On the other hand, there is also another strong correlation between loyalty (LS) and purchase intention (PIS) which is 0.604 at the significance level of $p < 0.05$. It follows with 0.599 between purchase intention and satisfaction, 0.556 between loyalty and co-creation (CCS) at the level of $p < 0.05$.

Table 3.10: Correlation values for social sustainability

	SS	PIS	LS	SAS	CCS	PS
SS	1000					
PIS	0.497*	1000				
	0.000					

LS	0.435*	0.604*	1000			
	0.000	0.000				
SAS	0.486*	0.599*	0.615*	1000		
	0.000	0.000	0.000			
CCS	0.341*	0.503*	0.557*	0.547*	1000	
	0.000	0.000	0.000	0.000		
PS					0.556*	
	0.210*	0.451*	0.495*	0.460*	1.000	
	0.000	0.000	0.000	0.000	0.000	0.000

*p<0.05

Confirmatory Factor Analysis, Validity and Reliability of the Scales

As a second step in this first stage and in order to advance the process of purification of scales, several confirmatory analyses were carried out.

A measurement model describes the nature of the relationship between number of latent variables (represented by circle) and the observed variables (represented by a square) that they measure these latent variables. As shown in Figure 3.3 and 3.4, latent variables are two types: the common factors (environmental and social sustainability, co-creation, satisfaction, purchase intention, loyalty) and specific factors or errors.

The model proposed in this research consists of five factors and each of them measured by several indicators (see Figure 3.3 and 3.4)

Figure 3.3: Confirmatory factor analysis for the environmental sustainability

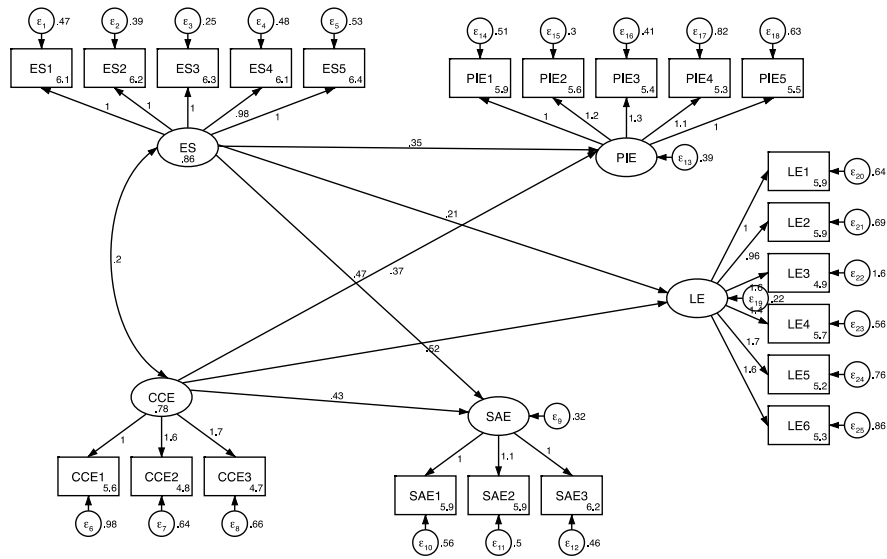
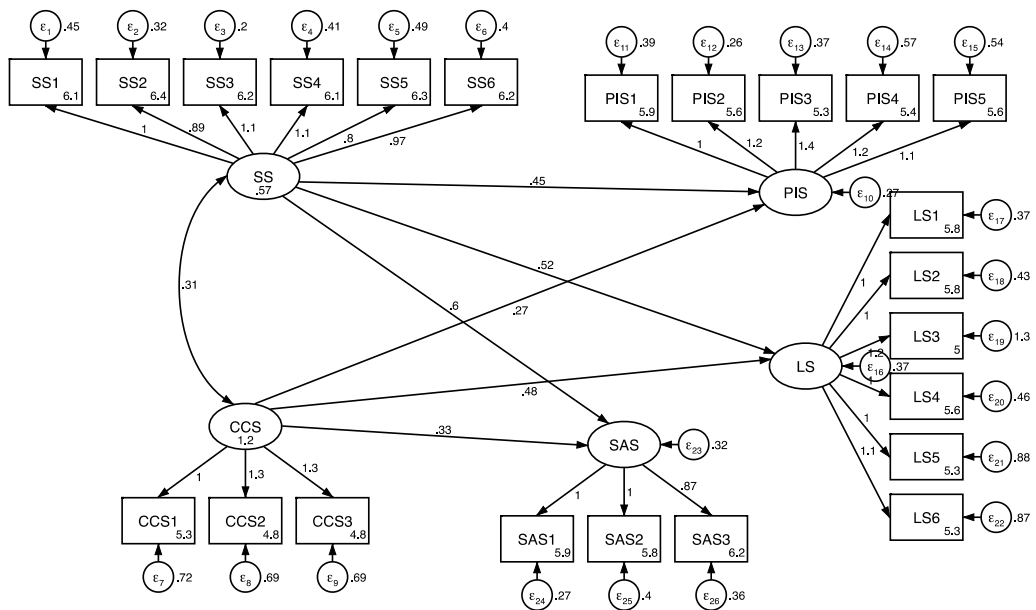


Figure 3.4: Confirmatory factor analysis for the social sustainability



SEM is one of the important techniques in the social sciences and it becomes a “must” across researchers in social sciences (Hooper, Coughlan and Muller, 2008). However, the problem of how the model that best represents the data reflects the underlying theory (model fit), is by no means agreed. With the plenty of fit indices available to the researcher and a lot of dividends in agreement on not only which indices to report, but also what the cut-offs for different indices actually are, it is possible that researchers can become overwhelmed by the conflicting information available (Hooper *et al.*, 2008). Hence, it is important for scholars using the technique are comfortable with the area since evaluating whether a specified model “fits” the data is one of the most important steps in SEM (Yuan, 2005).

3.6.1 Fit Indexes for the Structural Equation Modelling

3.6.1.1 Root mean square error of approximation (RMSEA)

The RMSEA is developed by Steiger and Lind (1980) and it is the second fit statistic reported in the LISREL (linear structural relations) which is a statistical software package used in structural equation modelling (SEM) and it tells that how well the model, with unknown but optimally selected parameter estimates would fit the population’s covariance matrix (Byrne, 1998). Recently, it has become regarded as “one of the most informative fit indices” (Dimantopoulos and Siguaw, 2000, p. 85) in view of its sensitivity to the number of estimated parameters in the model. In the last fifteen years, cut-off points for RMSEA have been reduced. Up until the early nineties, an RMSEA in the range of 0.05 to 0.10 was considered a measurement of fair fit and values above 0.10 showed poor fit (MacCallum, Robert, Browne, Michael, Sugawara and Hazuki, 1996). After all, an RMSEA between 0.08 to 0.10 provides a mediocre fit and below 0.08 shows a good fit (MacCallum *et al.*, 1996).

One of the most important benefits of the RMSEA is its ability for a confidence interval to be calculated around its value (MacCallum *et al.*, 1996). This helps to allow for the null hypothesis to be tested more precisely (McQuitty, 2004).

3.6.1.2 Root mean square residual(RMR) and standardized root mean square residual(SRMR)

The RMR and the SRMR are the square root of the difference between the residuals of the sample covariance matrix and the hypothesized covariance model. The range of the RMR is calculated according to the scales of every indicator. Hence, if a questionnaire involves items with different levels (some items consists 5, while others 7) the RMR becomes difficult to interpret (Kline, 2005). However, the standardized RMR (SRMR) resolves this issue and it is easier to interpret. The acceptable range for the SRMR is from 1 to 0 (Byrne, 1998; Diamantopoulos and Siguaw, 2000), but values as high as 0.08 are highly acceptable (Hu and Bentler, 1999).

3.6.1.3 CFI (Comparative fit index)

The Comparative Fit Index (CFI; Bentler, 1990) is a revised form of the NFI which takes into account sample size (Byrne, 1998) that performs well even when the sample size is small (Tabachnick and Fidell, 2007). This index firstly introduced by Bentler (1990) and afterwards it is involved as part of the fit indices in his EQS program (Kline, 2005). This statistic says that all latent variables are uncorrelated and compares the sample covariance matrix with this uncorrelated model. Values of this statistic range is between 0.0 and 1.0. If the value is close

to 1.0, it means that it is good.

3.6.1.4 Tucker-Lewis Index (TLI)

This index is an incremental fit index and it also calls Non-Normed Fit Index (NNFI). TLI was developed against the disadvantage of Normed Fit Index due to being affected by sample size (Schermelele-Engel and Moosbrugger, 2003; Ding *et al.*, 1995; Gerbing and Anderson, 1992).

The bigger TLI value shows a good fit for the model. Although values larger than 0.95 are assumed as acceptable fit, 0.97 is accepted as the cut-off value in huge samples (Schermelele-Engel and Moosbrugger, 2003; Ding *et al.*, 1995; Gerbing and Anderson, 1992).

As shown in the tables 3.11 and 3.12 below, fit indexes in the SEM model are not fitted well. SRMR value is more than 1.0 for table 3.11 and 3.12 it is not also quite well. CFI and TLI are below than 0.9 and RMSEA is higher than 0.08. Hence, we need to improve model fit.

Table 3.11: Fit Indexes for the SEM model proposed (environmental sustainability)

MODEL FIT	CRITERIA	INDEX VALUE
SRMR	0<SRMR<1	0.102
CFI	>0.9	0.850
TLI (NNFI)	>0.9	0.829
RMSEA	<0.08	0.104

Table 3.12: Fit Indexes for the SEM model proposed (social sustainability)

MODEL FIT	CRITERIA	INDEX VALUE
SRMR	0<SRMR<1	0.089
CFI	>0.9	0.838
TLI (NNFI)	>0.9	0.816
RMSEA	<0.08	0.113

3.6.1.5 Improving Model Fit

It is highly possible to come across with complexity in the proposed structural equation modelling. Modification indices may be a dangerous game to drive the process, but some modifications can improve the results. It is good practice to evaluate the fit of each construct and its items individually to determine the weak items. Items with low multiple r^2 (less than 0.20) should be extracted from the model, because it means that high level of error. Later on, each construct should be modelled in conjunction with every other construct in the model to designate whether discriminant validity has been achieved. The p value is close to their covariance and it indicates that the two constructs are measuring the same thing. Discriminant validity test is beneficial to determine these constructs are significantly different than each other (Bagozzi *et al.*, 1991). If the value is greater than 1.0, the item should be eliminated, because they cause the discriminant validity problem.

