

Examining 'Perceived Fit' in Outsourcing Customer Services Abroad

Author:

Lu, Lu

Publication Date:

2018

DOI:

<https://doi.org/10.26190/unsworks/3395>

License:

<https://creativecommons.org/licenses/by-nc-nd/3.0/au/>

Link to license to see what you are allowed to do with this resource.

Downloaded from <http://hdl.handle.net/1959.4/59791> in <https://unsworks.unsw.edu.au> on 2024-04-28

**Examining ‘Perceived Fit’ in Outsourcing Customer
Services Abroad**

Lu (Tony) Lu

A thesis in fulfilment of the requirement for the degree of Doctor
of Philosophy



UNSW
SYDNEY

School of Marketing

UNSW Business School

University of New South Wales

Sydney, Australia

March 2018

PLEASE TYPE**THE UNIVERSITY OF NEW SOUTH WALES
Thesis/Dissertation Sheet**

Surname or Family name: Lu

First name: Lu

Other name/s: Tony

Abbreviation for degree as given in the University calendar: PhD

School: School of Marketing

Faculty: UNSW Business School

Title: Examining 'perceived fit' in outsourcing customer services abroad

Abstract 350 words maximum

Outsourcing customer services abroad has become an important strategy for multinational firms. The service offshoring research suggests that consumers generally hold a negative response towards outsourcing abroad, but this varies depending on the location of the outsourced services (i.e. the COO effect). One noticeable aspect overlooked in this literature is to whom the service is outsourced, and the subsequent fit between the focal firm and its outsourcing partner. This perspective moves beyond COO effects and looks to the fit between the focal firm/brand and the foreign outsourced partner. In this thesis, the focal construct, namely, the perceived fit is developed and validated by examining the antecedents and consequences of it on responses of consumers. In addition to examination of the direct effects of service outsourcing, this thesis adds to the literature by also examining the mediating effects of customer certainty. Furthermore, this research incorporates two forms of individual-level differences, uncertainty avoidance and individual self-construal, in examining their moderating effects in the context of service outsourcing. Last but not least, in this thesis, two forms of marketing communication strategies, namely, customer-focused and society-focused communications were examined in the effectiveness of enhancing responses of consumers to the service outsourcing. This study concludes the following findings. First, the results concluded that perceived fit comprises three dimensions: cultural similarity between the host country and home country, corporate reputation of the partner, and advanced technology owned by the partner. Further testing also confirmed the mediating role of customer certainty. It is also found that uncertainty avoidance varied across different consumer groups and positively moderated the relationship between customer certainty and perceived value/purchase intentions. Finally, the results show positive main effects of communication strategies on customer certainty and U-shaped moderation effects on the relationship between the fit and customer certainty. The study also found a positive moderation of individual self-construal on the main effects of both types of communication strategies. Theoretical and managerial implications are offered along with directions for future research.

Declaration relating to disposition of project thesis/dissertation

I hereby grant to the University of New South Wales or its agents the right to archive and to make available my thesis or dissertation in whole or in part in the University libraries in all forms of media, now or here after known, subject to the provisions of the Copyright Act 1968. I retain all property rights, such as patent rights. I also retain the right to use in future works (such as articles or books) all or part of this thesis or dissertation.

I also authorise University Microfilms to use the 350 word abstract of my thesis in Dissertation Abstracts International (this is applicable to doctoral theses only).

Signature

29/08/2017
Date

The University recognises that there may be exceptional circumstances requiring restrictions on copying or conditions on use. Requests for restriction for a period of up to 2 years must be made in writing. Requests for a longer period of restriction may be considered in exceptional circumstances and require the approval of the Dean of Graduate Research.

FOR OFFICE USE ONLY

Date of completion of requirements for Award:

COPYRIGHT STATEMENT

'I hereby grant the University of New South Wales or its agents the right to archive and to make available my thesis or dissertation in whole or part in the University libraries in all forms of media, now or here after known, subject to the provisions of the Copyright Act 1968. I retain all proprietary rights, such as patent rights. I also retain the right to use in future works (such as articles or books) all or part of this thesis or dissertation.

I also authorise University Microfilms to use the 350 word abstract of my thesis in Dissertation Abstract International (this is applicable to doctoral theses only).

I have either used no substantial portions of copyright material in my thesis or I have obtained permission to use copyright material; where permission has not been granted I have applied/will apply for a partial restriction of the digital copy of my thesis or dissertation.'

Signed

Date 08/03/2018

AUTHENTICITY STATEMENT

'I certify that the Library deposit digital copy is a direct equivalent of the final officially approved version of my thesis. No emendation of content has occurred and if there are any minor variations in formatting, they are the result of the conversion to digital format.'

Signed

Date 08/03/2018

ORIGINALITY STATEMENT

'I hereby declare that this submission is my own work and to the best of my knowledge it contains no materials previously published or written by another person, or substantial proportions of material which have been accepted for the award of any other degree or diploma at UNSW or any other educational institution, except where due acknowledgement is made in the thesis. Any contribution made to the research by others, with whom I have worked at UNSW or elsewhere, is explicitly acknowledged in the thesis. I also declare that the intellectual content of this thesis is the product of my own work, except to the extent that assistance from others in the project's design and conception or in style, presentation and linguistic expression is acknowledged.'

Signed

Date 08/03/2018

EXTENDED ABSTRACT

Outsourcing customer services abroad (offshoring) has become an important strategy for multinational firms to reduce costs, gain access to resources, and achieve improved global efficiencies (Contractor et al., 2010, Gilley and Rasheed, 2000, Gottfredson et al., 2005). While there is a growing body of literature examining offshoring from a transaction-based (or cost-reduction) perspective, recent research suggests that firms need to investigate important customer points of view that impact on product/brand performance (Grappi et al., 2013). The service offshoring research suggests that consumers generally hold a negative response towards outsourcing abroad (Grappi et al., 2013, Honeycutt et al., 2012, Sharma et al., 2009, Thelen et al., 2011), but this varies depending on the location of the outsourced services (Bharadwaj and Roggeveen, 2008, Koku, 2009, Roggeveen et al., 2007, Thelen et al., 2010, Walsh et al., 2012, Khan et al., 2011), the types of services that are outsourced (Whitaker et al., 2008, Robertson et al., 2010, Koku, 2009), or the reputation/brand of the focal firm (Roggeveen et al., 2007). Research also shows that individual disposition affects perceptions of service outsourcing such as consumers' ethnocentrism, animosity, patriotism, and home-country sentiment (Durvasula and Lysonski, 2008, Sharma, 2012, Thelen et al., 2011). Taken together, much of the research on service offshoring suggests a strong country-of-origin (COO) effect, driven by differences between the home and host country (Thelen et al., 2010, Khan et al., 2011, Walsh et al., 2012, Bharadwaj and Roggeveen, 2008). One noticeable aspect overlooked in this literature, however, is to whom the service is outsourced (i.e. outsourcing partner), and the subsequent 'fit' between the focal firm and its outsourcing partner. Because service functions involve front-line service providers having direct contact (and impact) with consumers, it is expected that

a consumer's view point will provide valuable insights and may help explain the success/failure of service outsourcing strategy (Aaker, 1996, Bolton and Drew, 1991, Keller, 1993). This perspective moves beyond COO effects and looks to the 'fit' between the focal firm/brand and the foreign outsourced partner and the expectations in delivery of service.

In this thesis, the focal construct –perceived fit of service outsourcing between focal firms and partners – is developed and validated by examining the antecedents and consequences of perceived fit on consumers' attitudinal and behavioural intentions. In addition to examination of the direct effects of service outsourcing, this thesis adds to the literature by also examining the mediating effects of customer certainty in this proposed relationship. Furthermore, since firms using service outsourcing strategies are serving a diversified customer base, managers are often unaware how these strategies may be perceived by different consumer groups. While the existing literature on service outsourcing discusses the importance of consumer heterogeneity, additional research is needed to better understand how individual-level differences impact on customer intentions and behaviour. To achieve this, the research incorporates two forms of individual-level differences, uncertainty avoidance and individual self-construal, in examining their moderating effects in the context of service outsourcing to offshore locations.

Once firms outsource customer services abroad, they have options on communicating the effects of their outsourcing strategies. Firms can use communication strategies to promote the positive benefits of outsourcing, or use them to neutralise possible negative customer reactions to relocating services to offshore locations (Falkheimer and Heide, 2006). While communication strategies are important activities firms can use to

communicate to their customers unpopular operational decisions, there is little attention on the effects of such strategies in the service outsourcing/offshoring literature. From a customer point of view, the least preferred method of communications about the motives of service outsourcing is when a firm claims self-interest benefits (e.g., cost savings) (Petty and Cacioppo, 1986, Herr et al., 1991). Therefore, it is of interest to examine the effects of communications focused on ‘others’ such as customer (customer benefits) or society (i.e. society benefits) and how this impacts customer response. In this thesis, two forms of marketing communication strategies, namely, customer-focused and society-focused communications were examined in the effectiveness of enhancing consumers’ responses to the service outsourcing. By incorporating marketing communication strategies, this study provides empirical evidence as to how consumers process multiple sources of information in forming their attitudes and behaviours (Anderson, 1971, Anderson, 1965).

To address the current research gaps, the following research objectives of this thesis are: 1) to develop and validate a measure for perceived fit between focal firms and their outsourcing partners, examining both the antecedents and consequences; 2) to examine the mediating effects of customer certainty on perceived fit – customer response relationship; 3) to test the main effects of two forms of communication strategies and the moderating effects on perceived fit – customer response relationship; and 4) to examine possible moderating effects of individual-level differences (e.g., uncertainty avoidance and self-construal) in perceived fit – customer response relationship. Given the limited body of research in this area, this thesis details the development and testing of a model of perceived partner fit in the context of customer service outsourcing to offshore locations across three independent yet closely related publishable research papers:

Paper 1 highlights the hypotheses, methods, and results that addressed the first research objective. A two-step methodological approach using both qualitative and quantitative studies explored the concept of perceived fit, the various characteristics of outsourcing partners and the impact of fit on consumer reactions. Results concluded that perceived fit comprises three dimensions: *cultural similarity* between the host country and home country, *corporate reputation of the partner*, and *advanced technology owned by the partner*. Further testing shows that high fit (vs. low fit) results in significantly higher customer certainty, which in turn leads to greater customer satisfaction, loyalty and purchase intentions.

Paper 2 highlights the hypotheses, methods, and results that addressed the second and fourth research objectives. The results show that perceived partnership fit affects customers' perceived value and purchase intentions toward the focal firms' products and services both directly and indirectly via customer certainty towards the service outsourcing. It is also found that uncertainty avoidance varied across different consumer groups and positively moderated customer certainty – perceived value/purchase intention relationship.

Paper 3 highlights the hypotheses, methods, and results that addressed the third and fourth objectives. The results show positive main effects of communication strategies on customer certainty and U-shaped moderation effects on the fit – certainty relationship. The study also found a positive moderation of customers' self-construal on the main effects of both types of communication strategies (customer and society focused).

This research contributes to the existing understanding of service outsourcing in the following areas. First, a measure of partnership fit has been developed and validated and

shown to impact upon consumers' evaluations and attitudes toward service outsourcing. Perceived partnership fit of service outsourcing represents an important aspect of firm partnerships, incorporating location, corporate reputation and corporate resource aspects, and looks beyond simple country-of-origin effects. Second, this research confirms the mediating role of customer certainty in perceived fit – customer response relationship. While existing literature focuses only on direct effects of service outsourcing, this research provides additional evidence that customer certainty is an important intervening factor influencing consumers' evaluations, attitudes and behaviours. Third, this research shows that communication strategies interact with perceived fit of service outsourcing on consumers' responses. Incorporating marketing communication strategies can enhance perceived fit to a certain point, but could also intensify the negative effects of poor perceived fit on consumer responses. Finally, the research shows a significant impact of individual-level differences on customer intentions and behaviour. By examining consumers' uncertainty avoidance and self-construal this research provides empirical evidence that consumers vary in their interpretation and evaluation of perceived fit, suggesting that priorities on what is important in services outsourcing requires a closer look at differences in consumer groups.

From a managerial perspective, the research findings clearly indicate that a high fit partnership is more preferred than a low fit partnership when outsourcing services abroad. However, high fit partnerships (in culturally similar countries with excellent partner reputation and high technologies) are not always feasible as there are higher costs than with lower fit partnerships. Realistically, firm managers need to think and act from a strategic perspective by comparing the financial benefits with the potential losses associated with consumers' attitudes reactions. More importantly, this research found that effects of communicating outsourcing-related benefits to customers vary across

different levels of perceived fit. More specifically, communicating customer-related or society-related benefits would be most effective when perceived fit is moderate. This is because when there is a moderate fit or inconsistency, consumers generally look for additional information that could maintain their schema-congruency, and providing such benefits via communications would help consumers to solve the inconsistency. When perceived fit of service outsourcing is extremely low, communicating society-related benefits would not help solve the schema inconsistency because this information is, in essence, contradictory to the low fit perception, and, what is worse, it may even activate greater customers' scepticism about the true motives and would eventually lead to even worse attitudes and reactions. When perceived fit of service outsourcing is high, both communication strategies would have very limited effects because consumers would not pay much attention to additional information if the schema is consistent and congruent (i.e. high fit). Finally, firms should be aware that they are serving a diverse base of customers who have distinct cultural values and personal dispositions and may react differently to their marketing activities, so that their marketing activities should be tailored to achieve their effectiveness.

Key Words: Service Outsourcing, Fit, Communication Strategies, Uncertainty
Avoidance, Self-Construal, Customer Certainty.

ACKNOWLEDGMENT

Undertaking this PhD has never been easy for me. I still remember how frightened I was when I was told so many heartbreaking stories by my senior PhD colleagues. They were talking about “the proposal,” “the defence,” and “the paper” that could consume all your effort, enthusiasm, and motivation but, very likely, paid nothing in return. I wondered whether I could make it through this hard journey. Thanks to all the people who ever supported, helped or guided me when I was lost, desperate and hesitant. Now, standing at the end and looking back on what I have been through, I want to express my sincere gratitude to all the people who have helped me.

First, I am extremely grateful to my main supervisor, Dr. Gary Gregory, for the valuable guidance, scholarly inputs and consistent encouragement I received throughout my research work. During my most difficult times, he always shows his patience and empathy to guide me and walk me out of them, to motivate me to continue exploring the beauty of research and to encourage me to have a work-life balance. I also want to acknowledge and thank Prof. Ashish Sinha. An amicable person with a positive disposition, Ashish has always made himself available to ease my doubts despite his busy schedule. I am especially indebted to Prof. Liem Viet Ngo, who has been very encouraging and supportive of my research, who has delivered fresh perspectives on my research and who has provided me with so many collaborative opportunities to extend my research skills.

Some faculty members have been very kind enough to extend their help at various phases of this research whenever I approached them, and I do hereby acknowledge all of them. I thank Prof. John Roberts for his valuable suggestions and comments on the

research proposal and methodologies. Dr. Songting Dong has extended his support on the research methodologies and data analysis, and I owe my deepest thanks to him. Prof. Jack Cadeaux has continuously supported my research during idea generation, and I also owe my most sincere gratitude to him. I also want to thank Dr. Ting Yu for her positive and encouraging suggestions not only for the research but also for my future career development in academia. I also want to extend my appreciation to Prof. Paul Patterson, Dr. Dean Wilkie and Dr. Zixi Jiang, who have given me valuable feedback during the proposal defence stage.

I also want to thank my friends and PhD colleagues in the School of Marketing. Bonding with them was such a joy throughout my PhD journey. Thanks to Jacky, Amy, Rawi, David, Chi, Felix, Eileen, Jake, Darren, Yutian, Obaid, Carlo, Jonas and all others who have helped me with their critical thoughts and intellectual inputs early on. We had so many great laughs, a few tears and many fruitful discussions, and I believe our friendships will continue no matter where we will be.

Last, but certainly not the least, I would like to thank my family and my best friends in life for all their love and encouragement. I want to thank my parents, Mr. Xincheng Lu and Ms. Jingmei Xu, who supported my decision to continue my research degree both spiritually and financially. I thank my grandparents from the bottom of my heart; they have always encouraged me to pursue my dreams. Same goes to my housemate, Godric, my infinite source of help, care, and encouragement; thank you for helping me without a doubt. I also want to express my sincere thanks to my best friends Lucia, Chen, Jessica and her family, Lu and her family and all other MOGA members for their encouragement and endless support. Thank you, my family and my best friends.

It is the end of my PhD candidature journey, but it is also the beginning of my life and career as a researcher. Thanks to all of you who ever helped, encouraged, and supported me. Your motivation and support inspire me to keep going and never stand still.

Tony Lu

Sydney, Australia

TABLE OF CONTENTS

EXTENDED ABSTRACT	ii
ACKNOWLEDGMENT.....	viii
TABLE OF CONTENTS.....	xi
LIST OF TABLES	xv
LIST OF FIGURES	xvi
I PROLOGUE	1
Current Understanding of Service Outsourcing from a Consumer's Perspective.....	2
<i>Location of the Outsourcing Services: The COO Effects</i>	3
<i>Other Factors Affect Consumers' Responses to Service Outsourcing</i>	4
<i>Consumers' Responses to Service Outsourcing and the Mediation Mechanism</i>	6
<i>Consumer Heterogeneity and Individual Disposition</i>	7
Current Research Gaps: Towards a Better Understanding of Service Outsourcing.....	8
Research Questions and Objectives	13
Overview and Structure of the Thesis.....	14
<i>Chapter One: Outsourcing Services to Offshore Partners and the Role of Partner 'Fit': A Consumer Perspective</i>	17
<i>Chapter Two: Perceived Fit in Service Outsourcing: Assessing the Role of Customer Certainty, Uncertainty Avoidance and Brand Credibility</i>	18
<i>Chapter Three: Determining Effective Communication Strategies for Outsourcing Decisions</i>	20
II CHAPTER ONE	22
Introduction.....	23
Theoretical Foundations.....	26
<i>The Concept of Fit: Categorisation Theory</i>	26
<i>Developing a Perceived Firm-Partner Fit Construct</i>	30
The Qualitative Study	33
<i>Research Design and Procedure</i>	33
<i>Results</i>	36
<i>Discussion</i>	38

Quantitative Study 1	41
<i>Study Purpose</i>	41
<i>Research Design and Procedure</i>	44
<i>Measurements</i>	47
<i>Results and Discussions</i>	48
Quantitative Study 2	59
<i>Study Purpose</i>	59
<i>Research Design and Procedure</i>	63
<i>Measurements</i>	67
<i>Sampling Frame and Data Collection</i>	67
<i>Results and Discussions</i>	70
General Discussions, Limitations, and Future Research.....	82
<i>Theoretical Implications</i>	82
<i>Managerial Implications</i>	86
<i>Limitations</i>	88
III CHAPTER TWO	90
Introduction.....	91
Conceptual Background.....	96
<i>Perceived Fit of Service Outsourcing</i>	96
<i>Customer Certainty</i>	98
Conceptual Framework	102
Hypothesis Development	105
<i>The Direct Relationship between Perceived Fit, Perceived Value and Purchase Intentions</i>	105
<i>The Perceived Fit - Customer Certainty -Perceived Value Relationship</i>	106
<i>Perceived Values and Purchase Intentions</i>	112
<i>The Moderating Effects of Brand Credibility</i>	113
<i>The Effects of Uncertainty Avoidance</i>	115
Methodology	118
<i>Research Approach</i>	118
<i>Scenarios Development</i>	119
<i>Research Design</i>	120
<i>Measurements</i>	121
<i>Sampling Frame and Data Collection</i>	122

Results.....	125
<i>Manipulation Check</i>	125
<i>Measurement Model</i>	126
<i>Structural Model</i>	133
<i>Model Robustness</i>	139
Discussions, Implications, Limitations, and Further Research	147
<i>Theoretical Implications</i>	150
<i>Managerial Implications</i>	153
<i>Limitations and Further Research</i>	155
IV CHAPTER THREE	156
Introduction.....	157
Conceptual Framework.....	162
Hypothesis Development	164
<i>The relationship between perceived fit and customer certainty</i>	164
<i>The relationship between customer certainty and purchase intentions</i>	166
<i>The relationship between perceived fit and purchase intentions</i>	167
<i>The mediating role of customer certainty</i>	168
<i>The main effect of marketing communications</i>	169
<i>The interaction between perceived fit and communications</i>	172
<i>The interaction effect of self-construal</i>	175
Methodology	179
<i>Research Approach</i>	179
<i>Scenarios Development</i>	180
<i>Research Procedure</i>	181
<i>Measurements</i>	182
<i>Sampling Frame and Data Collection</i>	183
Results.....	186
<i>Manipulation Check</i>	186
<i>Measurement Model</i>	187
<i>Structural Model</i>	193
Discussions, Implications, Limitations, and Further Research	209
<i>Theoretical Implications</i>	216
<i>Managerial Implications</i>	219
<i>Limitations and Further Research</i>	221

V	EPILOGUE: SUMMARY AND CONCLUSIONS.....	223
	Summary of the Rationale and Research Gaps	223
	Summary of the Research Objectives	226
	Summary of the Key Findings	227
	Summary of the Key Contributions	233
	Managerial Implications	235
	Limitations and Further Research	241
VI	REFERENCES LIST	245
VII	APPENDICES	261
	Appendix 1: Scenarios Used in the Qualitative Study (Chapter One)	261
	Appendix 2: Sample Scenario Used in the First Quantitative Study (Chapter One)	262
	Appendix 3: Measurement Scales (Chapter One).....	263
	Appendix 4: ANOVA and Post Hoc Test for Reputation, Cultural Similarities, and Technologies – The Second Quantitative Study (Chapter One)	264
	Appendix 5: ANOVA and Post Hoc Test for Customer Satisfaction, Customer Loyalty, and Customer Purchase Intentions – The Second Quantitative Study (Chapter One).....	267
	Appendix 6: Scenarios for Manipulating perceived fit.....	269
	Appendix 7: Constructs Measurements (Chapter Two).....	275
	Appendix 8: Identification Strength with Ethnic Groups (Chapter Two).....	277
	Appendix 9: Post Hoc Test for Perceived Fit, Cultural Similarity, Reputation and Technologies (Chapter Two)	278
	Appendix 10: Post Hoc Test for Uncertainty Avoidance as Predicted by Ethnicity (Chapter Two).....	282
	Appendix 11: Customer-Focused and Society-Focused Communication Scenarios (Chapter Three).....	283
	Appendix 12: Constructs Measurements (Chapter Three).....	287
	Appendix 13: Post Hoc Test for Perceived Fit, Cultural Similarity, Reputation and Technologies (Chapter Three)	289

LIST OF TABLES

<i>Table I-1: Summary of the three thesis chapters</i>	15
<i>Table II-1: Various manipulations and conditions</i>	46
<i>Table II-2: Scale items and latent variable evaluation</i>	51
<i>Table II-3: Construct means, standard deviations, and correlations</i>	53
<i>Table II-4: Partial least squares results for the theoretical model.....</i>	55
<i>Table II-5: Post hoc mean comparison between conditions</i>	58
<i>Table II-6: Various manipulations of perceived fit.....</i>	66
<i>Table II-7: Demographics of the respondents</i>	69
<i>Table II-8: Scale items and latent variable evaluation</i>	73
<i>Table II-9: Construct means, standard deviations, and correlations</i>	75
<i>Table II-10: Partial least squares results for the theoretical model.....</i>	77
<i>Table II-11: Service outsourcing types comparison</i>	79
<i>Table III-1: Demographics of the respondents</i>	124
<i>Table III-2: Scale items and latent variable evaluation.....</i>	129
<i>Table III-3: Construct correlations.....</i>	132
<i>Table III-4: Partial least squares results for theoretical model.</i>	135
<i>Table III-5: Model comparison between model 2 and model 4</i>	141
<i>Table III-6: Chi-square differences of competing models against model 2</i>	143
<i>Table III-7: Partial least squares results for multiple-group analysis.</i>	146
<i>Table IV-1: Demographics of the respondents</i>	185
<i>Table IV-2: Scale items and latent variable evaluation.....</i>	190
<i>Table IV-3: Construct correlations.....</i>	192
<i>Table IV-4: Partial least squares results for the theoretical model.....</i>	195
<i>Table IV-5: Moderation effect of communication strategies in different levels of fit</i>	198
<i>Table IV-6: Moderation effect of self-construal.....</i>	203
<i>Table IV-7: Moderation effect of self-construal in different levels of fit</i>	205
<i>Table V-1: Summary of the Findings</i>	232

LIST OF FIGURES

<i>Figure I-1: Consolidated conceptual framework.....</i>	<i>16</i>
<i>Figure II-1: Conceptual framework of the first quantitative study (Chapter one)</i>	<i>43</i>
<i>Figure II-2: Conceptual framework of the second quantitative study (Chapter one).....</i>	<i>61</i>
<i>Figure II-3: Means scores for satisfaction, loyalty, and purchase under the different treatments and the control group.....</i>	<i>81</i>
<i>Figure III-1: Conceptual framework (Chapter two).....</i>	<i>104</i>
<i>Figure III-2: Interaction (fit × ethnicity) plot for perceived value (PV) and purchase intentions (PI)</i>	<i>138</i>
<i>Figure III-3: Competing models</i>	<i>143</i>
<i>Figure IV-1: Conceptual framework (Chapter three).....</i>	<i>163</i>
<i>Figure IV-2: Moderating effects of communication strategies on the fit – customer certainty and fit – purchase intention relationships.....</i>	<i>200</i>
<i>Figure IV-3: Three-way interactions: perceived fit, communication strategies, and self-construal</i>	<i>207</i>
<i>Figure V-1: Decision Trees for Marketing Communications of Service Outsourcing</i>	<i>240</i>

I PROLOGUE

Outsourcing is defined as the transformation of the ownership of an activity, which had been performed internally, to an external party under pre-arranged contractual agreement (Hätönen and Eriksson, 2009, Mulej et al., 2006, Barthelemy, 2003, Ellram and Billington, 2001). In recent years, competition has driven multinational firms to increasingly ‘outsource’ business activities to foreign locations, such as India or China, in order to cut costs and improve performance in both domestic and international markets (Contractor et al., 2010, Gilley and Rasheed, 2000, Gottfredson et al., 2005). Recent reports indicate that two-thirds of the call centres in Australia have been outsourced or offshored, including companies such as Telstra, Vodafone, Jetstar, ANZ, etc. (InsideHR, 2015). Australian companies spend \$7.5 billion annually on IT outsourcing/offshoring services with a growth rate of 3.8 per cent (ITNEWS, 2012). While IT-enabled services and jobs that can be routinized are the most vulnerable because its impersonality in nature (i.e. services can be delivered electronically over long distances with little or no degradation in quality) (Blinder, 2009), successful offshoring does rely to a large extent on foreign countries having few languages, institutional, and cultural barriers. As an international business strategy, outsourcing allows firms to concentrate their resources on performing and developing main activities, while at the same time offshoring certain business processes to more cost-effective locations (Arnold, 2000, Kotabe et al., 1998). Undoubtedly, in the last decade outsourcing has become an important strategy for multinational firms to reduce costs, gain access to resources, and achieve improved global efficiencies. While a large volume of literature has examined the transaction-based (or cost-reduction) characteristics of outsourcing activities, recent research suggests that firms need to look

beyond the firm-perspective and investigate important customer points of view that impact on firm performance (Grappi et al., 2013).

Consumers now have access to vast amounts of information on companies (via the internet), and frequently use this information to exchange ideas and form opinions about firm operations and offerings. Outsourcing operations being relocated in foreign countries have in recent times evoked negative reactions from consumers based on the perceptions of job loss, lower product quality, lack of communications with foreign service providers, and risk of data security, to mention but a few. One business process that seems to generate a large amount of controversy is service outsourcing (e.g., call centres). Service outsourcing could reduce consumer perceived service quality, satisfaction, or loyalty to the firm due to the negative word-of-mouth generated from it (Whitaker et al., 2008). Recent evidence exhibits a trend of re-shoring outsourced services back home because of customers' strong dissatisfaction with service quality from overseas service providers (Grappi et al., 2015a). A better understanding of consumers' attitudes and evaluations of an outsourcing decision would help marketing managers to balance the positive impact from cost-saving or performance improvement with the possible, if any, negative impact on a brand as evaluated by consumers. Since service functions involve front-line service providers having direct contact (and impact) with customers, it makes sense firms' need to look more closely at how and why consumers might react to service outsourcing, and what (if anything) firms can do to better communicate their outsourcing decisions.

Current Understanding of Service Outsourcing from a Consumer's Perspective

Research in outsourcing/offshoring from a consumer's perspective had not been given much thought until only recently, with a majority of studies focusing on either a firm or shareholder perspective. Researchers have started to examine the outsourcing

consequences from a consumers' perspective after a period of heavily-focused media coverage about the negative publicity of outsourcing/offshoring firms, such as job loss, economic downturn, child labour abuse, quality issue, etc. (Koku, 2009, Robertson et al., 2010, Sharma, 2012). Although research in this area generally agreed that consumers would negatively evaluate service outsourcing or offshoring (Grappi et al., 2013, Honeycutt et al., 2012, Sharma et al., 2009, Thelen et al., 2011, Bairi and Manohar, 2011), it shows more interest in finding out what factors would affect consumers' responses of service outsourcing, as well as the consequences for focal firm. Mapping these factors would help managers to better design and communicate their outsourcing decisions.