Secondly, there is another way to improve the model which is a correlation of error terms. This practice is generally disapproved (Gerbing and Anderson, 1984) as it means that is some other problem that is not specified within the model that is causing the covariation. Hence, there should be a strong theoretical justification behind such a move, if a researcher decides to correlate error terms (Jöreskog and Long, 1993). On the other hand, it is important that the statistical and substantive impact are clearly discussed.

In this research, we did some improvements according to the model fit. As shown in the table 3.11 and 3.12, two models are not fitted well. Hence, we did some correlations in order to improve the results. First, we took environmental sustainability model to modify it, we correlated PIE, SAE, LE and then we connected some items in CCE and LE (see Figure 3.5). After the modification, model was fitted quite well according to the index values (see Table 3.13). Secondly, we did the same thing for the second model which is social sustainability. We connected PIS, SAS, LE and then some items in CCS and LS (see Figure 3.6). After providing the fit indexes (see Table 3.14), we jump up to proximate step.

Figure 3.5: Confirmatory factor analysis for environmental sustainability after modification

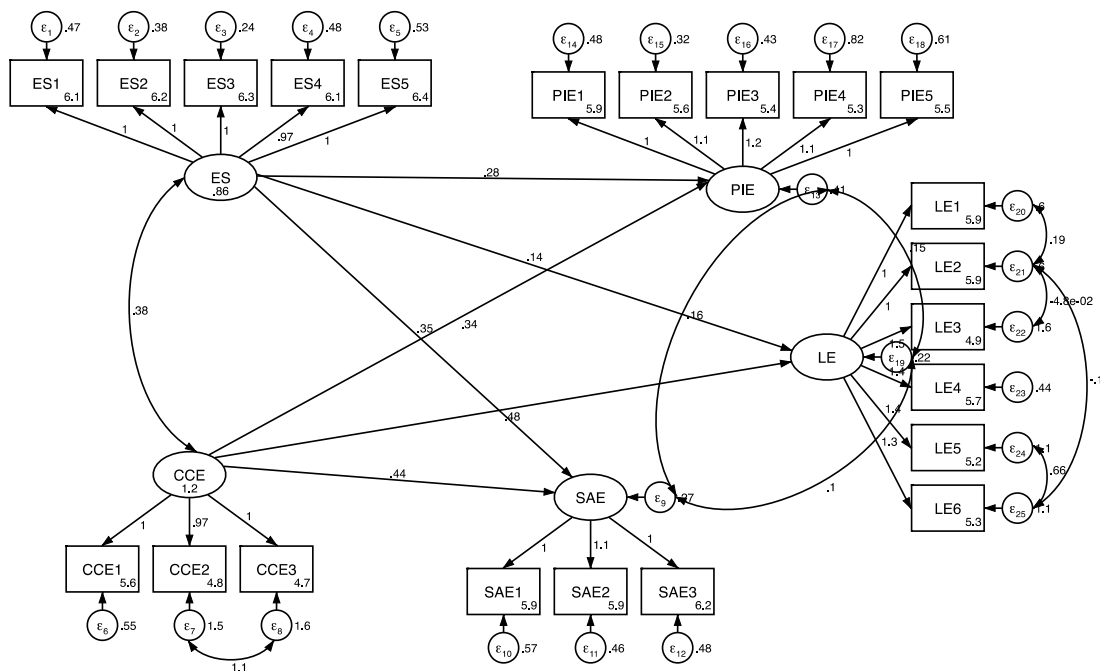


Table 3.13: Modified fit indexes for environmental sustainability

MODEL FIT	CRITERIA	INDEX VALUE
SRMR	$0 < \text{SRMR} < 1$	0.056
CFI	> 0.9	0.929
TLI	> 0.9	0.916
RMSEA	< 0.08	0.073

Figure 3.6: Confirmatory factor analysis for social sustainability after modification

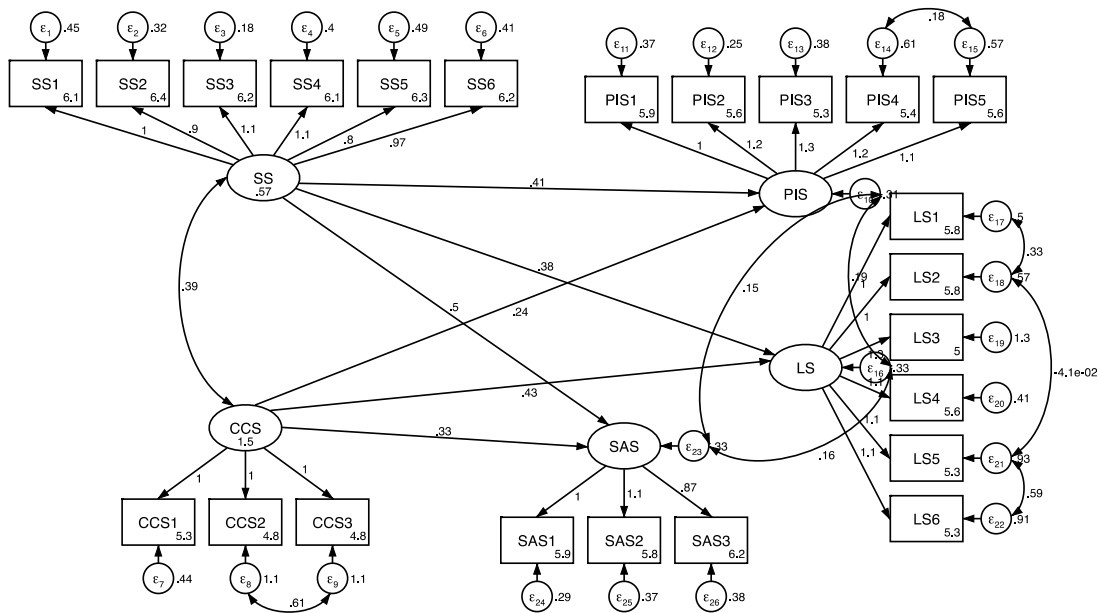


Table 3.14: Modified fit indexes for social sustainability

MODEL FIT	CRITERIA	INDEX VALUE
SRMR	$0 < \text{SRMR} < 1$	0.054
CFI	> 0.9	0.923
TLI	> 0.9	0.910
RMSEA	< 0.08	0.079

After providing required fit indexes, we measured validity and reliability of the two models. Validity indicates to the degree to which a measure actually calculates the theoretical model it is supposed to assess. Convergent validity indicates to how well the latent factor is well

explained by its observed variables. Discriminant validity measures if the variables correlate more highly with variables outside their parent factor than with the variables within their parent factor.

On the other hand, this study fulfilled the criteria of internal reliability, convergent validity and discriminant validity with regard to the adequacy of the instrument. Table 3.15 and 3.16 shows the results of reliability and convergent validity. The composite reliability (CR) provides the reliability of the scales. In this study, all scores of convergent reliabilities are higher than 0.7 which is recommended by Nunnally (1978). On the other hand, average variance extracted (AVE) is also calculated and results show that the values are higher than 0.5, which is recommended by Fornell and Larcker (1981). Thus, the scales show acceptable levels of reliability. Furthermore, re-specified measurement models provide a good fit to the data (see Table 3.15 and 3.16 notes). For two models (environmental and social), the ratio between the value of the chi-square and the number of degrees of freedom is less than 3 (Marsh *et al.*, 1988).

In order to assess construct validity, both convergent and discriminant validity should be taken into account (Vila *et al.*, 2000). Convergent validity demonstrates to the degree to which two measures of constructs that theoretically should be related. This test was checked by looking into factor loadings of the confirmatory models which were statistically significant ($p < 0.01$) and higher than 0.5 (Sanzo *et al.*, 2003; Steenkamp and Geyskens, 2006). Furthermore, the average of the item to factor loadings is higher than 0.7 (Hair *et al.*, 2006). In addition, Average Variance Extracted (AVE) also used to contrast convergent validity, which contains less than 50% error variance (Fornell and Larcker, 1981). Also, the results are fitted well as shown in table 3.15 and 3.16 for both models.

Table 3.15: Reliability and Convergent Validity for environmental sustainability (CR>0.7, AVE>0.5; CR>AVE)

FACTOR	INDICATOR	FACTOR LOADING (STANDARDIZED)	CR	AVE
Environmental Sustainability	ES1	0.770	0.915	0.685
	ES2	0.847		
	ES3	0.889		
	ES4	0.805		
	ES5	0.821		
Purchase Intention	PIE1	0.699	0.829	0.500
	PIE2	0.702		
	PIE3	0.738		
	PIE4	0.678		
	PIE5	0.691		
Loyalty	LE1	0.707	0.867	0.523
	LE2	0.693		
	LE3	0.679		

	LE4	0.824		
	LE5	0.729		
	LE6	0.696		
Satisfaction	SAE1	0.764	0.819	0.601
	SAE2	0.795		
	SAE3	0.767		
Co-creation	CCE1	0.782	0.763	0.519
	CCE2	0.693		
	CCE3	0.681		

Notes: CR - Composite Reliability; AVE - Average Variance Extracted. Chi-square χ^2 (417, degree of freedom, df) = 633.699 $\chi^2/df = 1.519$

Table 3.16: Reliability and Convergent Validity for social sustainability (CR>0.7, AVE>0.5; CR>AVE)

FACTOR	INDICATOR	FACTOR LOADING (STANDARDIZED)	CR	AVE
Social Sustainability	SS1	0.748	0.897	0.595
	SS2	0.772		
	SS3	0.892		
	SS4	0.787		
	SS5	0.653		
	SS6	0.755		
Purchase Intention	PIS1	0.779	0.900	0.645
	PIS2	0.877		
	PIS3	0.855		
	PIS4	0.756		
	PIS5	0.738		
Loyalty	LS1	0.787	0.895	0.589
	LS2	0.776		
	LS3	0.736		
	LS4	0.849		
	LS5	0.720		
Satisfaction	LS6	0.721	0.865	0.681
	SAS1	0.854		
	SAS2	0.840		
	SAS3	0.779		
Co-creation	CCS1	0.881	0.844	0.645

	CCS2	0.762		
	CCS3	0.761		

Notes: CR - Composite Reliability; AVE - Average Variance Extracted. Chi-square χ^2 (427, degree of freedom, df) = 792.015 $\chi^2/df = 1.854$

Discriminant validity tests whether concepts of measurements that are supposed to be unrelated from each other. There are two ways to provide this validity. First, none of the 95 percent confidence intervals of the individual elements of the latent factor correlation matrix contained a value of 1.0 (Anderson and Gerbing, 1988). Second, corresponding AVE should be higher of the shared variance between pairs of constructs (Fornell and Larcker, 1981). According to these criteria, two models provide enough evidence of reliability, and convergent and discriminant validity (see table 3.17 and 3.18).