Location of the Outsourcing Services: The COO Effects

By borrowing the idea from the country-of-origin (COO) literature, a number of the research on service offshoring suggests a strong country effect, driven by differences between the home and host country (Thelen et al., 2010, Khan et al., 2011, Walsh et al., 2012, Bharadwaj and Roggeveen, 2008). Most of the research conducted aimed to discover consumers' responses regarding customer satisfaction, loyalty and attitudes when relocating services to different offshore/onshore locations. Generally speaking, countries with positive image, highly developed economy, and similar culture (e.g. high country-product fit) usually have more positive COO effects than other countries (Han, 1989, Roth and Romeo, 1992, Wang and Lamb Jr, 1983, Story, 2005, Laroche et al., 2003, Balabanis and Diamantopoulos, 2004). This pattern has been observed in the outsourcing context as well. Thelen et al. (2010) found that consumers may have a country-of-origin perception of services, meaning that countries have different levels of quality concerns in terms of communication, security, and reliability. Similarly, Khan et al. (2011) found that UK customers perceived service quality from Asian call centres,

such as India and China, as poorer than that of Canadian call centres. However, Walsh et al. (2012) found that call centre location does not relate to customers' overall satisfaction using a multivariate analysis of data collected from more than 800 German customers using call centres located in three countries. When comparing offshore locations with onshore locations, Bharadwaj and Roggeveen (2008) found that customers would be more satisfied with the customer service representative's communication skills and problem-solving ability for onshore rather than offshore providers.

Other Factors Affect Consumers' Responses to Service Outsourcing

COO is only one of the multiple cues that affect consumer response to outsourcing. Other non-COO cues, such as brand, price, product type, product familiarity, and product quality, have been found to interact with COO cues in their impact on consumer attitudes (Agrawal and Kamakura, 1999, Chao, 1993, Diamantopoulos et al., 2011, Hong and Wyer, 1990, Laroche et al., 2005). Much of the service outsourcing literature suggests that other non-COO cues include product type, focal firm's brand, price of the service, and marketing communications.

- Product type. Research in this stream has discussed consumers' responses when outsourcing different types of services or business processes. Koku (2009) found that consumers' negative attitudes toward outsourcing vary between industries. Specifically, service outsourcing (e.g. technical support) is more unacceptable than manufacturing outsourcing. The same conclusion was also drawn in Thelen et al. (2011)'s study. Robertson et al. (2010) confirmed that customers would view information-related outsourcing (e.g. data processing services) more negatively than product or service outsourcing (e.g. technical support), thereby suggesting that consumers may also have some severe concerns about the information security

when outsourcing services. Whitaker et al. (2008) found that front-office offshoring and outsourcing would cause customer dissatisfaction while back-office offshoring did not affect customer satisfaction.

- Service Quality. Some of the studies in this stream have discussed the effects of service quality. For example, Durvasula and Lysonski (2008) found that attitude towards offshoring is significantly more favourable when consumers have positive beliefs about the quality of offshore services. Similarly, Forman et al. (2015) found that customer loyalty to the domestic service provider significantly decreased as the quality of service provided by the offshore service provider increased. Further, Sharma et al. (2009) found that customers' perceived service quality plays an important role in customer satisfaction and repeat purchase of offshored service.
- Focal firm's brand. Research in this stream has focused on the different characteristics of focal firms and the effects on consumers' responses to service outsourcing. Roggeveen et al. (2007) proposed an interaction effect between location and focal firm's familiarity. More specifically, they confirmed that when focal firm is less well-known, outsourcing to a country that is dissimilar to the US would result in customer dissatisfaction as compared to outsourcing to a country that is similar to the US. However, when focal firm is well-known, the effect of the outsourcing location tends to be insignificant. Cultural distance is an important factor and could interact with the strength of the firm's brand.
- Service price. Research here has examined to which extent the price of the outsourcing services would affect consumers' responses to service outsourcing. For example, Forman et al. (2015) found that customer loyalty to domestic service provider significantly decreased as the cost or time to interact with a domestic service provider increased.

- Marketing communications. Firms heavily rely on marketing communications to change consumers' perceptions and attitudes (Falkheimer and Heide, 2006). However, the existing literature has not paid much attention to other marketing activities, such as marketing communications, which are usually adopted in the business practice by outsourcing firms in order to neutralise negative reactions from their customers as a result of service outsourcing. Only recently, Grappi et al. (2015b) examined two firm-oriented communication strategies and found that prevention-focused messages are more likely to offset negative attitudes to outsourcing for consumers who stress protection, security and responsibility as the primary objectives in decision making, while the promotion-focused approach is more likely to offset negative attitudes to outsourcing for consumers who emphasise accomplishments/achievements, as the primary objectives in decision making. This research suggests different approaches may work, depending on different goals consumers have across different service contexts.

Consumers' Responses to Service Outsourcing and the Mediation Mechanism

The majority of the literature examined consumers' responses to service outsourcing directly by assessing consumers' direct attitude towards outsourcing (Durvasula and Lysonski, 2008, Grappi et al., 2015a, Grappi et al., 2013, Grappi et al., 2015b, Khan et al., 2011, Koku, 2009, Robertson et al., 2010, Thelen et al., 2011) and their overall satisfaction towards outsourcing (Bairi and Manohar, 2011, Bharadwaj and Roggeveen, 2008, Sharma, 2012, Roggeveen et al., 2007, Sharma et al., 2009, Walsh et al., 2012, Whitaker et al., 2008). Other studies went a step further by measuring consumers' responses not only to the outsourcing decision itself but also to the firms who outsourced services. These measures include loyalty (Forman et al., 2015, Sharma, 2012, Thelen et al., 2010, Whitaker et al., 2008), WOM (Grappi et al., 2013, Thelen et al.,

2011, Thelen and Shapiro, 2012, Walsh et al., 2012), repeat purchase (Sharma, 2012, Tombs and Hill, 2014), brand image (Sharma, 2012), customer complaints (Sharma, 2012, Sharma et al., 2009), and commitment to the offshore firm (Thelen et al., 2011).

While most empirical studies have examined the direct effects of outsourcing, only a few have explored some of the possible mediating factors, with the only exception being Grappi et al. (2013)'s paper, which introduces emotions as the mediators. They firstly suggest that outsourcing might be viewed as unethical or immoral from the consumers' perspective; therefore, the announcements of outsourcing decisions may violate consumers' personal moral systems, which in turn may strengthen certain negative emotions, such as righteous anger, or reduce certain positive emotions, such as gratitude. In their two experimental studies, they tested the hypothesis within the context of product outsourcing and service outsourcing, respectively, with the results confirming the mediating role of emotions. Interestingly, they replicated their study in a different context – reshoring, and tested whether emotions mediate the relationship. The results confirmed their predictions: reshoring strategy strengthens the positive emotions of gratitude and reduces the negative emotions of righteous anger (Grappi et al., 2015a).

Consumer Heterogeneity and Individual Disposition

Most firms are serving a diversified customer base with different cultural and ethnic backgrounds, yet firm managers are often unaware of how their strategies may be perceived by different consumer groups. Research in the COO literature has identified a few cultural and value differences such as consumer involvement (Ahmed et al., 2004), consumer ethnocentrism (Shimp and Sharma, 1987), individualism versus collectivism (Gürhan-Canli and Maheswaran, 2000), consumer demographics (Insch and McBride, 2004), and consumer animosity (Klein et al., 1998). Similarly, research in service outsourcing has explored different types of consumers' responses to service outsourcing

such as consumers' ethnocentrism, animosity, patriotism, and sentiment. Durvasula and Lysonski (2008) found that consumers would have less favourable attitudes toward service outsourcing if they were highly ethnocentric and patriotic, and exhibited high economic animosity. Sharma (2012) also found that consumer ethnocentrism would negatively affect customers' attitudes toward offshore call centre outsourcing, perceived service quality, and overall satisfaction with offshore call centres. Thelen et al. (2011) developed a new construct – customer sentiment – and found that it affects customers' word-of-mouth (WOM) about focal firm, their intentions to boycott focal firm, and their attitudes toward and commitment to focal firm.

Current Research Gaps: Towards a Better Understanding of Service Outsourcing

Much of the research on service offshoring suggests a strong country-of-origin (COO) effect, driven by differences between the home and host country (Thelen et al., 2010, Khan et al., 2011, Walsh et al., 2012, Bharadwaj and Roggeveen, 2008). One noticeable aspect overlooked in the literature, however, is to whom the service is outsourced (i.e. the outsourcing partner) and the subsequent 'fit' between focal firm and its outsourcing partner. Because service functions involve front-line service providers having direct contact (and impact) with consumers, it is expected that a consumer's view point will provide valuable insights and may help explain the success/failure of service outsourcing strategy (Aaker, 1996, Bolton and Drew, 1991, Keller, 1993). To address this research gap, this study moves beyond just COO effects and looks to the 'fit' between the focal firm/brand and the foreign outsourced partner and the expectations in delivery of service. Through investigation, characteristics of the outsourcing partner were found to be an important source of information affecting consumers' responses to service outsourcing. In the current study, a new construct – “perceived fit of service outsourcing between focal firms and partners” was developed and validated, with

findings showing that the most important aspects of perceived fit include outsourcing partner's characteristics (e.g., country/cultural fit, level of technology used and firm reputation).

A second research gap addressed in the current study includes examination of the underlying psychological mechanism in terms of the cognitive and affective states, which could explain why consumers would have negative, neutral, or even positive responses to service outsourcing. Recent research suggests looking at emotions to explain consumers' responses (Grappi et al., 2013). Although emotions would be an important mediator in this relationship, other factors may also matter. Indeed, from the dual-processing theorists' perspective, individuals that process information in the decision making process usually rely on two different modes of thinking: affective/experiential and cognitive/deliberative (Zajonc and Markus, 1982, Oliver, 1993, Forgas, 1992, Petty and Cacioppo, 1986). While Grappi et al. (2013) mainly examined the affective mode of information processing, the other cognitive-based model of thinking in the context of service outsourcing is also worth investigating. In this study, customer certainty, which is arguably a state of confidence regarding the quality and performance of outsourced services as the result of the mega-cognitive assessment or evaluation of salient information (Maier et al., 2014, Homburg et al., 2012), is proposed as the mediator in the relationship between perceived fit of service outsourcing and customers' attitudinal and behavioural intentions.

A third gap in the existing literature is that most of the literature purely focuses on main effects of service outsourcing on customers' attitudes and behaviours; however, only a few have taken into account the effects of other salient information cues that can be derived from either external sources or internal memories. From an information

integration perspective (Anderson, 1971, Anderson, 1965), consumers rarely rely on one single source to make the assessment but rather rely on multiple sources to formulate their attitudes. Although there are a few studies examining other cues, such as the product type (Robertson et al., 2010, Whitaker et al., 2008) or the quality of the services (Durvasula and Lysonski, 2008, Forman et al., 2015), these factors are inherently intrinsic to the product nature, which cannot be changed in a short time without consistent and strong marketing effort. In practice firms heavily rely on marketing activities, such as marketing communications, to promote the positive benefits of their actions (e.g., outsourcing), or use them to neutralise possible negative customer reactions to relocating services to offshore locations (Falkheimer and Heide, 2006). While communication strategies are important activities there is little attention on the effects of such strategies in the service outsourcing/offshoring literature. While Grappi et al. (2015b) examined the role of communicating firm-oriented benefits (e.g. cost savings for the focal firms) in affecting consumers' responses, from a customer point of view, the effectiveness of the persuasion would be questioned due to the low personal relevance to customers (Petty and Cacioppo, 1986). In fact, the low relevant information usually triggers consumers' heuristic processing, and the diagnosticity of information would be questioned (Petty and Cacioppo, 1986, Herr et al., 1991). A customer-focused or society-focused communication approach, on the contrary, is more personally relevant to customers and should be more persuasive in attitude change. Therefore, it is of interest to examine the effects of communications focused on 'others' such as customer (customer benefits) or society (i.e. society benefits) and how this impacts customer response. In this thesis, two forms of marketing communication strategies, namely, customer-focused and society-focused communications were

examined in the effectiveness of enhancing consumers' responses to the service outsourcing.

Furthermore, consumers may not only rely on external information from marketing communications, but also internal source of information to make assessments and form attitudes (Murray, 1991, Lutz and Reilly, 1974). It is often argued that the internal source of information tends to be more credible and reliable for consumers in the process of information assessment (Murray, 1991). Focal firm's brand properties which reside in consumers' memories would be an important source of information that a consumer would use to form attitudes and evaluations when facing a high risk of decision making (Murray, 1991). Those brand properties may include the brand name, the brand familiarity, the brand reputation, or the brand credibility of focal firms. A few studies in the current research stream have examined the role of brand in affecting consumers' responses to service outsourcing. For example, Roggeveen et al. (2007)'s study examined the interaction between a focal firm's brand familiarity and offshore locations. However, given that most of the outsourcing firms are big players in the marketplace and their names are familiar to nearly all the customers, it would be more interesting and relevant to discover any higher-order brand properties, other than brand familiarity, which could affect consumers' responses. Hence, in this study, focal firm's brand credibility is proposed in this model to examine the way in which it would moderate the relationship between perceived fit of service outsourcing and consumers' responses. By incorporating both the marketing communication strategies and focal firm's brand credibility, this study provides empirical evidence as to how consumers process multiple sources of information in forming their attitudes and behaviours (Anderson, 1971, Anderson, 1965).

Last but not least, most firms serve a diversified customer base, yet firm managers are often unaware of how their outsourcing strategies may be perceived by different consumers. Few studies focused on consumers' demographics. For example, Thelen et al. (2011) found older, less educated, and lower income consumers were opposed to service outsourcing more. Other studies focused on some cultural-based factors, including consumers' ethnocentrism, animosity, patriotism, and sentiment (Durvasula and Lysonski, 2008, Sharma, 2012, Thelen et al., 2011). Cultural values have been identified as one of the most promising constructs that could successfully explain these variations to the marketing activities in the international marketing context. However, previous literature mainly discussed the influences of cultural values at a national level with the assumption that the differences of cultural values within a country/nation tend to be significantly smaller than those between countries/nations (Hofstede, 1983, Steenkamp and Baumgartner, 1998). This assumption has been challenged recently, given the fact that consumers within a single country may not necessarily possess similar cultural values in an era of globalisation. Therefore, scholars have urged researchers to investigate the culture and value impact from an ethnical or individual level in a country (Sharma, 2010, Soares et al., 2007, Yoo et al., 2011, Donthu and Yoo, 1998). Hence, the current study addresses this call for research and incorporates cultural and value orientation at the ethnical group and the individual level to test across different consumer groups. To achieve this, the research incorporates two forms of individual-level differences, uncertainty avoidance and individual self-construal, in examining their moderating effects in the context of service outsourcing to offshore locations.

Research Questions and Objectives

To address the current research gaps and extend the current understanding of service outsourcing from a consumer's perspective, this thesis will address the following research questions and objectives:

- RQ1: Whether and how the characteristics of outsourcing partners and the subsequent “perceived partnership fit” would affect consumers’ responses to service outsourcing? To answer this research question, this thesis aims to explore the various characteristics of service partners that could affect the perceived partnership fit from a consumers’ perspective and the subsequent impact on consumers’ attitudinal and behavioural intentions toward focal firms, such as satisfaction, loyalty and purchase.
- RQ2: What are the underlying psychological mechanisms that could explain the relationship between perceived partnership fit and consumers’ attitudinal and behavioural intentions? What key factors mediate the relationship? To answer this research question, this thesis will adopt categorisation theory and attitude certainty theory and propose customer certainty as a key mediating factor that explains the underlying mechanism from perceived partnership fit to consumers’ attitudes and behaviours.
- RQ3: What is the role of the focal firm’s brand credibility in affecting consumers’ responses to service outsourcing? To answer this question, this thesis will examine the moderating effect of the focal firm’s brand credibility as one of the key brand properties in this relationship.
- RQ4: What is the role of customer-focused and society-focused communication strategies in the context of service outsourcing? To answer this research question,

this thesis will examine the main effects of two different communication strategies and the interaction between communication and perceived partnership fit.

- RQ5: How and to what extent that effectiveness of perceived fit and communication strategies on consumers' responses to service outsourcing would vary across different consumer groups? To answer this research question, this thesis incorporates two forms of individual-level differences, uncertainty avoidance and individual self-construal, in examining their moderating effects in the context of service outsourcing to offshore locations.

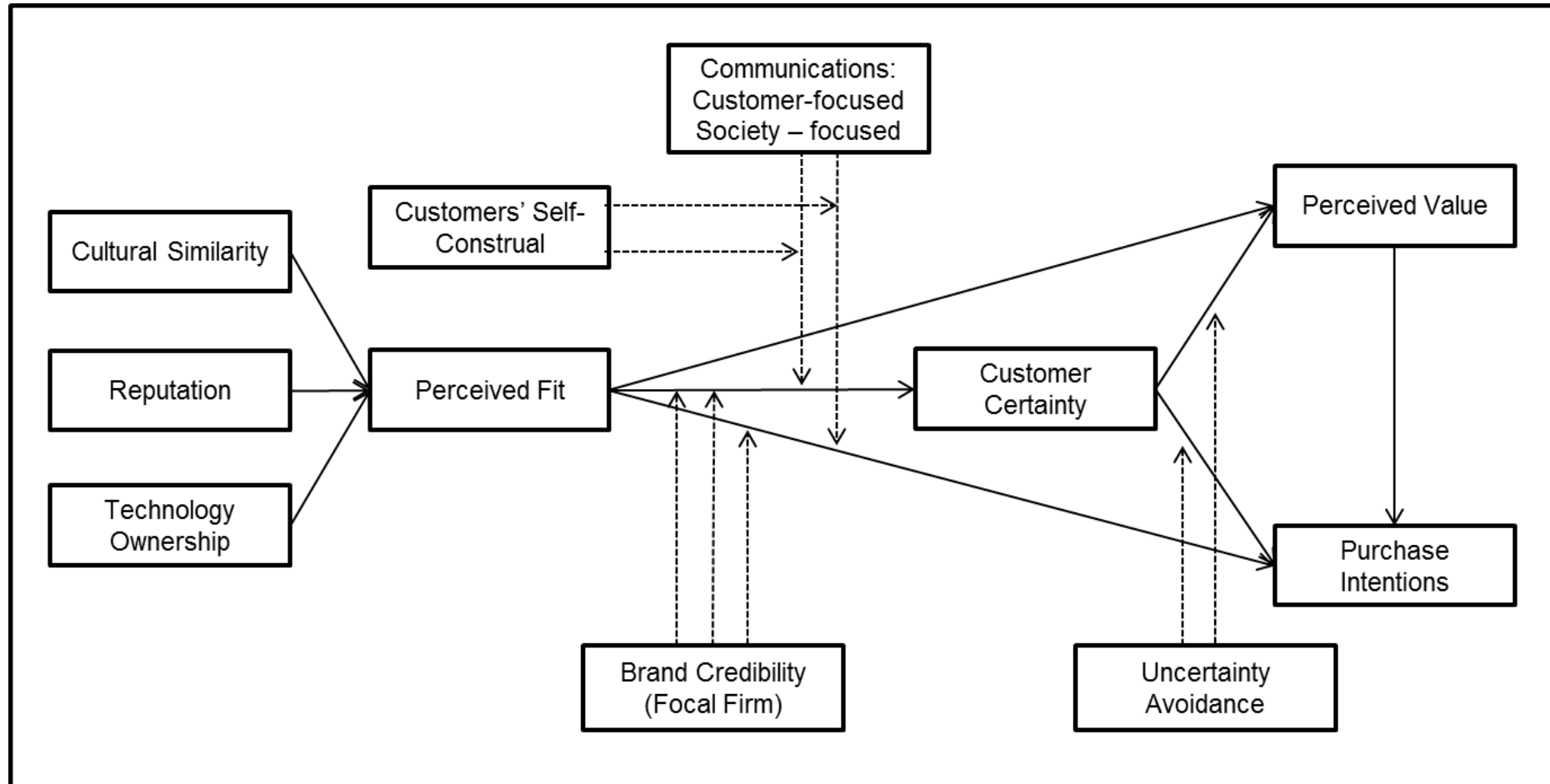
Overview and Structure of the Thesis

This thesis is structured as three chapters (or papers) to address the identified research questions as listed above. Each chapter builds toward a better understanding of the current research issues. *Table I-1* summarises each chapter, including the purpose, research question(s) addressed, methodology, and key findings. *Figure I-1* represents a consolidated conceptual model for chapter one to three. Finally, a brief overview of each chapter is provided next.

Table I-1: Summary of the three thesis chapters

	Chapter One	Chapter Two	Chapter Three
Purpose	<ul style="list-style-type: none"> To explore various characteristics of service partners that could affect the perceived partnership fit from consumers' perspective To examine the subsequent impact upon consumers' attitudinal and behavioural intentions toward focal firms, such as satisfaction, loyalty, and purchase. 	<ul style="list-style-type: none"> To examine the mediating role of customer certainty in the relationship between perceived fit and customers' attitudes and behaviours; To investigate the moderating role of brand credibility of focal firms and customers' uncertainty avoidance as predicted by ethnicity. 	<ul style="list-style-type: none"> To examine the interaction between perceived partnership fit and two other-oriented communication strategies (i.e. customer-focused and society-focused); To investigate which communication strategy would be more effective for each of the group of consumers with the different levels of self-construal.
Research Questions	1	2, 3, 5	4, 5
No. of Studies	3	1	1
Research Design	<ul style="list-style-type: none"> Qualitative exploratory (1); Quantitative quasi-experiment design (2) 	<ul style="list-style-type: none"> Quasi-experiment design 	<ul style="list-style-type: none"> Quasi-experiment design
Sample	<ul style="list-style-type: none"> 30 (Qualitative) 545 (1st Quantitative) 420 (2nd Quantitative) 	<ul style="list-style-type: none"> 360 	<ul style="list-style-type: none"> 542
Key Findings	<ul style="list-style-type: none"> Identified and validated three key characteristics of outsourcing partners as the antecedents to the perceived partnership fit; Further validated the construct of fit by examining the relationship between fit and consumers' attitudes and behaviours in the context of service outsourcing. 	<ul style="list-style-type: none"> Examined and validated the role of customer certainty as the mediator in the relationship between perceived fit and customer's attitudes and behaviours. Examined and validated the moderating effects of brand credibility and uncertainty avoidance as predicted by ethnicity of focal firms in this relationship. 	<ul style="list-style-type: none"> Both customer-focused and society-focused communications positively contribute to customer certainty of service outsourcing and purchase intentions. When there is a moderate fit, both communication strategies negatively moderate the relationship between perceived fit and customer certainty. However, this moderation effect diminishes when the fit is high and low. Self-construal positively moderates the main effect of communication strategies.

Figure I-1: Consolidated conceptual framework



*Chapter One: Outsourcing Services to Offshore Partners and the Role of Partner 'Fit':
A Consumer Perspective*

The purpose of the first chapter is to validate the construct of perceived fit by firstly exploring and assessing the various characteristics of service partners that could affect the perceived partnership fit from a consumers' perspective and examining the subsequent impact upon consumers' emotional, attitudinal and behavioural intentions toward focal firms, such as satisfaction, loyalty, and purchase. The study was divided into three phases: the first two phases aimed to explore the concept of perceived fit by exploring and assessing the various different characteristics of service partners that could affect the perceived partnership fit, while the last phase aimed to examine the subsequent consequences. A qualitative-based study was conducted in the first phase since the "fit" concept is adapted from other branding literature and there is no prior research that investigated "fit" and various outsourcing partners' characteristics in affecting perceived fit of outsourcing. Thirty-three university students were interviewed to elaborate any top-of-mind outsourcing partners' characteristics that they know of in determining whether there is a match or fit between the outsourcing partner and the focal firm. Three service outsourcing scenarios were examined with findings showing three key characteristics of partnerships: cultural similarity (home v host country), technologies/facilities of the outsourcing partner, and reputation of the outsourcing partner. A quantitative-based study was followed to further validate the construct of perceived fit and the relationships between these identified characteristics and perceived fit. A quasi-experimental approach by providing scenarios that vary across the characteristics. In total, 16 different conditions (i.e. scenarios) were created (i.e. 2 culture similarity \times 2 reputation \times 2 technology ownership \times 2 industries). 491 valid cases were collected from Amazon M-Turk, and the results from partial least square path modelling confirmed the significant contribution of each of the characteristics to

the perceived partnership fit in both industries, although the relative importance of each characteristic varies in different industries. The construct validity and reliability of perceived fit were also confirmed from a confirmative factor analysis (CFA) model through AMOS. Given the evidence that the identified characteristics are the antecedents to perceived partnership fit, and the fit is measured in a valid and reliable way, phase two commended to further validate the construct by examining whether perceived fit could predict consumers' various responses to service outsourcing regarding their satisfaction, loyalty and purchase intentions toward focal firm's products and services. 420 cases were collected from an Australian consumer panel. The results from the ANOVA test confirmed the positive role of perceived partnership fit: groups in the high fit condition revealed insignificant depreciation in terms of satisfaction, loyalty, and purchase intentions, while groups at the low and medium fit conditions showed dramatic decreases in the above three outcome variables. The results extracted from the partial least square modelling also showed a positive effect of perceived fit on the three outcome variables.

Chapter Two: Perceived Fit in Service Outsourcing: Assessing the Role of Customer Certainty, Uncertainty Avoidance and Brand Credibility

The purpose of the second chapter is to understand the underlying psychological mechanism that explains the relationship between perceived partnership fit and customers' attitudinal and behavioural outcomes and to take focal firm's brand properties and consumer heterogeneity into account. More specifically, it aimed to assess the mediating role of customer certainty and the moderating effects of focal firm's brand credibility and customers' uncertainty avoidance. Adapted from categorisation theory, it is expected that the positive relationships between perceived fit and two outcome variables – perceived value and purchase intentions – are mediated by

customer certainty. This thesis also proposes that there is a positive moderation of focal firm's brand credibility and a positive moderation of consumers' uncertainty avoidance on consumer attitudes and intentions. Further, this study uses a quasi-experimental approach by presenting different service outsourcing scenarios that were tested in the previous study to vary the perceptions of the partnership fit by consumers. To vary focal firm's brand credibility, real brands were used in each industry. This study also controlled the brand familiarity, given the fact that previous studies found that brand familiarity interplays with service outsourcing in affecting consumers' responses (Roggeveen et al., 2007). To vary uncertainty avoidance, participants were recruited across six different ethnical backgrounds in Australia, namely, Australian, New Zealander, Chinese, Vietnamese, Italian, and Greek. A total of 360 valid cases were collected from an Australian consumer panel which represents national demographics of the Australian population. The hypothetical model was tested using the partial least square modelling methods (PLS-SEM). The results from both the measurement model and structural model were satisfactory. Regarding the measurement model, sufficient evidence exists to support the reliability and validity of the constructs and the corresponding measurements. Using a marker variable technique this thesis tested for common methods bias, with the results suggesting that the common methods bias was not evident in the model. Regarding the structural model, most of the path coefficients were significant, and a partial mediation of customer certainty was detected. Both focal firm's brand credibility and consumers' uncertainty avoidance positively moderate the relationship. Overall 77 per cent of the variance in the dependent variable (i.e. purchase intentions) was explained in the main model, and all of the control variables were insignificant including focal firm's brand familiarity. The overall model's robustness was assessed using alternative outcome variables, testing alternative paths, and

comparing between the two tested industries. All the evidence suggested that the proposed model was the best model against all of the other competing models.

Chapter Three: Determining Effective Communication Strategies for Outsourcing Decisions

The purpose of Chapter Three is to examine the following: 1) the main effects of both customer-focused and society-focused communications on customer certainty and customers' purchase intentions; 2) the moderating effect of both communication strategies on the perceived fit – customer certainty and the perceived fit – purchase intentions relationships; 3) the moderating effect of customers' self-construal independence versus interdependence on both communication strategies; and 4) the three-way interactions between perceived fit, communication strategies, and self-construal. To do so, this study followed a quasi-experimental approach by presenting different service outsourcing scenarios. Communication strategies were based on scenarios - public announcements made by focal firm's marketing manager - and manipulated the focus of communications (customer vs. societal). In total, 18 scenarios were created (3 fit: high, medium, and low fit; 3 communication: customer-focused, society-focused and no communication; 2 industry sectors: telecommunication and mobile phone) to manipulate the fit and communication conditions. In total, 542 valid cases were collected from a nationwide Australian consumer panel which represents the national demographics of the Australian population. A two-way interaction model was tested using the partial least square modelling methods (PLS-SEM) while the three-way interaction model was tested using an ordinary least square (OLS) regression model. The results from both measurement model and structural model were satisfactory. In terms of the measurement model, there was sufficient evidence to support the reliability and validity of the constructs and the corresponding measurements. A marker variable

technique was again used to test for common methods bias, and the results suggested common methods bias was not evident in the model. In terms of the hypothesis testing, both customer-focused and society-focused communications positively affected customer certainty directly, but not purchase intentions. Customer certainty fully mediated the effect of perceived fit on purchase intentions. A U-shaped moderation effect of both communication strategies was found. That is, as perceived fit increased from a low level to a medium level, the moderation effects changed from either positive or non-significant to negative; however as perceived fit continuously increased from the medium level to the high level, the moderation effects changed from negative to non-significant. These findings indicate that communication strategies are more effective in mitigating the effect of perceived fit when the fit is moderate. The results showed a positive moderation effect of customer's independence self-construal on customer-focused communications and a positive moderation effect of customers' interdependence self-construal on society-focused communications. These findings indicated that providing customer-focused communications would be more effective for highly independent customers while providing society-focused communications would be more effective for highly interdependent customers. While the results did not support a three-way interaction, results showed that when perceived fit was in the high and medium level, communicating society-focused benefits were more effective for highly interdependent customers, while in the low fit level, communicating customer-related benefits to highly independent customers might trigger customers' scepticism about the credibility of information. As a result, customers would become more sensitive to perceived fit so that a unit drop in perceived fit would lead to a more severe decrease in customer certainty.