Table 3.17 Discriminant validity of the environmental sustainability construct measures

	ES	LE	PIE	SAE	CCE
ES	0.76	[0.55, 0.21]	[0.18, 0.36]	[0.25, 0.43]	[0.24, 0.50]
LE	0.13	0.79	[0.90, 0.20]	[0.40, 0.15]	[0.37, 0.58]
PIE	0.27	0.14	0.75	[0.10, 0.22]	[0.24, 0.42]
SAE	0.34	0.10	0.16	0.62	[0.34, 0.53]
CCE	0.38	0.48	0.33	0.43	0.81

Notes: The diagonal represents the AVE, while above the diagonal de 95 percent confidence interval for the estimated factors correlations is provided, below the diagonal, the shared variance is represented. ES: Environmental sustainability, LE: Loyalty, PIE: Purchase intention, SAE: Satisfaction, CCE: Willingness to co-create

Table 3.18 Discriminant validity of the social sustainability construct measures

	SS	LS	PIS	SAS	CCS
SS	0.73	[0.26, 0.50]	[0.30, 0.51]	[0.38, 0.61]	[0.27, 0.50]
LS	0.43	0.85	[0.13, 0.24]	[0.10, 0.21]	[0.34, 0.51]
PIS	0.49	0.61	0.77	[0.10, 0.19]	[0.17, 0.30]
SAS	0.48	0.61	0.62	0.70	[0.26, 0.40]
CCS	0.34	0.50	0.50	0.56	0.80

Notes: The diagonal represents the AVE, while above the diagonal de 95 percent confidence interval for the estimated factors correlations is provided, below the diagonal, the shared variance is

represented. SS: Social sustainability, LS: Loyalty, PIS: Purchase intention, SAS: Satisfaction, CCS: Willingness to co-create

3.7 RESULTS OF THE STRUCTURAL MODEL ANALYSIS

According to the proposed hypotheses, we created two structural equations models. The results are shown in Table 3.19 and Figure 3.7 for environmental sustainability and Table 3.20 and Figure 3.8. for social sustainability. The goodness of fit is quite well with the χ^2/df ratio lower than 3.0 for both models.

Figure 3.7 Results of the hypothesis testing for environmental sustainability

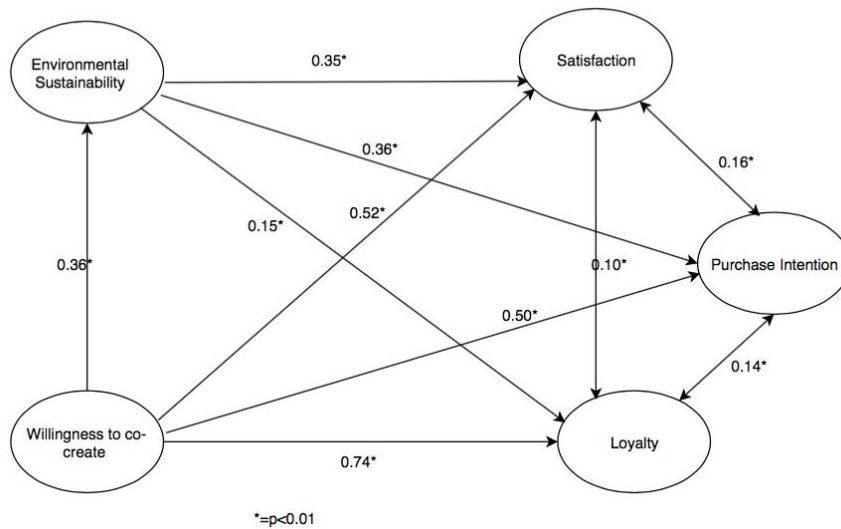


Figure 3.8 Results of the hypothesis testing for social sustainability

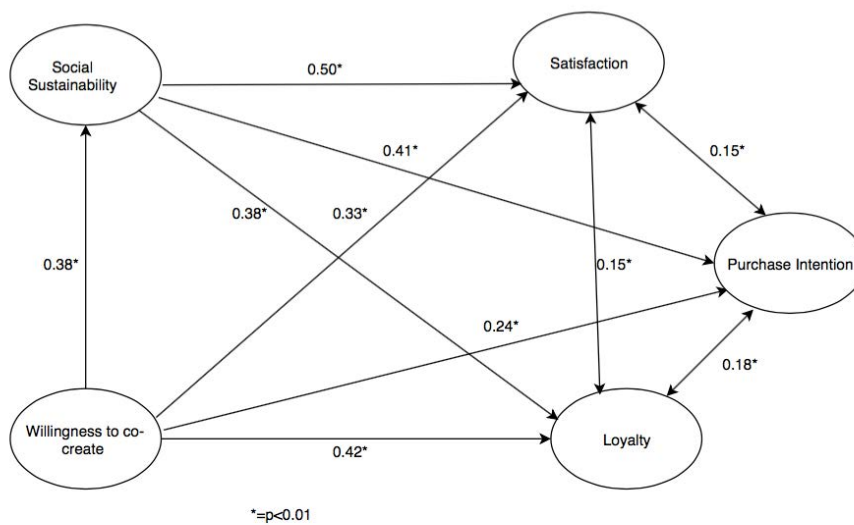


Table 3.19: Structural model results and hypothesis testing for environmental sustainability

Hypothesis	Relation	Std. Coefficient	p-value	z-score
H1a	ES→CCE	0.365	0.000	6.9
H2a	CCE→LE	0.744	0.000	16.51
H3a	CCE→SAE	0.526	0.000	9.52
H4a	CCE→PIE	0.508	0.000	8.92
H5a	ES→LE	0.153	0.002	3.13
H6a	ES→SAE	0.356	0.000	7.84
H7a	ES→PIE	0.368	0.000	6.97

3.7.1 Hypothesis for environmental sustainability

H1a: The perceived environmental sustainability of a company positively influences the willingness to co-create in environmental sustainability concept

H2a: There is a positive relationship between consumers' willingness to co-create and consumer loyalty with the environmental sustainability concept

H3a: There is a positive relationship between consumers' willingness to co-create and their level of satisfaction with the environmental sustainability concept

H4a: There is a positive relationship between consumers' willingness to co-create and their purchase intention with the environmental sustainability concept

H5a: An increased perceived environmental sustainability leads to increase in consumer loyalty.

H6a: An increased in perceived environmental sustainability leads to an increase in consumer satisfaction.

H7a: An increased in perceived environmental sustainability leads to an increase in consumer purchase intention.

As shown in table 3.19 above, there is a positive relationship between environmental sustainability and a willingness to co-create (standard path coefficient = 0.36, $p < 0.01$). Therefore, the hypothesis H1a is supported. On the hand, willingness to co-create has also a positive relationship between consumer loyalty, satisfaction and purchase intention.

Consumer loyalty and co-creation has the biggest standard coefficient, which is 0.74 ($p < 0.01$) and it shows that there is a strong relation between them, which means that more loyal consumers are more willing to co-create with the company. Moreover, willingness to co-create has also strong relation with satisfaction (standard path coefficient = 0.52, $p < 0.01$) and purchase intention (standard path coefficient = 0.50, $p < 0.01$). Therefore, it can be said that the hypothesis H2, H3 and H4 are supported.

On the other hand, environmental sustainability perception has a positive relationship between consumer loyalty, satisfaction and purchase intention. However, loyalty has the lowest effect on environmental sustainability as we compare with others (standard coefficient = 0.15,

p<0.01). Satisfaction and environmental sustainability relation's standard coefficient is 0.35 (p<0.01) and purchase intention and environmental sustainability relation's standard coefficient is 0.36 (p<0.01). Therefore, the hypothesis H5a, H6a and H7a are supported. On the other hand, there are also significant relationship between satisfaction, loyalty and purchase intention.

Table 3.20: Structural model results and hypothesis testing for social sustainability

Hypothesis	Relation	Std. Coefficient	p-value	z-score
H1b	SS→CCS	0.415	0.000	8.8
H2b	CCS→LS	0.585	0.000	13.17
H3b	CCS→SAS	0.466	0.000	7.9
H4b	CCS→PIS	0.394	0.000	8.3
H5b	SS→LS	0.132	0.000	7.13
H6b	SS→SAS	0.431	0.000	9.9
H7b	SS→PIS	0.410	0.000	9.07

3.7.2 Hypothesis for social sustainability

H1b: The perceived social sustainability of a company positively influences the willingness to co-create

H2b: There is a positive relationship between consumers' willingness to co-create and their loyalty with the social sustainability concept

H3b: There is a positive relationship between consumers' willingness to co-create and their level of satisfaction with the social sustainability concept

H4b: There is a positive relationship between consumers' willingness to co-create and their purchase intention with the social sustainability concept

H5b: An increased perceived social sustainability leads to increase in consumer loyalty.