II CHAPTER ONE

OUTSOURCING SERVICES TO OFFSHORE PARTNERS AND THE ROLE OF PARTNER 'FIT': A CONSUMER PERSPECTIVE

Abstract: This chapter examines the role of perceived fit between focal firms and outsourcing partners in the context of service outsourcing from the consumers' perspective. Using categorisation theory, this chapter focuses on the development of the focal construct "perceived fit of service outsourcing" as a key construct that explains consumers' responses to service outsourcing. Perceived fit construct is based on various partners' characteristics as the extrinsic cues inferred by consumers. Both qualitative and quantitative studies explored the concept of perceived fit, the various characteristics of outsourcing partners and the impacts of fit on consumers. The results confirmed that cultural similarity between home and host country, as well as corporate reputation of the partner and advanced technology owned by the partner are the most important characteristics that result in different perceptions of the fit. Additionally, findings confirmed that a positive relationship between perceived fit and consumers' satisfaction, loyalty and purchase intentions. This chapter contributes to the current literature by addressing the crucial importance of partner and partnership fit as perceived by consumers in the context of service outsourcing.

Key Words: Service Outsourcing; Perceived Fit; Categorisation Theory; Inference Theory

Introduction

In recent years, competition has driven multinational firms to increasingly ‘outsource’ business activities to foreign locations such as India or China to cut costs and improve performance in both the domestic and international markets (Contractor et al., 2010, Gilley and Rasheed, 2000, Gottfredson et al., 2005). While some locations are more production oriented (e.g. China), others are more likely to be service providers (e.g. India). Recent reports indicate that two-thirds of the call centres in Australia have been outsourced or offshored, including companies such as Telstra, Vodafone, Jetstar, ANZ, etc. (InsideHR, 2015). Australian companies spend 7.5 billion AUD annually on IT outsourcing/offshoring services with a growth rate of 3.8 per cent (ITNEWS, 2012). While IT-enabled services and jobs that can be routinized are the most vulnerable, successful offshoring does rely to a large extent on foreign countries having few languages, institutional, and cultural barriers. As an international business strategy, outsourcing allows firms to concentrate their resources on performing and developing key activities, while simultaneously offshoring certain business processes to more cost-effective locations (Arnold, 2000, Kotabe et al., 1998). Over the last decade, outsourcing has undoubtedly become an important strategy for multinational firms to reduce costs, gain access to resources, and achieve improved global efficiencies. While there is a growing body of literature examining the transaction-based (or cost-reduction) characteristics of outsourcing activities, recent research suggests that firms need to look beyond a firm-perspective and investigate important customer points of view that impact firm performance (Grappi et al., 2013).

Today, consumers have access to vast amounts of information on companies (via the internet), and use this information to exchange ideas and form opinions about firm operations and offerings. Outsourcing operations being relocated in foreign countries

have in recent times evoked negative reactions from consumers based on their perceptions of job loss, lower product quality, lack of communications with foreign service providers and risk of data security, to mention but a few. One business process that seems to generate a great deal of controversy is that of service outsourcing (e.g. call centres). Negative word-of-mouth from service outsourcing has been found to lower consumer perceived service quality, satisfaction and loyalty to the firm (Whitaker et al., 2008). Consumers' dissatisfaction with perceived poor service quality from overseas agents, including cultural prejudice, might be a major factor that causes firms to cut ties with their outsourced services (Grappi et al., 2015a). Although service outsourcing is not a traditional marketing research topic, a better understanding of consumers' attitudes and evaluations of an outsourcing decision would help executive managers to balance the positive impacts of cost-saving or performance improvement with the possible, if any, negative impact on a brand as evaluated by consumers. Since service functions involve front-line service providers having direct contact (and impact) with consumers, it makes sense that firms' need to look more closely at how and why consumers might react to service outsourcing, and what (if anything) firms can do to communicate their outsourcing decisions better.

The service offshoring research suggests that consumers generally hold a negative response towards outsourcing abroad (Grappi et al., 2013, Honeycutt et al., 2012, Sharma et al., 2009, Thelen et al., 2011), but this varies depending on the location of the outsourced services (Bharadwaj and Roggeveen, 2008, Koku, 2009, Roggeveen et al., 2007, Thelen et al., 2010, Walsh et al., 2012, Khan et al., 2011), the types of services that are outsourced (Whitaker et al., 2008, Robertson et al., 2010, Koku, 2009), or the reputation/brand of focal firm (Roggeveen et al., 2007). These factors have been shown to have direct effects on customer satisfaction (Bharadwaj and Roggeveen, 2008),

customer loyalty to the domestic service provider (Forman et al., 2015), repeat purchase (Sharma, 2012), customer complaint (Sharma et al., 2009), and attitudes toward focal firm (Thelen et al., 2011). Research also shows that individual disposition affects perceptions of service outsourcing such as consumers' ethnocentrism, animosity, patriotism, and home-country sentiment (Durvasula and Lysonski, 2008, Sharma, 2012, Thelen et al., 2011). Taken together, much of the research on service offshoring suggests a strong country-of-origin (COO) effect, driven by differences between the home and host country (Thelen et al., 2010, Khan et al., 2011, Walsh et al., 2012, Bharadwaj and Roggeveen, 2008). One noticeable aspect overlooked in the literature, however, is to whom the service is being outsourced (i.e. outsourcing partner), and the subsequent 'fit' between the focal firm and its offshoring partner. International management research strongly supports that a match or 'fit' between the focal firm's offshored business functions and partner's capabilities is a major factor that determines the success of outsourcing (e.g. Hitt et al., 2000, Mitsuhashi and Greve, 2009). Selecting a right partner to match with or complement a focal firm's capabilities and competencies is also an important topic in the international marketing literature (Cavusgil, 1998, Evers et al., 2012, Kotabe et al., 1998). Unlike manufacturing outsourcing partnerships, from a consumers' perspective, the outsourcing service partnership is crucially important because existing and potential customers will have direct experiences with these outsourcing service partners, and the general impressions of the partnership would affect their attitudes and behaviours toward focal firms. Given the fact that service is one of the most vital elements in building up a focal firms' brand values (Aaker, 1996, Bolton and Drew, 1991, Keller, 1993), researchers must move beyond just COO effects and look to the 'fit' between the focal firm/brand and the foreign outsourced partner and the expectations in delivery of service.

Against this background, the current chapter will extend the literature on outsourcing from a consumer perspective and address a number of shortcomings to better understand how consumers evaluate service outsourcing decisions. The two primary objectives of this chapter are as follows. First, a new construct called “perceived fit of service outsourcing” is developed using a two-stage developmental process. In stage one qualitative research is used to identify a comprehensive list of factors influencing perceived fit between focal firms and outsourcing partners. In stage two, validation of the fit construct through quantitative methods is performed to assess both reliability and validity and then examine the effects of various factors that have been identified in the qualitative studies on the perceived fit construct. Second, this study examines the impact of outsourcing fit on consumers’ attitudinal and behavioural intentions, namely, customer satisfaction, customer loyalty and purchase intentions. While those outcome variables are commonly applied in service outsourcing studies, by doing so, this study further validates the construct of perceived outsourcing fit and its direct impact upon consumers.

The remainder of the chapter is organised as follows. First, a conceptual foundation relating to the focal construct – perceived fit of service outsourcing is presented. Next, the purpose and procedures of the qualitative and quantitative studies are discussed along with the findings from each of the studies. Finally, both the theoretical and managerial implications from the studies are discussed and a foundation for future research and theory development is presented.

Theoretical Foundations

The Concept of Fit: Categorisation Theory

The concept of “fit”, “match” or “congruency” has been widely adopted in marketing studies. For example, in the brand extension literature, fit has been studied as the key

antecedent to brand extension success (Aaker and Keller, 1990, Park et al., 1991). In cause-related marketing fit has been argued as the main driver for consumers' favourability and scepticism towards cause-related marketing (CRM) activities (Ellen et al., 2006, Vlachos and Tsamakos, 2011).

The underlying principle of the concept of "perceived fit" can be well explained by categorisation theory (Fiske et al., 1987, Loken et al., 2008, Macrae et al., 2002, Meyers-Levy and Tybout, 1989, Mervis and Rosch, 1981). Categorisation theory argues that human minds require a host of specialised cognitive skills to process information quickly and efficiently without consuming time and energy (Fiske et al., 1982, Mervis and Rosch, 1981). Categorical thinking is such a way that can effectively process information in far less time or energy consumed (Macrae et al., 2002). Hence, individuals are always engaging in categorical thinking to process new information, understand meanings, work out problems, determine goals, or choose behaviour (Cohen and Basu, 1987). Categorical thinking is hypothesised to consist of two aspects: categorical labels and attributes, and both of them can be viewed as nodes in an associative memory network (Fiske et al., 1987). According to Fiske et al. (1987), a categorical label is the node with the strongest and most frequent associations to each of the other nodes, which are called attributes. For example, a brand can be a categorical label that is associated with a consumer's knowledge about the types of attributes and evaluations (Gurhan-Canli and Maheswaran, 1998).

Categorisation theory posits that people usually examine the fit between the new knowledge and their existing category knowledge when they encounter a new knowledge (Milberg et al., 1997). In short, categorisation, in essence, involves the comparison between a target (i.e. new information) and categorical knowledge (Cohen

and Basu, 1987). Hence, from a categorisation point of view, consumers are more likely to compare the new instance of a particular product/brand with their pre-existing knowledge structure about a particular brand/product, which was formed based on their previous experiences with this product/brand either personally or from external sources in order to achieve efficient processing, understanding, and interpretation of the new instance (Cohen and Basu, 1987, Fiske et al., 1987, Gurhan-Canli and Maheswaran, 1998). If the new instance shares some similarities in terms of features, or concepts with the consumers' knowledge structure of this product (i.e. categorical knowledge), then there is a fit, and consumers' cognitive stability has been maintained. Otherwise, consumers may encounter a cognitive dissonance (Brehm and Cohen, 1962, Festinger, 1962), which is argued to be the cause of many negative affective and behavioural responses (Cummings and Venkatesan, 1976).

Categorisation theory and the concept of fit have been applied in many consumer behaviour and branding studies. For example, in many country-of-origin or country image studies, the fit between the country (category) and the product (new instance) has been examined, and it is argued that consumers usually assess the fit between the country and the product accordingly (Chao, 2001, e.g. Hamzaoui and Merunka, 2006, Lee and Ganesh, 1999, Shimp et al., 1993). A high country/product fit occurs when consumers perceive the country has the abilities to design, manufacture or assemble the product, while a low country/product fit happens when consumers perceive the country is not able to design, manufacture or assemble the product (Hamzaoui and Merunka, 2006). Similarly, in the brand extension literature, either the functional similarities between family brands (i.e. category) and extensions (i.e. new instance) (Aaker and Keller, 1990) or conceptual consistency (Park et al., 1991) are argued to be assessed by consumers prior to the following evaluations of both the extensions and the family

brands. In the co-branding literature, the consistency between brand images and associations of two joint brands is argued to be the key to the success of co-branding strategy (Simonin and Ruth, 1998). Finally, in cause-related marketing, it is argued that consumers evaluate a high fit between the cause and the brand/product if they share a similar social value or serve a similar consumer base (Nan and Heo, 2007).

From the above arguments, it is clear that “perceived fit” lies in the process of categorical thinking, which is widely used by consumers in order to facilitate information processing and to maintain their cognitive consistency. This thesis argues that individual consumers would also engage in the fit assessment when they notice a brand/company (category) outsourced its services to an offshore partner (new instance). This assessment of fit is rather entirely automatic and unconscious when the brand (i.e. category label) is activated (Fiske et al., 1982, Fiske et al., 1987). A high fit occurs if consumers think both the focal firm and the outsourcing partner are matched to each other, whereas a low fit happens if consumers think they do not match to each other. For example, for a leading mobile phone company, outsourcing repairing services to a partner who is also an expert in repairing seems to be more matchable than outsourcing to a partner who just started a new business. As a consequence, consumers may potentially view high fit outsourcing as more logical, suitable and appropriate, while low fit outsourcing is more illogical, unsuitable and inappropriate (Keller and Aaker, 1992, Zdravkovic et al., 2010). While high fit outsourcing would maintain consumers’ cognitive structure about this particular brand or company, low fit outsourcing would eventually lead to consumers’ cognitive dissonance, and attitudinal or behavioural change towards the focal brand or firm (Brehm and Cohen, 1962, Cummings and Venkatesan, 1976, Festinger, 1962).

To conclude, this thesis defines perceived fit between focal firms and service outsourcing partners as the overall perceived relatedness of the focal firm and the outsourcing partner. This process is quite automatic and unconscious and would result in the judgement made by consumers as to whether it is logical, appropriate, and suitable to outsource the services to the offshore partner. This categorical thinking process helps consumers to reduce cognitive burdens while at the same time process information more efficiently.

Developing a Perceived Firm-Partner Fit Construct

While perceived fit usually serves as a summary unit of information (Smith and Andrews, 1995), the basis and various information that consumers usually interpret to assess perceived fit should be discussed. The idea of the ability to make or design a particular product or service is often assumed to be the base of perceived fit (Lee et al., 2012). In the management literature, the fit construct embodies an idea of the ability of a particular function, department or firm to make a product, a component or service (e.g. Sarkar et al., 2001, Yao et al., 2013). In the brand extension literature, the base of brand fit also relies on the perceived ability of any firms operating in the first product class to make a product in the second product class (Aaker, 2012, Aaker and Keller, 1990, Smith and Andrews, 1995). In the country-of-origin literature, the base of the country-product fit also relies on the perceived ability of any countries to produce a particular product (Essoussi and Merunka, 2007). In the cause-related marketing literature, the base of the cause-product fit also relies on the perceived ability of the firm in making this product benefit the linked cause (Lee et al., 2012). Similarly, the ability of the outsourcing partners to perform a particular outsourced service should serve as the basis of perceived fit between focal firms and outsourcing partners. A high fit would be more likely to be perceived when the outsourcing partner is perceived to have ability or

expertise to perform such outsourced service, while a low fit would be more likely to be perceived when the outsourcing partner is perceived to have no ability or expertise to perform such outsourced service.