H6b: An increased in perceived social sustainability leads to an increase in consumer satisfaction.

H7b: An increased in perceived social sustainability leads to an increase in consumer purchase intention.

As shown in table 3.20 above, there is a positive relationship between social sustainability and a willingness to co-create (standard path coefficient = 0.41, p<0.01). Therefore, the hypothesis H1b is supported. On the hand, willingness to co-create has also a positive relationship between consumer loyalty, satisfaction and purchase intention.

Consumer loyalty and co-creation has the biggest standard coefficient, which is 0.58 (p<0.01) and it shows that there is a strong relation between them and it means that more loyal consumers are more willing to co-create with the firm. Moreover, willingness to co-create has

also strong relation with satisfaction (standard path coefficient = 0.46, $p < 0.01$) and purchase intention (standard path coefficient = 0.39, $p < 0.01$). Therefore, it can be said that the hypothesis H2b, H3b and H4b are supported.

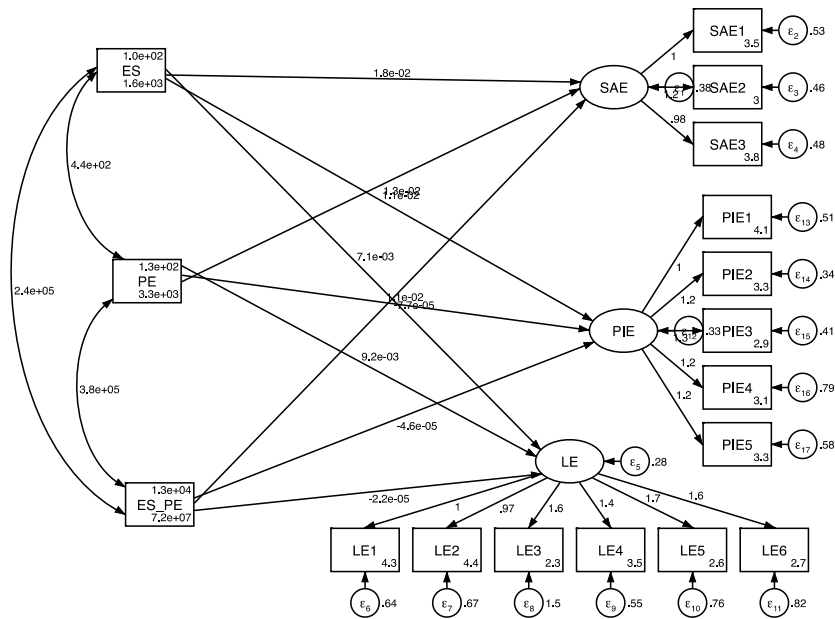
On the other hand, social sustainability perception has a positive relationship between consumer loyalty, satisfaction and purchase intention. However, loyalty has the lowest correlation with social sustainability as we compare with others (standard coefficient = 0.13, $p < 0.01$). Satisfaction and social sustainability relation's standard coefficient is 0.43 ($p < 0.01$) and purchase intention and social sustainability relation's standard coefficient is 0.41 ($p < 0.01$). Therefore, the hypotheses H5b, H6b and H7b are supported. On the other hand, there is also significant positive relationship between purchase intention, satisfaction and loyalty.

3.8 MODERATING EFFECT OF PRICE

The differences observed in the previous section with respect to the consumers' willingness to co-create and other consumer behaviours between environmental and social sustainability may be affected by price effect. Even though the sustainability practices of a firm are significant, price also is a crucial determinant of consumer behaviour (Ha-Brookshire and Norum, 2011). There is an increment in consumers' interest in the sustainable products and services, but consumers are not buying these products as expected (Clifford and Martin, 2011). The major reason is the high prices of sustainable products. In recent surveys, 83 percent of consumers mentioned the importance of sustainable practices of the companies; however, just 22 percent of consumers say that they would pay more for an environmentally friendly product (Nielsen, 2011).

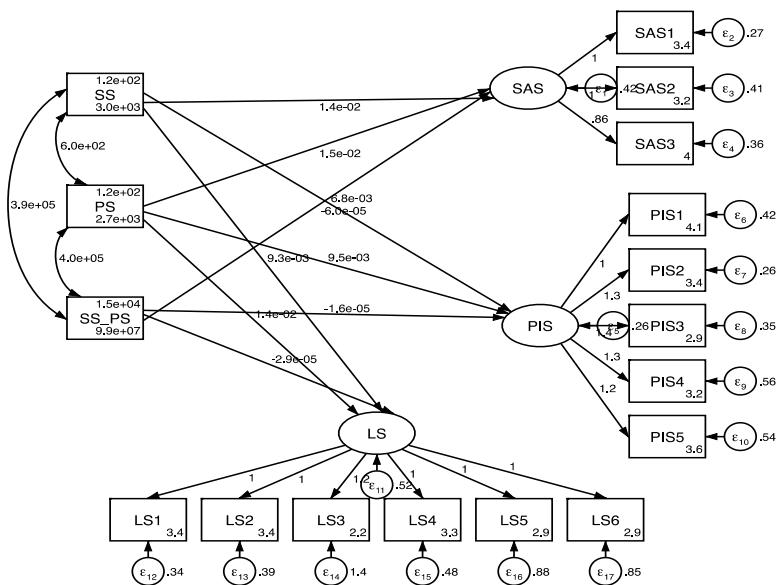
For the moderating effect, first two models were created for each construct (environmental and social sustainability). As we conducted reliability and validity tests in previous section, we skip this part. First, we created environmental sustainability model with the effect of price (see Figure 3.9). In order to measure the moderating effect of the price, we merged environmental/social sustainability and price as a one variable and we put it in the model. After estimating the SEM model, model was not fitted well (see Figures 3.9 and 3.10) and we did some modifications in order to fit the models well by correlating loyalty (LE, LS), satisfaction (SAE, SAS), purchase intention (PIE, PIS) (see Figures 3.11 and 3.12).

Figure 3.9: Confirmatory factor analysis for the moderating effect of price (Environmental sustainability)



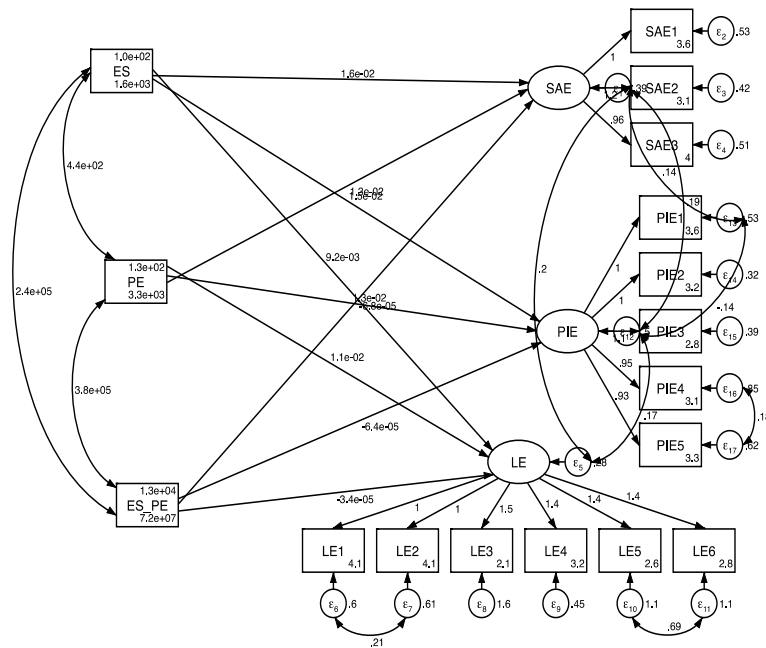
Notes: SRMR: 0.127, CFI: 0.811, TLI: 0.77, RMSEA:0.124 ES: Environmental sustainability, PE: Price, ES_PE: Environmental sustainability*Price, SAE: satisfaction, PIE: purchase intention, LE: loyalty

Figure 3.10: Confirmatory factor analysis for the moderating effect of price (Social sustainability)



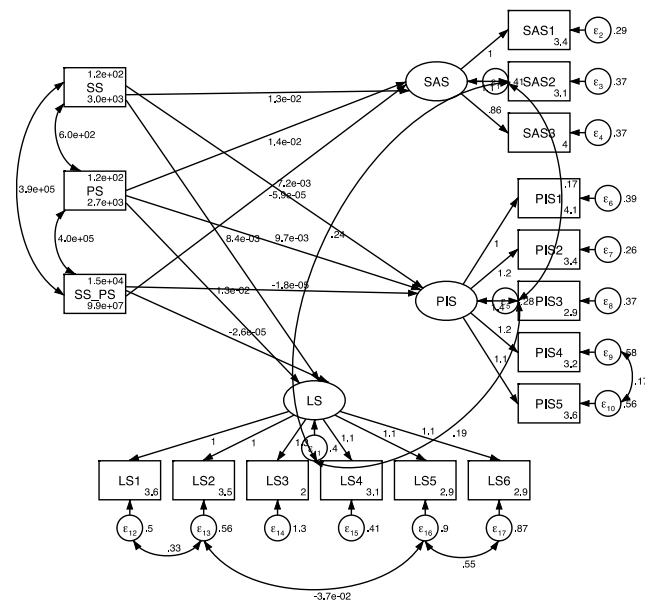
Notes: SRMR: 0.130, CFI: 0.820, TLI: 0.799, RMSEA:0.134 SS: Social sustainability, PS: Price, SS_PS: Social sustainability*Price, SAS: satisfaction, PIS: purchase intention, LS: loyalty

Figure 3.11: Modified model of environmental sustainability



Notes: SRMR: 0.053, CFI: 0.941, TLI: 0.928, RMSEA:0.071 ES: Environmental sustainability, PE: Price, ES_PE: Environmental sustainability*Price, SAE: satisfaction, PIE: purchase intention, LE: loyal

Figure 3.12: Modified model of social sustainability



Notes: SRMR: 0.045, CFI: 0.943, TLI: 0.932, RMSEA:0.078 SS: Social sustainability, PS: Price, SS_PS: Social sustainability*Price, SAS: satisfaction, PIS: purchase intention, LS: loyalty

3.8.1 Relationship between variables in proposed model (environmental sustainability)

According to the first casual model, there is a positive and significant relationship between environmental sustainability and consumer loyalty (see, Table 3.21). On the other hand, the price is also important in consumer loyalty, there is a negative relationship between environmental sustainability and consumer loyalty if the price is high. Hence, the hypothesis that the moderating effects of price on relationship between environmental sustainability and consumer loyalty are significant and it is supported (see, Table 3.21). It means that, the level of loyalty of consumers is determined by the price of the product.