It is worth considering that an outsourcing partner's abilities or competences are difficult, if not impossible, for consumers to assess. Inference theory argues that when intrinsic information (i.e. true abilities or competencies) are not possible to detect, extrinsic cues will be adopted to make an inference (Miyazaki et al., 2005, Magnusson et al., 2011). Extrinsic cues, which serve as stimuli, quickly activate schemas which are stored internally based on prior experiences, beliefs, or theories about the perceived correlation between the extrinsic information and true intrinsic attributes (Kardes et al., 2004, Herr et al., 1991). For example, while it is hard for consumers to judge the ability of any firms operating in the first product class to make a product in the second product class in the context of brand extension, consumers usually rely on other extrinsic cues, such as attribute similarities (Aaker and Keller, 1990), brand concept consistency (Park et al., 1991), product category similarities (Milberg et al., 1997), brand benefits or associations similarities (Broniarczyk and Alba, 1994) or inconsistencies between family brand belief and extension attributes (Milberg et al., 1997). Those extrinsic cues can help consumers to infer whether this firm can manufacture or design the product in another category (e.g. if two products share similar attributes, then consumers would be likely to be more confident that the ability and expertise of making one product can be transferable to the other). Similarly, it may be hard for consumers to tell whether the firm is capable of benefiting the cause; however, this can be inferred from various extrinsic cues, such as similarities of customer base between the cause and the firm, the similarities of social value shared by the cause and the firm, etc. (Nan and Heo, 2007). Hence, it is predicted that consumers will use some extrinsic information or cues to

make an inference about the outsourcing partner's abilities or competencies in delivering the outsourced activities. If that extrinsic information infers a good ability or competencies of the outsourcing partner, consumers would perceive the outsourcing as having a high fit.

The outsourcing partner's characteristics can serve as the extrinsic cue to infer the ability of an outsourcing partner to perform the outsourced service and perceived fit between the focal firm and the outsourcing partner. Partner's characteristics are readily observable. Those characteristics may include partner's overall reputation, location, technology or facility used, firm size and age, experience in the industry, etc. Various empirical studies have confirmed that consumers may rely on these characteristics to infer the quality of products or services (e.g Chen and Dhillon, 2003, Doney and Cannon, 1997, Roggeveen et al., 2007, Walsh and Beatty, 2007). At the same time, these factors have also been proven to be good indicators of consumers' attitudinal and behavioural intentions (Chao, 2001, Keh and Xie, 2009, Nguyen and Leblanc, 2001). In some circumstances, where the outsourcing partner is quite unfamiliar to the general consumers, most of the focal firms would be likely to communicate the strong characteristics of the outsourcing partner to the consumers. For example, when Telstra moved more than 1,000 call-centre jobs to Philippines in 2014, the spokesman mentioned that the partner located offshore was one of the most reliable BPO service providers around the world and their expertise and capability could help Telstra to build a strong base in Manila (Ramli and Smith, 2014). Although there is no direct evidence that outsourcing partners' characteristics serve as the basis for evaluating the overall perceived fit between focal firms and outsourcing partners, it can be predicted that at least some of these characteristics are playing an important role in helping consumers to evaluate perceived fit. Since there is no study concerning how outsourcing partners'

various characteristics affect perceived fit of service outsourcing, the primary purpose of this chapter is to explore and determine what are the key characteristics of outsourcing partners that consumers use to evaluate perceived fit of outsourcing.

The Qualitative Study

Research Design and Procedure

The purpose of this qualitative study is to examine the various service outsourcing partner firms' characteristics that are expected to affect perceived fit of outsourcing and find out the most important ones. Qualitative studies are preferred when a phenomenon is not well studied, and the purpose is to explore various factors that may affect or be linked with the observed phenomenon (Thomas, 2003). In this study, because the “fit” concept is adapted from other branding literature, and no prior research investigated “fit” and various outsourcing partners’ characteristics in affecting perceived fit of outsourcing, a qualitative-based exploratory study would be helpful to generate thoughts, organise ideas and interpret factors.

In-depth interviews with open-ended questions were conducted to collect the responses due to the following reasons. First, compared with other qualitative research methods, such as observations, interviews can explore things that cannot be observed, such as consumers’ perceptions in the research context (Merriam, 2009). Second, compared with other types of interviews, such as structured interviews, open interviews are more flexible and can generate a rich tapestry of information. Open interviews are widely adopted when researchers do not know enough about a phenomenon, and the goal is to explore as many of the factors that affect the observed phenomenon as possible (Merriam, 2009).

Sample size needs to be neither too large nor too small to achieve theoretical saturation - when the collection of new data does not add new information to the research (Sandelowski, 1995). The aim of the qualitative study is to generate as many ideas from different perspectives as possible. Therefore, diversity rather than frequency is much more important (Mason, 2010). Sandelowski (1995) suggested that the ideal sample size for a qualitative exploratory study is from 20 to 30. As a result, 33 university students were recruited for this interview and were given course credit for participation: 51.5 percent of the subjects were male, and 48.5 per cent were female; 78.8 per cent of the subjects were Australian while 21.2 per cent were from other countries; 72.7 per cent of the subjects were in the age from 20 to 22, 15.2 per cent were from 18 to 20, and 12.1 percent were from 23-25. Regarding ethnicity, 33.3 per cent of the subjects had South-East Asia backgrounds, 30.3 per cent had North-East Asia backgrounds, 21.2 per cent had European backgrounds, while the rest 15.2 had Oceanian, South and Central America, and Peoples of America backgrounds. The diversity of the above demographic information helped to generate ideas from as many different perspectives as possible.

Subjects were firstly asked to read a short scenario about a recent service outsourcing activity, and were then invited to elaborate upon any top-of-mind outsourcing partners' characteristics that they wanted to know in determining whether there was a match or fit between the outsourcing partner and the focal firm. After that, based on what they elaborated, the subjects were asked to explain the reason for choosing these characteristics and the relative importance of each characteristic compared to others. Finally, some demographic questions were asked, and subjects were thanked.

Three scenarios were provided to the subjects (See *Appendix 1* for the sample scenarios). The first scenario was a customer call centre service outsourcing announcement that a

leading Australian telecommunication company made recently; the second scenario was a mobile phone repair outsourcing announcement that a leading Australian mobile phone producer made recently; and finally, the last scenario was about a photocopying service outsourcing announcement that a leading Australian printing solution provider made recently. These three different types of service outsourcing were chosen because 1) they cover the major outsourcing activities in Australia, and 2) they represent three different service types – experience, credence and search services (Hsieh et al., 2005, Nelson, 1970). Search services refer to services that can be readily evaluated before purchase because of the highly standardised service attributes (e.g. photocopying services are highly standardised, and vary considerably with the quality of the photocopying machine used) (Hsieh et al., 2005). Experience services refer to services that cannot be easily evaluated before purchase due to their intangible nature and inseparability of supply and consumption until they are purchased and consumed (e.g. consumers cannot judge the quality of a call service until they make the call) (Hsieh et al., 2005). Credence services refer to services that cannot be easily evaluated before purchase and after purchase because of their complexity, which requires specialised knowledge (e.g. consumers cannot judge whether the repair service is good or not because they do not have the expertise to assess the repair quality) (Hsieh et al., 2005).

Data were coded and sorted by NVivo 10. Narratives were firstly divided into discrete thoughts by two independent coders, who resolved disagreements through discussions (Auerbach and Silverstein, 2003). Adopting two independent coders can minimise the potential bias caused by the coding process (Auerbach and Silverstein, 2003). Following Miles and Huberman (1985), similar codes were combined to form a broader category based on the data. An iterative process of coding was used (Miles and Huberman, 1985).

Results

When evaluating telecommunication call centre outsourcing, the top three characteristics that strongly affect perceived fit of outsourcing were: cultural similarity (differences between Australia and the country where the partner is located), overall reputation of the partner, and technologies/facilities owned by the partner. Similar patterns were found when the subjects were asked to rank the relative importance of the specified characteristics. Cultural differences and location were the most important characteristics due to the following reasons. First, subjects mentioned that communication efficiency, as well as problem-solving efficiency, might be questioned if it was located far away from Australia and if it was very dissimilar with Australian national culture. Second, subjects also highlighted their concerns about the privacy issue if located far away, and they worried that focal firm might not have active control over the partner firm. Third, some subjects also expressed the level of psychological discomfort they would feel if they found out that they receive services overseas. The reputation of the partner firm was the second most important characteristic. Reviews by consumers or independent institutions could be trusted. Subjects thought reputation was an overall index of a company's performance and product/service quality. They further elaborated that although good reputation did not guarantee good services, bad reputation seemed to indicate poor services. Moreover, the privacy issue was mentioned to be another concern for bad reputation. Partner firms with bad reputations were more likely to leak personal information than those with good reputations. Technologies or facilities owned by the partner firm were in the top three most important characteristics. Subjects mainly expressed that they would expect better and quicker service as well as problem-fixing if the partner firm had advanced technologies or facilities.

For mobile phone repair outsourcing, reputation of the partner firm, technology used by the partner firm, and location where the partner firm is located, as well as cultural dissimilarity between the host country and the home country, were the top mentioned characteristics. Similar patterns were found when the subjects were asked to rank the relative importance of the mentioned characteristics. Technology owned by the partner was also mentioned as the most important characteristic because it was a good indicator of good quality and performance, since the repair service was a technology-based service. Occasionally, employing good technology could also shorten the time required for repair. Again, reputation served as an overall index to indicate the partner's overall performance and service quality. Reviews by consumers or independent institutions could be trusted. Finally, if the partner was located in a culturally similar country, it might communicate with the focal company more efficiently. Moreover, being located in a developed economy could be a guarantee of overall quality and performance of repairing services.

Finally, for photocopying services outsourcing, among the top mentioned characteristics were technology or facilities owned by the outsourcing partner, the overall reputation of the outsourcing partner and the location of the outsourcing partner. Similar patterns were found when the subjects were asked to rank the relative importance of the mentioned characteristics. Technologies and facilities owned by the outsourcing partner were stated as being the most important because they were the good indicators of high quality and performance. Also, the standardised work and the variation among technologies and facilities used would cause variations among quality of photocopies and might also be a good indicator of service speed as the quantity and quality of available printers and photocopying machines determined the service speed and cycling time. Again, reputation of the outsourcing partner served as the overall indicator to the

partner firm's overall performance and service quality. Reviews by consumers or independent institutions could be trusted, while location and cultural difference could also be important sources of perceived fit. If the outsourcing partner was located in a culturally dissimilar country compared to Australia, it would be more likely to have some communication issues between the focal firm and the outsourcing partner, which would eventually affect the service speed and service quality.

Discussion

As this chapter has argued previously, according to the inference theory, extrinsic cues, such as outsourcing partner's characteristics, are more likely to be used as the stimuli to make an inference about the outsourcing partner's abilities or competence in delivering the outsourced activities, which is the base of perceived fit of outsourcing between the focal firm and the outsourcing partner (Miyazaki et al., 2005, Magnusson et al., 2011). The results from this qualitative study confirmed this assumption. Although the relative importance of different characteristics varies among different service settings, the three main characteristics comprise cultural similarity, reputation of the outsourcing partner and technologies/facilities owned by the outsourcing partner.

Location of the outsourcing partner or cultural similarity between the host country and home country are the most important extrinsic cue that consumers can easily observe and use to infer perceived fit of outsourcing. Studies from country-of-origin effects have generally concluded that consumers infer product or service qualities based on their general perceptions about the manufacturing countries (e.g. Chao, 1993, Chattalas et al., 2008, Roth and Romeo, 1992, Roth and Diamantopoulos, 2009). Generally speaking, products or services from advanced economies are perceived as higher quality than those from less advanced economies (e.g. Kaynak and Kara, 2002, Han and Terpstra, 1988, Laroche et al., 2005). Cultural distance has been studied extensively in

international management studies, and it is generally believed that large cultural distances between focal and outsourcing firms would reduce efficiencies in coordination and cooperation due to poor communications and misunderstandings, thus preventing partners from delivering goods or services as expected (e.g. Winkler et al., 2008, Kedia and Lahiri, 2007). Consumers may worry about the coordination and cooperation issues when firms outsource their business activities to culturally distant partners. Studies in call centre offshoring have given evidence that US customers are less satisfied when the call centre is offshored to a nation that is dissimilar to the US (e.g. India) versus call centres in the US or similar to US (e.g. UK) (Roggeveen et al., 2007, Honeycutt et al., 2012). Therefore, there is a higher likelihood that consumers perceive outsourcing partners who are located in favourable countries or culturally similar countries as being of a “higher fit” than outsourcing partners who are located in unfavourable countries or culturally dissimilar countries. The results from the qualitative study confirmed the strong impact of location and cultural similarity on perceived fit. These points are the top-mentioned characteristics as well as the top-rated characteristics across all three different service-outsourcing scenarios. However, it is worth noting that this characteristic is mentioned as more important in the call centre scenario than the other two scenarios. The results seem to be consistent with the scenario settings: consumers may expect more communications and hence may pay more attention to location and cultural issues in the first scenario than the other two.

Another important characteristic across all of the scenarios is the reputation of outsourcing partners. Walsh and Beatty (2007) defined the customer-based corporate reputation as a summary construct that reflects a consumers’ overall impression of a firm from his or her experiences and interactions with the firm. A firm’s reputation is based on a firm’s past actions, and is commonly used to infer firm’s future actions

(Roggeveen et al., 2007). A positive reputation is based on its superior performance over a certain period (Keh and Xie, 2009). Consumers may rely on various sources of information to assess the overall reputation of a firm. For example, media rankings or customer reviews are the most frequently used resources for the assessment of corporate reputation (Rindova et al., 2005). As argued by Walsh and Beatty (2007), consumers heavily rely on corporate reputation to infer the quality and performance of goods or services because they are often not capable of obtaining accurate information regarding firms' performance. Balmer and Bromley (2001) argued that the corporate reputation is extremely critical in services because, unlike products, services quality cannot be judged accurately before the purchase or consumption of the services due to the inseparable nature of services. Nguyen and Leblanc (2001) stated that corporate reputation is a mirror of a firm's ability to deliver products or services to meet the expectations of its stakeholders. Walsh and Beatty (2007) also confirmed that corporate reputation becomes a surrogate indicator of the quality or performance of goods and services. Further, Nguyen and Leblanc (2001) tested the effect of corporate reputation on customer loyalty and confirmed a positive effect of corporate reputation on customer loyalty. Therefore, reputation seems to be an important source of perceived fit of outsourcing, which the results from this qualitative study also confirmed. A good reputation is a strong indicator of a high perceived fit while a bad reputation is a strong indicator of a low perceived fit.