Hence;

Hypothesis 8a: *Price has a moderating effect on the relationship between environmental sustainability and consumer loyalty. (supported)*

Hypothesis 5a: *An increased perceived environmental sustainability leads to increase in consumer loyalty. (supported)*

Secondly, environmental sustainability has positive relationship between consumer satisfaction, if perceived environmental sustainability increases, consumer satisfaction will also increase (see Table 3.21). On the other hand, the effect of price with perceived environmental sustainability has negative effect on consumer satisfaction, the hypothesis that the moderating effects of price on the relationship between environmental sustainability and consumer satisfaction are significant and it is supported. On the other hand, the regression coefficient of term (Environmental Sustainability*Price) on consumer satisfaction is negative, which indicates that the moderating variable (Price) weakens the casual effect of environmental sustainability on consumer satisfaction (see Table 3.21). In other words, the increase in price of product would give negative effects on consumer satisfaction. On the other hand, as the Hypothesis 6a is significant, “partial moderation” occurred. The type of moderation that occurs in the case in “partial moderation” since the hypothesis for the main effect is still significant after the moderator enters the model.

Hence;

Hypothesis 6a: *An increased in perceived environmental sustainability leads to an increase in consumer satisfaction. (supported)*

Hypothesis 9a: *Price has a moderating effect on the relationship between environmental sustainability and consumer satisfaction. (supported)*

Thirdly, there is a positive and significant relationship between environmental sustainability and purchase intention. On the other hand, the hypothesis that the moderating effects of price on the relationship between environmental sustainability and consumer purchase intention are also significant and it is supported, whereas the regression coefficient of term (Environmental Sustainability*Price) on consumer purchase intention is negative, which indicates that the moderating variable (Price) weakens the casual effect of environmental sustainability on consumer purchase intention. It means that, the increase in price of product would give

negative effects on consumer purchase intention. As the Hypothesis 7a is significant, “partial moderation” occurred (see Table 3.21).

Hence;

Hypothesis H7a: *An increased in perceived environmental sustainability leads to an increase in consumer purchase intention. (supported)*

Hypothesis 10a: *Price has a moderating effect on the relationship between environmental sustainability and consumer purchase intention. (supported)*

Table 3.21 Testing the casual and moderating effects of environmental sustainability on consumer loyalty, consumer satisfaction and purchase intention

				Estimate	S.E.	Z value	P	Result
H8a	Consumer Loyalty	←	Environmental Sustainability	0.49	0.092	5.36	0.000	Significant
H5a	Consumer Loyalty	←	Environmental Sustainability*Price	-.39	0.145	-2.68	0.007	Significant
H6a	Consumer Satisfaction	←	Environmental Sustainability	0.78	0.094	8.34	0.000	Significant
H9a	Consumer Satisfaction	←	Environmental Sustainability*Price	-.70	0.148	-4.73	0.000	Significant
H7a	Consumer Purchase Intention	←	Environmental Sustainability	0.66	0.086	7.72	0.000	Significant
H10a	Consumer Purchase Intention	←	Environmental Sustainability*Price	-.60	0.137	-4.41	0.000	Significant

3.8.2 Relationship between variables in proposed model (social sustainability)

Firstly, perceived social sustainability has positive and significant effect on consumer loyalty (see Table 4.22). On the other hand, price has also significant effect on consumer loyalty with perceived social sustainability. However, the effect of price is negative even with the perceived social sustainability, whereas the regression of coefficient of term (Social Sustainability*Price) on consumer loyalty is negative. It means that, price as a moderating effect, weakens the casual effect of social sustainability on consumer loyalty. It can be said that, an incensement in price of product may give negative effects on consumer loyalty.

Therefore;

Hypothesis 5b: *An increased perceived social sustainability leads to increase in consumer loyalty. (supported)*

Hypothesis 8b: *Price has a moderating effect on the relationship between social sustainability and consumer loyalty. (supported)*

Secondly, there is a positive and significant relationship between social sustainability and consumer satisfaction. On the other hand, the hypothesis that the moderating effects of price on the relationship between social sustainability and consumer satisfaction are significant and it is supported, whereas the regression coefficient of term (Social Sustainability*Price) on consumer satisfaction is negative, which indicates that the moderating variable (Price) weakens the casual effect of social sustainability on consumer satisfaction. It can be said that, the increase in price of product would give negative effects on consumer satisfaction. On the other hand, as the Hypothesis 6b is significant, “partial moderation” occurred. The type of moderation that occurs in the case in “partial moderation” since the hypothesis for the main effect is still significant after the moderator enters the model.

Therefore;

Hypothesis H6b: *An increased in perceived social sustainability leads to an increase in consumer satisfaction. (supported)*

Hypothesis 9b: *Price has a moderating effect on the relationship between social sustainability and consumer satisfaction. (supported)*

Lastly, social sustainability and purchase intention has significant and positive effect. However, the hypothesis that the moderating effects of price on the relationship between social sustainability and consumer purchase intention are not significant and it is not supported, whereas there is no positive or negative relationship between social sustainability and purchase intention even if the price is high (see Table 3.22).

Therefore;

Hypothesis H7b: *An increased in perceived social sustainability leads to an increase in consumer purchase intention. (supported)*

H10b: *Price has a moderating effect on the relationship between social sustainability and consumer purchase intention. (supported)*

Table 3.22 Testing the casual effects and moderating effects of social sustainability on consumer loyalty consumer loyalty, consumer satisfaction and purchase intention

				Estimate	S.E.	Z value	P	Result
H5b	Consumer Loyalty	←	Social Sustainability	0.50	0.083	6.03	0.000	Significant
H8b	Consumer Loyalty	←	Social Sustainability*Price	-.27	0.130	-2.14	0.032	Significant
H6b	Consumer Satisfaction	←	Social Sustainability	0.82	0.082	10.06	0.000	Significant
H9b	Consumer Satisfaction	←	Social Sustainability*Price	-.66	0.133	-4.95	0.000	Significant
H7b	Consumer Purchase Intention	←	Social Sustainability	0.52	0.081	6.49	0.000	Significant
H10b	Consumer Purchase Intention	←	Social Sustainability*Price	-.23	0.127	-1.73	0.067	Not Significant

RESULTS OF HYPOTHESES

Table 3.23 and 3.24 show the casual and moderating effect hypotheses results summary for both environmental and social sustainability concept.

Table 3.23: Hypothesis testing summary for environmental sustainability

H1a	ES→CCE	Accepted	Moderating Effect of Price		
H2a	CCE→LE	Accepted			
H3a	CCE→SAE	Accepted			
H4a	CCE→PIE	Accepted			
H5a	ES→LE	Accepted	H8a	ES→LE moderated by price	Accepted
H6a	ES→SAE	Accepted	H9a	ES→SAE moderated by price	Accepted
H7a	ES→PIE	Accepted	H10a	ES→PIE moderated by price	Accepted

Table 3.24: Hypothesis testing summary for social sustainability

H1b	SS→CCS	Accepted	Moderating Effect of Price		
H2b	CCS→LS	Accepted			
H3b	CCS→SAS	Accepted			
H4b	CCS→PIS	Accepted			
H5b	SS→LS	Accepted	H8b	SS→LS moderated by price	Accepted
H6b	SS→SAS	Accepted	H9b	SS→SAS moderated by price	Accepted
H7b	SS→PIS	Accepted	H10b	SS→PIS moderated by price	Not Accepted

3.9 DISCUSSIONS AND CONCLUSIONS

The proposed hypotheses models widely accepted, suggesting that environmental and social sustainability actions of the companies have huge impact on consumers' behaviours. This research has several contributions to the co-creation and sustainability literature and managerial practice.

First of all, it highlights the importance of CSR actions of companies from both supply chain side and ethical side of consumers. Sustainability actions are not just regulations for companies to follow; it also has many advantages in order to gain competitive position in the market. Both environmental and social sustainability actions have positive effect on consumers' behaviour such as purchase intention, loyalty and satisfaction. Thus, moral values such as protecting environment, caring about human rights are highly concerned from consumer side in order to be successful in the market.

Secondly, value co-creation concept has been investigated in this study. According to literature, co-creation concept is highly important for organization's success, because the value can be created through consumers' participation. Creation of value may be the result of sharing sources, information and technology and may also involve sustainability within the participants of the chain along the way to final consumption (Biggemann *et al.*, 2014). Thus, this study shows the importance of sustainability actions with regard to create value. Consumers are highly caring about social and environmental issues on the way of creating value together with the company. They want to join the co-creation process if they see the company give importance to these ethical issues, because they make them feel better and they may think that they contribute to the society in a positive way by supporting sustainable companies. Hence, it is a win-win situation for both parties.

Thirdly, we also discussed the relationship between willingness to co-create and different levels of consumer behaviours such as satisfaction, loyalty and purchase intention. In the literature, these consumer actions are assumed as consequences of value co-creation, because consumers may add value to the company by showing their satisfaction, purchase intention and loyalty. Thus, environmental and social sustainability actions may be a bridge between willingness to co-create and consumer behaviours. This study demonstrates that both consumer behaviours and consumers' willingness to co-create are related due to the environmental and social sustainability actions of companies.