Advanced technology/facility ownership is also one of the most important characteristics. From traditional management theories, technologies and facilities are the valuable and rare components of corporate resources (Barney, 1991, Ashton et al., 1994). Firms with better resources are more likely to deliver better products or services than other competitors, and perform better than other competitors without such

resources (Barney, 1991). For example, Bharadwaj (2000) examined the relationship between firm performance and the level of information technology that the firm possesses and discovered that superior information technology resources are positively associated with higher profit ratios and lower cost ratios. Koellinger (2008) found technologies are the key enabler to the innovativeness of companies. This notion could be easily observed and widely accepted by consumers. Therefore, firms with advanced technologies or facilities are perceived to be better in delivering products or services, especially for products or services involving complex technologies. This study confirmed the importance of advanced technology/facility ownership. It is worth noting that while advanced technology/facility ownership is mentioned as an important characteristic in all the scenarios, it is more important in the mobile phone repair and photocopying scenarios, which could be due to the technological complexity of delivering such services.

Quantitative Study 1

Study Purpose

From the exploratory qualitative study, the preliminary results confirmed the various partner firms' characteristics that determine perceived fit of service outsourcing. However, there are some limitations to the first qualitative study. First, only 33 student samples were used in the qualitative study; hence, the generalisability of the results may be questioned. Second, although the concept of "perceived fit" of service outsourcing was examined in the qualitative study, how to measure perceived fit and how valid and reliable those measurements are still unclear. Thus, the purpose of this quantitative study is to further validate the findings from the qualitative study from a more general sample pool.

Based on the preliminary findings from the qualitative study and other supporting literature, this thesis proposes that: (See

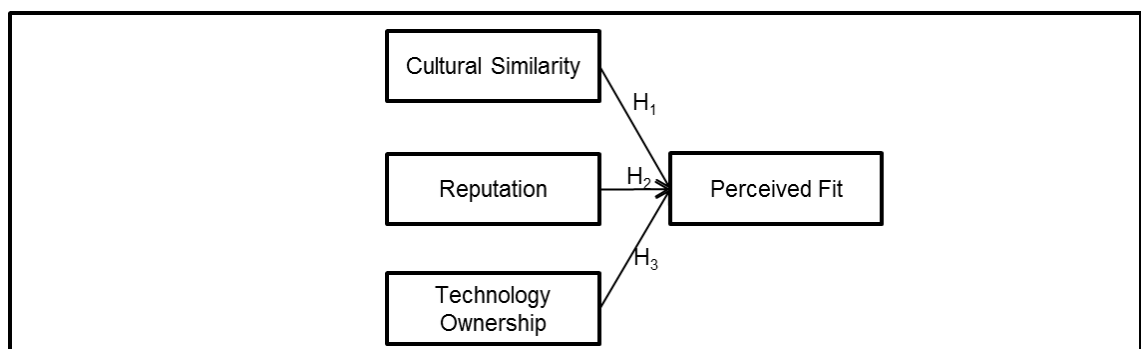
Figure II-1):

H₁: culture similarity between the home country and the host country has a positive effect on perceived fit of service outsourcing.

H₂: reputation of the outsourcing partners has a positive effect on perceived fit of service outsourcing.

H₃: partner's ownership of advanced technology or facilities has a positive effect on perceived fit of service outsourcing.

Figure II-1: Conceptual framework of the first quantitative study (Chapter one)



Research Design and Procedure

A short survey was developed across two different industries: call centre outsourcing of telecommunications and repair outsourcing of mobile phone producers in Australia. In order to maintain a high degree of relevance for this study, the third scenario – photocopying service outsourcing by the printing company – was dropped in this quantitative study as subjects thought this scenario was not as common as the other two in the real business world.

In order to capture the effects of cultural similarity, reputation of the partner, and technology owned by the partner on perceived fit of service outsourcing, a 2 (culture: similar vs dissimilar) $\times 2$ (reputation of the partner: low vs high) $\times 2$ (technology owned by the partner: world-class vs out-of-date) $\times 2$ (telecommunications call centre and mobile phone repair service industries), between-subjects design resulting in sixteen experiment conditions was designed. The manipulations of each factor were nested into a news story which was presented to the subjects before the survey. The news story revealed an outsourcing decision made recently by a leading Australian company with some highlights of the manipulated characteristics of the outsourcing partner of this Australian company. Reputation of the outsourcing partner was manipulated by varying the scores of the customer and other institution's reviews as compared with the industry average (Rindova et al., 2005), as well as the year of operation within the industry and experience of partnership with other firms (Chen and Dhillon, 2003). Location and cultural similarity were manipulated by selecting two geographically and culturally different countries: Ireland and Indonesia. Using Hofstede (1983)'s cultural dimension index and a methodology proposed by Kogut and Singh (1988), the overall cultural similarity index between Australia and the other two countries were calculated. Ireland and Indonesia were selected to represent high and low cultural similarities to Australia, respectively. Moreover, choosing these two countries seems to be highly relevant to the business practices in Australia. The advancement of technologies and facilities owned by the partners were manipulated by varying the generation of information system (call centre scenario) and the generation of the repair platform (repair scenario) of the outsourcing partners (See *Appendix 2* for the sample scenarios). By varying these characteristics of the outsourcing partners' characteristics, this research created different conditions for the subjects (See *Table II-1*).

Table II-1: Various manipulations and conditions

High Reputation <ul style="list-style-type: none"> • Higher review score in Fortune's Most Admired Corporations compared with the average • Higher ratings of customer reviews compared with the average • Operated in the customer service sector for more than 10 years; • Many successful partnerships with other companies 	Low Reputation <ul style="list-style-type: none"> • Lower review score in Fortune's Most Admired Corporations compared with the average • Lower ratings of customer reviews compared with the average • Recently established in 2014; • And this partnership is the first business partnership for them as well.
Similar Culture <ul style="list-style-type: none"> • Ireland 	Dissimilar Culture <ul style="list-style-type: none"> • Indonesia
World-Class Technology <ul style="list-style-type: none"> • Latest generation of information system/repair 	Out-of-Date Technology <ul style="list-style-type: none"> • First-generation information system/repair

platform – the most advanced

platform, which has been replaced by second- or third-generation information system

Table II-1: Various manipulations and conditions (Continued)

Telecommunication Industry		Mobile Phone Repair Industry	
Scenarios	Manipulations	Scenarios	Manipulations
S1A	Similar Culture, High Reputation, High Technology	S2A	Similar Culture, High Reputation, High Technology
S1B	Similar Culture, High Reputation, Low Technology	S2B	Similar Culture, High Reputation, Low Technology
S1C	Similar Culture, Low Reputation, High Technology	S2C	Similar Culture, Low Reputation, High Technology
S1D	Similar Culture, Low Reputation, Low Technology	S2D	Similar Culture, Low Reputation, Low Technology
S1E	Different Culture, High Reputation, High Technology	S2E	Different Culture, High Reputation, High Technology
S1F	Different Culture, High Reputation, Low Technology	S2F	Different Culture, High Reputation, Low Technology
S1G	Different Culture, Low Reputation, High Technology	S2G	Different Culture, Low Reputation, High Technology
S1H	Different Culture, Low Reputation, Low Technology	S2H	Different Culture, Low Reputation, Low Technology

Subjects were recruited from the Amazon Mechanical Turk in exchange for 1 US dollar credit. A geographic restriction was enforced so that only eligible respondents whose IP addresses were located in Australia could access to the study link. They were first informed that this study would ask consumers' opinions about service outsourcing, and were screened based on their correct knowledge of what outsourcing means. A definition of outsourcing was provided, and respondents needed to answer correctly before proceeding with the survey. After that, they were asked to read the assigned

scenario. A question about the location of the outsourcing partner was asked before they proceeded to survey in order to screen out subjects who had not read the news story in enough detail. Manipulation checks for cultural similarity, reputation of the outsourcing partner, and technologies owned by the outsourcing partner were measured before the manipulation check of perceived fit of service outsourcing. Finally, some demographic information was collected and subjects were thanked.

Measurements

All the measures and manipulation checks were adapted from the current literature and operationalised in 7-point Likert scales. The full list of items can be found in *Appendix 3*.

For *perceived fit of outsourcing*, the measures were adapted from Keller and Aaker (1992). Four different items measured the overall fitness between two companies, and the appropriateness, suitability and logicity to outsource to the partners using 7-point Likert scales (1 = bad fit/inappropriate/unsuitable/illogical, 7 = good fit/appropriate/suitable/logical). The reason to choose these four items is that these four items measured perceived fit between categories and instances directly. Two different items were adapted from Cable and Graham (2000) to check the manipulation for *reputation*. Two different items were adapted from Ng et al. (2007) to check the manipulation for *cultural similarity*. Two different items were adapted from Rundquist and Halila (2010) to check the manipulation of *technologies owned by outsourcing partners*.

Results and Discussions

Descriptive results. A total of 545 cases were collected for this quantitative study. 45 cases were dropped because the subjects had no knowledge about service outsourcing (i.e. they either never heard of outsourcing or did not know what outsourcing was); another 9 cases were dropped due to careless reading (i.e. subjects did not recall the

location of the outsourcing partner correctly); Finally, 54 cases in total were dropped, and 491 valid cases remained for further analysis. 52 percent of the subjects were male while 48 percent were female. The average age of subjects was 36.6, with a standard deviation of 11.8. 51.1 per cent of the subjects had bachelor degrees or above, and 47.0 per cent of the subjects held high school degrees or equivalent.

Manipulation check. In order to check whether the manipulations of cultural similarity, reputation of partners, and technologies owned by the partners were successful or not, a series of independent t-tests were run. The results confirmed the success of the manipulations. Specifically, subjects assigned to the similar culture conditions (i.e. Ireland) reported significant ($p < .01$) higher mean value scores of cultural similarity (mean=5.27, s.d.=.70) than the scores reported by subjects assigned to dissimilar culture conditions (i.e. Indonesia) (mean=2.36, s.d.=.84). Subjects assigned to the high reputation of partners' conditions reported significant ($p < .01$) higher mean value scores of the partners' reputation (mean=5.94, s.d.=.71) than scores reported by subjects assigned to low reputation conditions (mean=1.92, s.d.=.90). Finally, subjects assigned to the world-class technology of partners' conditions reported significant ($p < .01$) higher mean scores of partners' advancement of technology (mean=5.71, s.d.=.77) than scores reported by subjects assigned to out-of-date technology conditions (mean=2.11, s.d.=.83).

Measurement model. As suggested by Anderson and Gerbing (1988), the measurement model was validated and purified at the first stage. The data was analysed using the partial least square method in structural equation models (PLS-SEMs) (Hair et al., 2013), PLS-SEM modelling can estimate the measurement models and the structural model at the same time. As suggested by Hair et al. (2013), PLS structural equation

modelling (PLS-SEM) is considered a robust approach with few identification issues, and it minimises the residual variances of the endogenous constructs. In addition, researchers have argued the severity of using covariance-based structural equation modelling (CB-SEM) if the data do not satisfy the requirements of multivariate normality (Byrne, 2001). Relying on the ordinary least square estimation techniques, the multivariate normality assumption could be relaxed (Henseler et al., 2015). Finally, past studies have also shown PLS to be robust against inadequacies such as skewness and omission of regressors (omitted variable bias) (Cassel et al., 1999). Given the fact that the data was not multivariate normally distributed (kurtosis =26.73), therefore, PLS is adopted to perform the structural equation modelling analysis. --

The model fit was examined using model fit indices generated from the PLS analysis. The model explained 58.7 per cent of the variance in the outcome variable. The predictive relevance of the model was also examined using the Stone-Geisser Q^2 coefficient (Stone, 1974). The Q^2 coefficient is a nonparametric measure and represents how well the observed values are reconstructed by the model and the model parameters. The calculated Q^2 coefficient for the endogenous variable included in the model was larger than zero (.5), thereby suggesting good predictive validity for the model.

Confirmative factor analysis (CFA) using AMOS was also conducted. Overall model statistics showed that the chi-square for the model was 62.00 (d.f.=28, $p<.01$). Although the chi-square test was significant, which implied the observed covariance matrix was significantly different from the implied covariance matrix, by considering the degree of freedom, the CMIN/DF equalled to 2.21, thus indicating the model fit was moderate. Similar results could be drawn from other model fit indices: RMSEA was .07, which is below the critical value of .10, thus indicating an acceptable fit of the measurement

model. In terms of incremental fit indexes, the values for NFI, RFI, IFI, TLI and CFI were .98, .97, .99, .98 and .99, respectively, all of which were above the critical value of .90, indicating that the model was superior to the null and independence model, thus concluding a good incremental fit.

From the CFA results, given the fact that all the estimated loadings of measurement items for the latent variables were statistically significant, and the standardised estimates of regression weights were all above .05, it can be concluded that the convergent validity of all the measures were evident. Additionally, the measurement model in Smart-PLS3 was run and the results showed supporting evidence for convergent validity. *Table II-2* reports the scale items and evaluation of the latent variables. All the measurements had significant (t-value >1.96) loadings (.95 – .99) which were greater than the recommended cutting-off point of .5 (Hulland, 1999), thus indicating adequate individual item reliabilities. Average variance extracted (AVE) values for all constructs ranged from .91 to .99, which indicated an acceptable level of convergent validity. Moreover, the composite reliability values ranged between .98 and .99, indicating that the scale items possess high reliability.

Table II-2: Scale items and latent variable evaluation

Construct and items	Loading	t-value
<i>Perceived Fit (AVE =.91, composite reliability =.98)</i>		
1. It is appropriate for these firms to partner up	.96	173.04
2. This partnership is logical	.95	137.92
3. It is suitable for these firms to form a partnership	.96	174.56
4. Overall Fit of this partnership is strong	.95	162.34
<i>Reputation of Partners (AVE =.99, composite reliability =.99)</i>		
1. This partner has an excellent reputation.	.99	1157.87
2. This partner is very reputable.	.99	1028.88

Advancement of Technology (AVE=.97, composite reliability =.99)

1. This XXX partner firm has world-class technology.	.99	1061.03
2. The technology used by this XXX partner firm is out-of-date (Reversed).	.98	548.65

Culture Similarity (AVE =.96, composite reliability =.98)

1. How large are the cultural differences between Australia and XXX?	.98	466.29
2. • How similar are the culture between Australia and XXX (Reversed)?	.98	400.30

AVE: Average variance extracted

Following the recommendations by Fornell and Larcker (1981), the discriminate validity of all the latent variables were presented. As shown in *Table II-3*, the correlations between any two variables were consistently smaller than the square roots of the AVE values of the corresponding latent variables. To further examine the discriminate validity of all constructs, the correlations between two variables (the off-diagonal entries) were compared with their respective composite reliability estimates.