Finally, this research also highlights the importance of price. With respect to the consumers' willingness to co-create and other consumer behaviours between environmental and social sustainability may be affected by price. Price is a crucial element in buying decisions and this study show this importance in different consumer behaviour levels. In the environmental sustainability concept, price plays an important role on satisfaction, purchase intention and loyalty. If the price is high, even the company cares about environmental sustainability, consumers may not be happy. Therefore, it affects their behaviour towards the company. In the social sustainability concept, price is also important but just in satisfaction and loyalty behaviours. Surprisingly, price does not show significant importance on purchase intention. Consumers show willingness to buy products/services even the price is high.

In conclusion, this study shows the importance of CSR activities of companies. Both environmental and social sustainability actions demonstrate high importance on consumers' willingness to co-create and their behaviours. However, price still seems an effect between sustainability and consumer actions. Consumers want to get sustainable brands with low prices. Even though the price is a crucial problem for companies, they should find new ways to launch sustainable products in appropriate price level. Thus, companies may add value to their organizations by selling sustainable products/services with proper price levels. Furthermore, consumers feel delighted by using sustainable and cheap products/services and thereby, they may add value to the companies.

3.10 LIMITATIONS AND FUTURE RESEARCH

This article has several limitations, which created possible future studies. First, we consider sustainability concept in order to measure willingness to co-create in different consumer behaviour levels, but other concepts can be researched in future studies. Second, the developed model did not measure the relationship between price and co-creation, future studies can consider to measure the effect of price in willingness to co-create, whereas price, in this study, only measured the relationship between sustainability and different consumer behaviours. On the other hand, price can also be measured as a direct effect on willingness to

co-create in future studies. Third, we only consider loyalty, purchase intention and satisfaction as consequences of co-creation and result of sustainability actions of the companies, but other psychological concepts can be measured in future studies, whereas ethical concerns are important for consumers, the consequences of these concerns can address the future studies. Finally, this research only involves Turkey as an emerging market. For future research, it could be interesting to analyse the same model in different developing and developed markets. It will ensure richness the results and may contribute to the theory development.

CONCLUSION

This doctoral dissertation has the aim of understanding the sophisticated knowledge on how managerial factors affect companies' competitive advantage on the basis of value co-creation. Previous studies have addressed the importance of value co-creation in order to create benefits to the organizations in the business environment, because, considering today's business environment, companies, facing with different challenges and difficulties in order to survive in the market and co-creation is one of the most important factor to gain competitive advantage in the market. On the other hand, the relationship of managerial success, employee motivation and customer engagement have been explored previously (Porter and Kramer, 2011; Berry, 1981; Gounaris, 2008; Paswan, *et al.*, 2005; Hollebeek, 2011) and these studies demonstrated that there is a positive relation between them. Hence, it is important to consider employee and customer factors in order to compete in business environment, because stakeholder participation is the key element for organization success. Thus, it is important to find out the motivations behind the participation of these stakeholders.

Following the value co-creation research line that is mentioned above, **Chapter 1** was dedicated to explore employee motivation factors that created value for the organizations by considering Frederick Herzberg's dual factor theory and social and exchange theory in professional service firms' employees. In order to understand the reasons behind the creation of value, it was looked for performance and motivation factors of employees by conducting qualitative research. In this part of the dissertation, it was conducted semi-structured interviews with employees and analysed it using Atlas.ti.

The results in **Chapter 1** revealed that six factors highly effect the professional service employees' motivation and they indirectly affect the employee job performance and value of the organization. It was grouped these factors by their functions namely, engagement, management, social, individual factors and opportunities of growth, responsibility elements. On the other hand, this chapter confirms that these factors are applicable for both types of employees (with direct relationship with customer, without direct relationship with customer).

In **Chapter 2**, it was aimed to identify customer engagement factors from professional service firms' employees' perception by considering their motivation factors, because employees who are in direct relationship with customers play a vital role in this interactive process (Berry, 1981; Gounaris, 2008; Paswan *et al.*, 2005) and their motivation level is important to provide customer engagement. In order understand the perceptions, it was conducted qualitative research by using semi-structured interviews. In addition, Atlas.ti software was used to analyse the reasons behind.

The results of **Chapter 2** revealed three factors are important for customer engagement. First, employee factors such as training, responsibility indicated the effect on customer engagement. Second, communication factors such as empathy, creating a good environment, informing customers and listening customers revealed the significance influence of customer engagement from employee perspective (Berry, 1981; Gounaris, 2008; Paswan *et al.*, 2005). Lastly, management factors such as using of data management, digital channels availability, financial savings and sustainability indicated that the importance on customer engagement from employee side. And these factors may affect engagement of customers.

In **Chapter 3**, it was conducted a quantitative research in order to measure the environmental and social sustainability effect on value co-creation at different dimensions of consumer

behaviour (Yi and Gong, 2013) and the effect of price. Based on the goal of the research, theoretical model of customer behaviours as antecedents of value co-creation was created as two models with consumers' willingness to co-create, perceived environmental and social sustainability. The analysis of the model was based on the data from customers' survey with Structural Equation Modelling (SEM) analysis, and moderating effect of price was measured for two models.

Chapter 3 examined that both environmental and social sustainability have a positive effect on willingness to co-create. It was also analysed that loyalty, purchase intention and satisfaction has a positive relationship with environmental and social sustainability as well as willingness to co-create. Moreover, loyalty, purchase intention and satisfaction have positive effect between them in both environmental and social sustainability level as well as willingness to co-create has also positive relationship between these consumer behaviours. On the other hand, price shows high significant moderating effect on the relationship between these sustainability actions and the consumer behaviours, but not in the relationship between social sustainability and purchase intention.

In conclusion, there are many factors that affect value co-creation from both employee and consumer level. Motivation and engagement factors are highly important to add value to the organizations. Likewise, they can be primary factors of value co-creation.

Here are the brief main findings of this thesis;

- In **Chapter 1**: Engagement of employees, management, social and individual factors, opportunities of growth and employee responsibility have an important role on value co-creation (see Elmadağ *et al.*, 2004; Vargo and Lusch, 2004; Zerbe *et al.*, 1998; Gronroos, 2001).
- In **Chapter 2**: Employee factors (training, responsibility), communication factors (empathy, creating a good environment, informing customers, listening customers), management factors (data management, digital channel availability, financial savings, sustainability actions) have positive relation with creating value (see Berry, 1981; Gounaris, 2008; Paswan *et al.*, 2005; Seltzer *et al.*, 2012; Gummesson, 1987; Ahmed and Rafiq, 2003; Ballantyne, 2003).
- In **Chapter 3**: Both environmental and social sustainability actions have a positive relationship with willingness to co-create. Loyalty, purchase intention, satisfaction as consumer behaviours also have a positive relation with environmental and social sustainability. Willingness to co-create shows positive relationship with different level of consumer behaviours. Price has a significant moderating factor for both sustainability actions at different consumer behaviour levels except purchase intention in social sustainability (see Anderson *et al.*, 2007; Biggeman *et al.*, 2014; Mustonen *et al.*, 2015; Grönroos, 2008; Jaworski and Kohli, 2006; Kotler and Keller, 2012; Luo and Bhattacharya, 2006; Lindergreen *et al.*, 2009)

THEORETICAL CONTRIBUTIONS

This Doctoral Dissertation makes several contributions to the value co-creation theoretical literature by covering appointed research gaps.

First, **Chapter 1** highlights the importance of motivation factors of employees on the way of creating value for the company, but not only the perspectives of frontline employees, also

perspectives of Professional Service Firm employees. This chapter also revealed different motivation factors such as reputation, opportunities of growth and responsibility. These factors may also affect the motivation of employees. On the other hand, job stress factor may depend on the nature of the job. Each job position has different stress levels and this may affect employee motivation in a different way. Moreover, in this chapter, value co-creation has been studied from employee motivation level at Frederick Herzberg's Dual Factor Theory and Social and Exchange theory and it contributes to the value co-creation literature.

Second, **Chapter 2** indicates the importance of employee perspectives on customer engagement to create value. This chapter states that employees are knowledgeable about customer engagement elements and their perceptions are important to understand that. **Chapter 2** contributes customer engagement and value co-creation literature by looking from employee perspectives. On the other hand, professional service firms' employees' opinions studied in value co-creation literature.

Third, **Chapter 3** shows that the importance of environmental and social sustainability based on the value co-creation as well as from different consumer behaviour perspectives such as loyalty, satisfaction and purchase intention. This part of the dissertation measured the level of willingness to co-create and its consequences (loyalty, purchase intention, satisfaction) from perceived sustainability practices of companies. Moreover, moderating effect of price has been measured between different consumer behaviours and sustainability practices from consumer perspectives. This chapter also has contribution to the value co-creation literature from emerging country concept.

PRACTICAL IMPLICATIONS

This Doctoral Dissertation makes several contributions to the managerial practice by covering appointed research gaps.

First, **Chapter 1** has some practical implications. First of all, employees from different backgrounds may have different motivation factors. A better understanding of managers about employee motivation from different backgrounds can be a source of competitive advantage. Managers also should foresight the importance of human resource and empower them to build strong motivation factors in order to create value. Finally, this chapter may be an invitation to perform a quantitative research in order to measure employee motivations factor on the way of creating value.

Second, **Chapter 2** revealed some managerial implications. Primarily, managers should focus on employee experiences to understand customer engagement factors, because they are facing with the problems of customers and they may also know customers' needs and wants. Secondly, managers should be aware of the empowerment of employees, because they are the core assets of companies and their motivation also effect customer engagement in order to create value for the organization.

Finally, **Chapter 3** also has some implications for managerial side. First, this chapter shows the importance of sustainability actions, so managers should consider implying sustainability actions for both environmentally and socially to gain consumers' engagement. However, price is also important to make purchase decision even if the company provides sustainable environment. Thus, managers should focus on balancing between their sustainability actions

and price level. Moreover, this study shows significant level of relationship between willingness to co-create and sustainable practices from both sides. Hence, sustainable practices demonstrate high level of willingness to participate in co-creation process, because consumers may feel happy and they may think that they are making contributions to the society from ethical perspective.

LIMITATIONS AND FUTURE RESEARCH

Some limitations can be identified for this dissertation as well as future research ideas. First, this dissertation is only limited in Turkey as an emerging country. However, future studies can be focused on other emerging countries as well. On the other hand, **Chapter 1** only focuses on professional service firms' employees, but it is also crucial to conduct this research from different types of employees. Moreover, **Chapter 1** only conducted in specific sectors, but in the future studies, these sectors can be expanded. Furthermore, new factors such as nationalism, responsibility/challenge have been occurred, these perceptions should be studied in detailed for future studies. Last but not the least, **Chapter 1**, by conducting a qualitative research, deals with the relationship between employee motivation and value co-creation by conducting qualitative research. However, the relationship between two can be measured quantitatively in the future.

Chapter 2 considers the importance of customer engagement from professional service firms' employee side. However, it would be also helpful to consider different types of employees for future studies. On the other side, quantitative method can be applied in order to measure the relationship between employee perspective and customer engagement on the way of creation value for the organization. Finally, **Chapter 3** measured the relationship between sustainability practices and willingness to co-create and consequences of co-creation. However, this study was applied in specific country, Turkey and at perceived level. Thus, it can be studied at brand level of both sustainability and willingness to co-create in future studies. Furthermore, price has been measured as a moderating effect between consumer behaviours and sustainability practices in this study, but in future studies it can be studied as a direct effect for both consumer behaviours and sustainability as well as willingness to co-create. On the other hand, dyadic quantitative approach can my applied by using customers and employees in the future researches and another sector except from professional service firms' employee can be studied in the future.

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APENDIX A: SURVEY IN ENGLISH

I am a PhD candidate from Autonomous University of Barcelona conducting a survey on Turkish consumer perceptions of environmentally and socially sustainable products. I would be pleased if you participate in my survey. It will take about 10 minutes.

Number 1 Strongly disagree

Number 2 Disagree

Number 3 Slightly disagree

Number 4 Neutral

Number 5 Slightly agree

Number 6 Agree

Number 7 Strongly agree

ENVIRONMENTAL SUSTAINABILITY

In your opinion, how important are the corporates' environmental sustainable activities?

	Not at all important	Low importance	Slightly important	Neutral	Moderately Important	Very Important	Extremely Important
Utilizing of green technology*	1	2	3	4	5	6	7
Investing for the environment	1	2	3	4	5	6	7
Producing eco-friendly products	1	2	3	4	5	6	7
Achieving environmental innovativeness	1	2	3	4	5	6	7
Recycling/using recycled materials	1	2	3	4	5	6	7

*Çevre teknolojisi: Turkish description

Please answer the questions below;

	Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly Agree
I would consider buying from environmentally sustainable products	1	2	3	4	5	6	7
I would buy from environmentally sustainable brands	1	2	3	4	5	6	7
I would certainly buy from environmentally sustainable brands	1	2	3	4	5	6	7
If I were going to buy a product, I would consider buying environmentally sustainable product at the price shown	1	2	3	4	5	6	7
The probability that I would consider buying environmentally sustainable product is high	1	2	3	4	5	6	7
I would say positive things about environmentally sustainable brands to other people	1	2	3	4	5	6	7
I would recommend the environmentally sustainable brands to those who seek my advice about such matters	1	2	3	4	5	6	7
I would post positive messages about the environmentally sustainable brands on some Internet message board	1	2	3	4	5	6	7
I would encourage friends and relatives to use environmentally sustainable brands	1	2	3	4	5	6	7
I intend to do more business with the environmentally sustainable brands	1	2	3	4	5	6	7

I intend to continue more business with the environmentally sustainable companies	1	2	3	4	5	6	7
I look more positively to organizations who have produced environmentally sustainable products	1	2	3	4	5	6	7
I am satisfied with using environmentally sustainable products	1	2	3	4	5	6	7
A more environmental approach by an organization would improve my satisfaction	1	2	3	4	5	6	7
Given the opportunity, I would like to collaborate with environmentally sustainable brands in generating new ideas for new products	1	2	3	4	5	6	7
I would like to participate in defining the products that I would buy from environmentally sustainable brands	1	2	3	4	5	6	7
Given the opportunity, I would like to take an active role in any act of co-creation offered environmentally sensitive brands	1	2	3	4	5	6	7
I am willing to pay more for environmentally sustainable products	1	2	3	4	5	6	7
I believe the price of environmentally sustainable products affects my decision to purchase them	1	2	3	4	5	6	7
I am willing to pay	1	2	3	4	5	6	7

more for an environmental sustainable product with respect to a conventional product with similar characteristics							
I am willing to buy environmentally sustainable products	1	2	3	4	5	6	7

SOCIAL SUSTAINABILITY

In your opinion, how important are the corporates' social sustainable activities?

	Not at all important	Low Importance	Slightly importance	Neutral	Moderately Important	Very Important	Extereme ly Important
Serving social responsibility	1	2	3	4	5	6	7
Caring about human rights	1	2	3	4	5	6	7
Making social contributions	1	2	3	4	5	6	7
Providing social activities for social communities	1	2	3	4	5	6	7
Hiring local people	1	2	3	4	5	6	7
Donating and	1	2	3	4	5	6	7

offering volunteer work							
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Please answer the questions below;

	Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly Agree
I would consider buying from socially sustainable products	1	2	3	4	5	6	7
I would buy from socially sustainable brands	1	2	3	4	5	6	7
I would certainly buy from socially sustainable brands	1	2	3	4	5	6	7
If I were going to buy a product, I would consider buying socially sustainable product at the price shown	1	2	3	4	5	6	7
The probability that I would consider buying socially sustainable product is high	1	2	3	4	5	6	7
I would say positive things about socially sustainable brands to other people	1	2	3	4	5	6	7
I would recommend the socially sustainable brands to those who seek my advice about such matters	1	2	3	4	5	6	7
I would post positive messages about the socially sustainable brands on some Internet message board	1	2	3	4	5	6	7
I would encourage friends and relatives to use socially sustainable brands	1	2	3	4	5	6	7

I intend to do more business with the socially sustainable brands	1	2	3	4	5	6	7
I intend to continue more business with the socially sustainable companies	1	2	3	4	5	6	7
I look more positively to organizations who have produced socially sustainable products	1	2	3	4	5	6	7
I am satisfied with using socially sustainable products	1	2	3	4	5	6	7
A more social approach by an organization would improve my satisfaction	1	2	3	4	5	6	7
Given the opportunity, I would like to collaborate with socially sustainable brands in generating new ideas for new products	1	2	3	4	5	6	7
I would like to participate in defining the products that I would buy from socially sustainable brands	1	2	3	4	5	6	7
Given the opportunity, I would like to take an active role in any act of co-creation offered socially sensitive brands	1	2	3	4	5	6	7
I am willing to pay more for socially sustainable products	1	2	3	4	5	6	7
I believe the price of socially sustainable products affects my decision to purchase	1	2	3	4	5	6	7

them							
I am willing to pay more for a socially sustainable product with respect to a conventional product with similar characteristics	1	2	3	4	5	6	7
I am willing to buy socially sustainable products	1	2	3	4	5	6	7

INFORMATION OF PARTICIPANTS

1. Please, indicate your age:

- Less than 18
- 18-25
- 26-35
- 36-45
- 46-55
- More than 55

2. You are:

- Woman
- Man

3. Please, indicate your marital Status

- Married
- Single
- With partner
- Divorced/separated
- Widow/widower

4. Please, indicate your level of Education

- Primary school
- Secondary school (middle school)
- High school (a level)
- Professional School
- University
- Master/postgraduate course
- Doctorate

5. Please, indicate your work situation

- Student
- Self-employed

- Part time employee
- Full time employee
- Housewife
- Retired
- Unemployed

23. Considering that the gross income per household in Turkey in 2017 is 3,500 TL gross/annually, in which range you set yourself?

WITHOUT INCOME	FAR BELOW THAT NUMBER	CLOSE TO THAT NUMBER	ABOVE THAT NUMBER	WELL ABOVE THAT NUMBER

APPENDIX B: SURVEY IN TURKISH

TÜKETİCİ TERCİHİ ARAŞTIRMA ANKETİ

Aşağıdaki anket Türkiye'deki tüketicilere yönelik olarak, onların çevresel* ve sosyal** açıdan sürdürülebilirliği olan ürünlere bakış açılarını anlamak üzere hazırlanmıştır. Bu çalışma Barcelona Autonoma Üniversitesi'nde yürütülen doktora tezinin bir bölümüdür. Anket yaklaşık olarak 10 dakika sürmektedir. Değerli zamanınızı ayırdığınız için teşekkür ederim.

Çevresel Sürdürülebilirlik*: Temel gereksinimlere karşılık gelen ve yaşam kalitesini arttıran mal ve hizmetlerin üretim sürecinde; doğal kaynakların kullanımı ve atıkların azaltılmasıyla gelecek kuşakların gereksinimlerini sağlayabilmesine yönelik olan bir kavramdır.

Sosyal Sürdürülebilirlik:** Sosyal olarak sürdürülebilir bir sistem için; sağlık ve eğitim, cinsiyet eşitliği, politik sorumluluk ile katılımı içeren sosyal hizmetlerin yeterli düzeyde gerçekleştirilmesini sağlamaya yönelik bir kavramdır.

ÇEVRESEL SÜRDÜRÜLEBİLİRLİK

Size göre organizasyonların çevresel sürdürülebilirlik çalışmaları ne kadar önemlidir?

	Hiç önemli değil	Çok az önemli	Biraz önemli	Kararsızım	Kısmen önemli	Çok önemli	Son derece önemli
Çevre teknolojisi* kullanımı	1	2	3	4	5	6	7
Çevreci yatırımlar yapma	1	2	3	4	5	6	7
Çevre dostu ürünlerin üretimi	1	2	3	4	5	6	7
Çevresel yenilikleri yakalama	1	2	3	4	5	6	7
Geri dönüştürme / geri dönüştürülmüş ürünleri kullanma	1	2	3	4	5	6	7

***Çevre teknolojisi:** Çevre bakımının gereksinimini sağlıklı bir biçimde düzenleyerek ve kolaylıkla kurak veya herhangi bir çevrenin ilişkisini ideal olarak karşılayabilecek birden fazla yapılan ve uygulanan yöntemdir (Sulama projesi, sentetik çim montajları, çevre endüstri ve enerji ilişkisi vb.).

Lütfen aşağıdaki cümlelere, size göre en uygun kutuyu işaretleyiniz.

Numara 1 Kesinlikle katılmıyorum

Numara 2 Katılmıyorum

Numara 3 Kısmen katılmıyorum

Numara 4 Kararsızım

Numara 5 Kısmen katılıyorum
 Numara 6 Katılıyorum
 Numara 7 Kesinlikle katılıyorum

	Kesinlikle katılmıyorum	Katılmıyorum	Kısmen katılmıyorum	Kararsızım	Kısmen katılıyorum	Katılıyorum	Kesinlikle katılıyorum
Çevresel olarak sürdürülebilir olan ürünleri satın almayı düşünürüm.	1	2	3	4	5	6	7
Çevresel sürdürülebilirliği olan markaları satın alırım.	1	2	3	4	5	6	7
Çevresel sürdürülebilirliği olan markaları kesinlikle alırım.	1	2	3	4	5	6	7
Eğer bir ürün alacaksam, çevresel sürdürülebilirliği olan ürünleri belirtilen fiyatında alırım.	1	2	3	4	5	6	7
Çevresel sürdürülebilirliği olan ürünleri alma olasılığım yüksektir.	1	2	3	4	5	6	7
Çevresel sürdürülebilirliği olan markalar hakkında diğer insanlara olumlu fikirlerimi belirtirim.	1	2	3	4	5	6	7
Çevresel sürdürülebilirliği olan markaları, benden bu konuda öneri isteyen kişilere tavsiye ederim.	1	2	3	4	5	6	7
Çevresel sürdürülebilirliği olan markalar hakkında olumlu düşüncelerimi sosyal medyada paylaşırım.	1	2	3	4	5	6	7
Ailemi ve arkadaşlarımı çevresel sürdürülebilirliği olan markaları kullanmalarına yönelik teşvikte bulunurum.	1	2	3	4	5	6	7
Çevresel sürdürülebilirliği olan markalarla daha çok iş ilişkisinde bulunmaya özen gösteririm.	1	2	3	4	5	6	7

Çevresel sürdürülebilirliği olan markalarla iş ilişkilerimi sürdürmeye özen gösteririm.	1	2	3	4	5	6	7
Çevresel sürdürülebilirliği olan ürünler üreten şirketlere yaklaşımım olumludur.	1	2	3	4	5	6	7
Çevresel sürdürülebilirliği olan ürünleri kullanıyor olmaktan memnunum.	1	2	3	4	5	6	7
Bir şirketin çevresel tutumu memnuniyetimi artırır.	1	2	3	4	5	6	7
Fırsat verilirse, çevresel sürdürülebilirliği olan markalarla fikirlerimi paylaşmak isterim.	1	2	3	4	5	6	7
Çevresel sürdürülebilirliği olan markalardan satın alacağım ürünlerin hazırlanma sürecinde yer almak isterim.	1	2	3	4	5	6	7
Fırsat verilirse, çevresel hassasiyeti olan markalarda aktif olarak rol almak isterim.	1	2	3	4	5	6	7
Çevresel sürdürülebilirliği olan ürünlere daha fazla ödeyebilirim.	1	2	3	4	5	6	7
Çevresel sürdürülebilirliği olan ürünlerin fiyatının satın almamada etkili olduğuna inanıyorum.	1	2	3	4	5	6	7
Çevresel sürdürülebilirliği olan ürünlere, aynı özelliklerde diğer ürünlere nazaran daha çok ödeyebilirim.	1	2	3	4	5	6	7
Çevresel sürdürülebilirliği olan ürünleri almak isterim.	1	2	3	4	5	6	7

SOSYAL SÜRDÜRÜLEBİLİRLİK

Size göre organizasyonların sosyal sürdürülebilirlik çalışmaları ne kadar önemlidir?

	Hiç önemli değil	Çok az önemli	Biraz önemli	Kararsızım	Kısmen önemli	Çok önemli	Son derece önemli
Sosyal sorumluluk projelerinde bulunması	1	2	3	4	5	6	7
İnsan haklarına önem vermesi	1	2	3	4	5	6	7
Sosyal sorumluluk projelerine destek vermesi	1	2	3	4	5	6	7
Yerel halk için sosyal aktiviteler düzenlemesi	1	2	3	4	5	6	7
Yerel halka iş gücü sağlama	1	2	3	4	5	6	7
Bağış yapması ve gönüllü çalışma imkânı sunması	1	2	3	4	5	6	7

Lütfen aşağıdaki cümlelere, size göre en uygun kutuyu işaretleyiniz.

Numara 1 Kesinlikle katılmıyorum

Numara 2 Katılmıyorum

Numara 3 Kısmen katılmıyorum

Numara 4 Kararsızım

Numara 5 Kısmen katılıyorum

Numara 6 Katılıyorum

Numara 7 Kesinlikle katılıyorum

	Kesinlikle katılmıyorum	Katılmıyorum	Kısmen katılmıyorum	Kararsızım	Kısmen katılıyorum	Katılıyorum	Kesinlikle katılıyorum
Sosyal olarak sürdürülebilir olan ürünleri satın almayı düşünürüm.	1	2	3	4	5	6	7
Sosyal sürdürülebilirliği olan markaları satın alırım.	1	2	3	4	5	6	7
Sosyal sürdürülebilirliği olan markaları	1	2	3	4	5	6	7

kesinlikler alırım.							
Eğer bir ürün alacaksam, sosyal sürdürülebilirliği olan ürünleri belirtilen fiyatında alırım.	1	2	3	4	5	6	7
Sosyal sürdürülebilirliği olan ürünleri alma olasılığım yüksektir.	1	2	3	4	5	6	7
Sosyal sürdürülebilirliği olan markalar hakkında diğer insanlara olumlu fikirlerimi belirtirim.	1	2	3	4	5	6	7
Sosyal sürdürülebilirliği olan markaları, benden bu konuda öneri isteyen kişilere tavsiye ederim.	1	2	3	4	5	6	7
Sosyal sürdürülebilirliği olan markalar hakkında olumlu düşüncelerimi sosyal medyada paylaşıyorum.	1	2	3	4	5	6	7
Ailemi ve arkadaşlarımı sosyal sürdürülebilirliği olan markaları kullanmalarına yönelik teşvikte bulunurum.	1	2	3	4	5	6	7
Sosyal sürdürülebilirliği olan markalarla daha çok iş ilişkisinde bulunmaya özen gösteririm.	1	2	3	4	5	6	7
Sosyal sürdürülebilirliği olan markalarla iş ilişkilerimi sürdürmeye özen gösteririm.	1	2	3	4	5	6	7

Sosyal sürdürülebilirliği olan ürünler üreten şirketlere yaklaşımım olumludur.	1	2	3	4	5	6	7
Sosyal sürdürülebilirliği olan ürünleri kullanıyor olmaktan memnunum.	1	2	3	4	5	6	7
Bir şirketin sosyal tutumu memnuniyetimi artırır.	1	2	3	4	5	6	7
Fırsat verilirse, sosyal sürdürülebilirliği olan markalarla fikirlerimi paylaşmak isterim.	1	2	3	4	5	6	7
Sosyal sürdürülebilirliği olan markalardan satın alacağım ürünlerin hazırlanma sürecinde yer almak isterim.	1	2	3	4	5	6	7
Fırsat verilirse, sosyal hassasiyeti olan markalarda aktif olarak rol almak isterim.	1	2	3	4	5	6	7
Sosyal sürdürülebilirliği olan ürünlere daha çok ödeyebilirim.	1	2	3	4	5	6	7
Sosyal sürdürülebilirliği olan ürünlerin fiyatının satın almamada etkili olduğuna inanıyorum.	1	2	3	4	5	6	7
Sosyal sürdürülebilirliği olan ürünlere, aynı özelliklerde diğer ürünlere nazaran daha çok ödeyebilirim.	1	2	3	4	5	6	7
Sosyal	1	2	3	4	5	6	7

sürdürülebilirliği olan ürünleri almak isterim.							
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KATILIMCI BİLGİSİ

6. Lütfen yaşınızı belirtiniz:

- 18 ve altı
- 18-25
- 26-35
- 36-45
- 46-55
- 55 ve üstü

2.

- Kadın
- Erkek

3. Medeni Durumunuz:

- Evli
- Bekar
- Diğer

4. Eğitim seviyeniz:

- İlkokul
- Ortaokul
- Lise
- Üniversite
- Yüksek Lisans
- Doktora

5. Çalışma durumunuz:

- Öğrenciyim
- Kendi işim var
- Tam zamanlı çalışıyorum
- Yarı zamanlı çalışıyorum
- Ev hanımıyım
- Emekliyim
- Çalışmıyorum

6. Türkiye İstatistik Kurumu'na göre 2017 yılı için belirtilen ortalama hane halkı brüt geliri 3,500 TL'dir. Sizin aylık geliriniz hangi aralıktadır?

Gelirim yok	Bu gelirin çok altında	Bu gelire çok yakın	Bu gelirin üstünde	Bu gelirin çok üstünde

APPENDIX C: IN-DEPTH SEMI-STRUCTURED INTERVIEW GUIDE

In-depth semi-structured Interview Guide

Name.....Official Position in the Company..... Years in the company.....

How do you know that you are doing a good job?

Which factors do you encourage to do an even better job?

What makes you feel good at your job?

What employees think about customer engagement, and how can it be increased according to them?

What is the relationship between employee motivation factors and customer engagement?