Table II-3 demonstrated that no individual correlations exceeded their respective reliabilities, therefore indicating a satisfactory discriminant validity of each of the variables. The t-values were also calculated to see whether the correlations between each of the pairwise constructs were significantly different from 1. All pairwise correlations were significantly different from one as all t-values were well above the critical value of 1.96¹. By conducting the above analysis, all the constructs were discriminate to each other. Further examination of the correlations between all the constructs was conducted and their corresponding Variance Inflation Factor (VIF) values generated to test for multicollinearity problems. There was also no evidence of multicollinearity because the VIF scores ranged between 1.01 and 1.03, which were far below the critical value of 10 (Hair et al., 2006).

Table II-3: Construct means, standard deviations, and correlations

Research constructs	1	2	3	√AVE	CR
1. Perceived Fit				.91	.98
2. Culture Similarity	.34*			.96	.98
3. Reputation of Partners	.62*	.09		.99	.99
4. Technology Advancement	.44*	.03	.15	.97	.99

¹ T-value=(1-the correlation value between construct A and B)/standard error of the correlation value

Structure model. Next, a structure model was run in Smar-PLS3. *Table II-4* reports the results of the proposed hypotheses and the path analysis. In Hypothesis 1, cultural similarity between the home country and host country is expected to have a positive effect on perceived fit of service outsourcing. The results provided support for Hypothesis 1 across both service industries (Model1, $\beta=.28$, $t\text{-value}=7.83$; Model 2, $\beta=.27$, $t\text{-value}=6.53$; Model 3, $\beta=.28$, $t\text{-value}=9.20$). In Hypothesis 2, reputation of outsourcing partners is expected to have a positive effect on perceived fit of service

outsourcing. The results provided support for Hypothesis 2 across both service industries (Model1, $\beta=.54$, $t\text{-value}=12.18$; Model 2, $\beta=.32$, $t\text{-value}=7.85$; Model 3, $\beta=.44$, $t\text{-value}=13.69$). In Hypothesis 3, advancement of owned technologies of outsourcing partners is expected to have a positive effect on perceived fit of service outsourcing. The results provided support for Hypothesis 3 across both service industries (Model1, $\beta=.36$, $t\text{-value}=8.37$; Model 2, $\beta=.60$, $t\text{-value}=17.12$; Model 3, $\beta=.47$, $t\text{-value}=15.09$). In sum, all three factors (country similarity, reputation of outsourcing partners and technologies/facilities of outsourcing partner) contributed to perceived fit of service outsourcing in both industries and explained 58.7 per cent and 60.3 per cent of the variance of perceived fit in telecommunication and mobile phone industries, respectively. In total, these factors explained 56.6 per cent of the variance in the outcome variable.

Table II-4: Partial least squares results for the theoretical model.

Dependent variable	Independent variable	Model 1: Telecom			Model 2: Mobile Phone			Model 3: Total			Comparison	
		β	$t\text{-value}$	R^2	β	$t\text{-value}$	R^2	β	$t\text{-value}$	R^2	$\beta\text{ Diff}$	$p\text{-value}$
Perceived Fit				.587			.603			.566		
	Culture	.28*	7.83		.27*	6.53		.28*	9.20		.01	.42
	Reputation	.54*	12.18		.32*	7.85		.44*	13.69		.22*	.00
	Technology	.36*	8.37		.60*	17.12		.47*	15.09		.24	.00

Note: *: significant at the .01 (2-tailed $t\text{-test}$).

There were some inter-industry differences. Results showed outsourcing partners' reputation was of more importance for telecommunication call centre services than for mobile phone repair services (β Diff=.24, $p<.01$). Additionally, advanced technology owned by partners was of more importance for mobile phone repair services than for call-centre services (β Diff=.22, $p<.01$). There were no significant differences regarding the impact of cultural similarity between the two tested industries (β Diff=.01, $p<.42$), it was equally important for both call centre and phone repair services.

Post hoc Mean Comparison Test. Mean differences of perceived fit among 16 different conditions (see *Table II-5*) were also compared. In the telecommunication scenarios, when outsourcing to a similar culture host country, to a partner with a high reputation *and* advanced technologies reported the highest mean scores of perceived fit (mean=6.06, s.d.=.54), which was significantly higher than all other conditions except one (different culture, high reputation and advanced technology), which achieved the second highest scores of perceived fit (mean=5.11, s.d.=1.11). As expected the scenario with different culture, low reputation, and out-of-date technology; mean=2.07, s.d.=.75) had the least fit in the telecommunication service industry. In the mobile phone scenarios, similar culture, high reputation and world-class technology were also perceived as the best fit (mean=5.86, s.d.=.68), and different culture, low reputation and out-of-date technology were perceived as the least fit (mean=2.39 s.d.=.64).

From the above analysis, it is confirmed that perceived fit construct is a reliable and valid construct, and also confirmed the partners' characteristics as key dimensions of perceived fit. Cultural similarity between the home country and the host country, reputation of the partner and advanced technology owned by the partner, were the most important drivers for perceived fit of service outsourcing. In addition, although these three factors were all significant in both tested industries, their relative importance as a key driver to perceived fit varied significantly across service industries. For telecommunication call centre service outsourcing, the partner's reputation was far more important than the other two factors. For mobile phone repair outsourcing, the partner's technology advancement was far more important than the other two factors.

Table II-5: Post hoc mean comparison between conditions

Call centre	Mean	S.D	S1	S2	S3	S4	S5	S6	S7
S1 Similar Culture, High Rep, World- class Tech	6.06	.54							
S2 Similar Culture, High Rep, Out-of- Date Tech	5.08	.85	.98*						
S3 Similar Culture, Low Rep, World- class Tech	4.12	1.54	1.94*	.96*					
S4 Similar Culture, Low Rep, Out-of- Date Tech	2.96	1.35	3.10*	2.13*	1.16*				
S5 Different Culture, High Rep, World- class Tech	5.11	1.11	.95	-.03	-.99*	-2.15*			

S6	Different Culture, High Rep, Out-of- Date Tech	3.53	1.08	2.53*	1.55*	.59	-.57	1.58*		
S7	Different Culture, Low Rep, World- class Tech	3.14	1.53	2.92*	1.95*	.98*	-.18	1.97*	.39	
S8	Different Culture, Low Rep, Out-of- Date Tech	2.07	.75	3.99*	3.01*	2.05*	.89	3.04*	1.46*	1.07*
Mobile phone repair		Mean	S.D	S9	S10	S11	S12	S13	S14	S15
S9	Similar Culture, High Rep, World- class Tech	5.86	.68							
S10	Similar Culture, High Rep, Out-of- Date Tech	4.28	.81	1.57						
S11	Similar Culture, Low Rep, World- class Tech	4.98	.70	.87	-.700					
S12	Similar Culture, Low Rep, Out-of- Date Tech	3.09	1.52	2.77*	1.20*	1.89*				
S13	Different Culture, High Rep, World- class Tech	5.27	.98	.59	-.99*	-.29	-2.19*			
S14	Different Culture, High Rep, Out-of- Date Tech	3.19	1.52	2.67*	1.10*	1.80*	-.09	2.09*		
S15	Different Culture, Low Rep, World- class Tech	3.91	.85	1.95*	.37	1.07*	-.82	1.36*	-.73	
S16	Different Culture, Low Rep, Out-of- Date Tech	2.39	.64	3.47*	1.89*	2.59*	.70	2.88*	.79	1.52*

Quantitative Study 2

Study Purpose

The purpose of the second quantitative study is to further validate the construct of perceived fit of service outsourcing and its subsequent impacts upon customers' attitudinal and behavioural intentions; namely, customer satisfaction, customer loyalty and purchase intentions. Previous studies have shown the impact of location of outsourced services (Bharadwaj and Roggeveen, 2008, Koku, 2009, Roggeveen et al.,

2007, Thelen et al., 2010, Walsh et al., 2012, Khan et al., 2011), service types (Whitaker et al., 2008, Robertson et al., 2010, Koku, 2009) and the evaluation of outsourced services (i.e. perceived quality) (Walsh et al., 2012, Durvasula and Lysonski, 2008, Forman et al., 2015, Khan et al., 2011, Sharma et al., 2009) upon customer satisfaction (Bharadwaj and Roggeveen, 2008), customer loyalty to the domestic service provider (Forman et al., 2015), repeat purchase (Sharma, 2012), customer complaint (Sharma et al., 2009) and attitudes toward focal firm (Thelen et al., 2011). Hence, examining the direct impacts of service outsourcing fit on those proposed outcome variables regarding customers' attitudes and behaviours would be a good extension to the current literature.

This study suggests a positive relationship between perceived fit of service outsourcing and customer satisfaction, customer loyalty and purchase intentions toward focal firm's products and services in the context of service outsourcing. From a theoretical perspective, consistent information (i.e. high fit) should be readily incorporated within the existing category structure without any significant changes in attitudes or beliefs (Milberg et al., 1997, Loken and John, 1993). Hence, customers' post-attitudes and behavioural intentions should not be negatively affected compared with their pre-attitudes and behavioural intentions. Moreover, when perceived fit of service outsourcing is high, the value of focal firm's brand may be even more enhanced because it reinforces its core brand associations (i.e. good quality, expertise, design, etc.) and customers' beliefs of focal firm regarding the product quality and performance (Grime et al., 2002). On the other hand, in a low perceived fit condition, customers' beliefs and attitudes toward focal firm/core brand might be diluted as the new inconsistent information (i.e. low fit) results in an incremental modification or updating of the corresponding brand belief of focal firms in an opposite direction (Loken and John, 1993, Milberg et al., 1997). Moreover, inconsistent information may also trigger

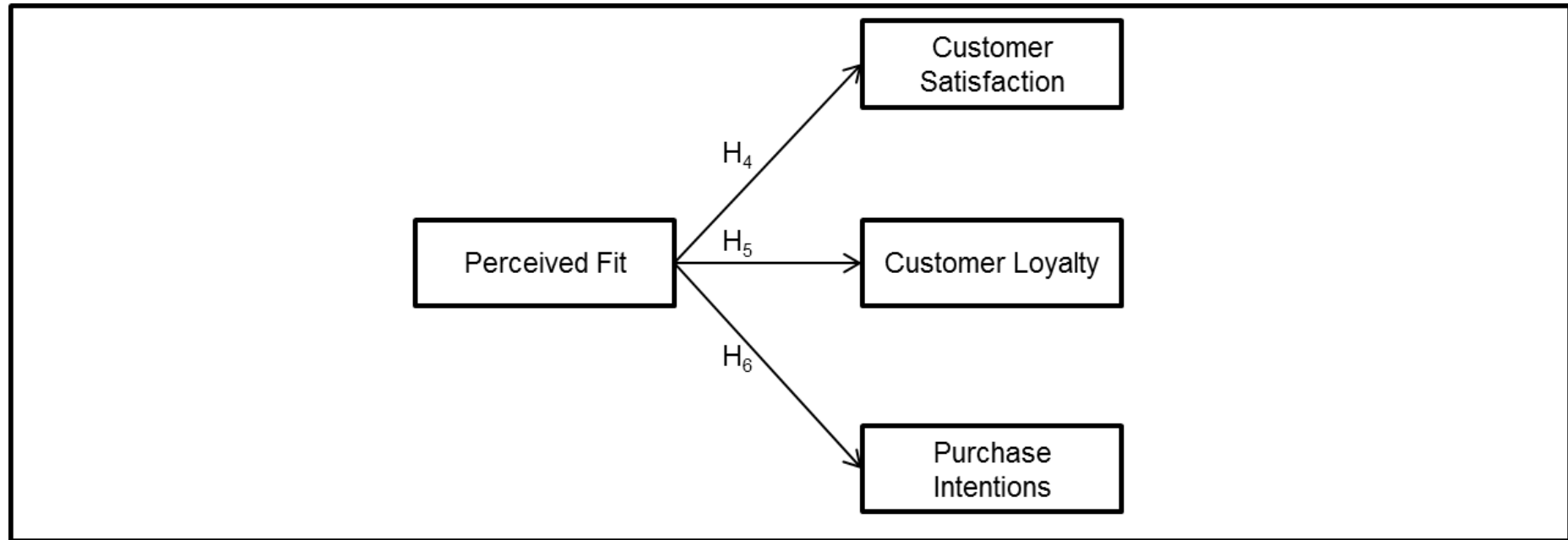
consumers' scepticism about firm's motives to outsource services (Aaker and Keller, 1990). As such, this scepticism would eventually lead to customers' modification and updating of their beliefs and attitudes. The effects of perceived fit on customers' attitudes and behaviours have been well examined in other areas, such as brand extension (e.g. Aaker and Keller, 1990, Milberg et al., 1997, Loken and John, 1993) and country-of-origins (e.g. Hamzaoui and Merunka, 2006, Roth and Romeo, 1992), and most of the research confirmed a positive link between fit and consumers' attitudes and behaviours. In sum, it is proposed that perceived fit of service outsourcing can also have a positive impact on customers' satisfaction, customers' loyalty and customer's purchase intentions toward focal firm's products and services in the context of service outsourcing (see **Error! Reference source not found.**).

H₄: Perceived fit of service outsourcing positively affects customers' satisfaction toward focal firm's products and services.

H₅: Perceived fit of service outsourcing positively affects customers' loyalty toward focal firm's products and services.

H₆: Perceived fit of service outsourcing positively affects customers' purchase intentions toward focal firm's products and services.

Figure II-2: Conceptual framework of the second quantitative study (Chapter one)



In general, it can be anticipated that there would be a dilution of customers' satisfaction, customer loyalty and customer purchase intentions when firms decide to outsource their services. This proposition is consistent with prior findings in the service outsourcing realm, and a bundle of evidence suggests consumers general hold a negative view towards the firm's outsourcing strategy (Bharadwaj and Roggeveen, 2008, Robertson et al., 2010, Thelen and Shapiro, 2012, Sharma, 2012). Despite the influences from the negative media coverage of the firm's outsourcing strategy in affecting service performance, information security and labour markets (Honeycutt et al., 2012), outsourcing services usually lead consumers to hold negative attitudes and behaviours because consumers prefer the status quo over change (Homburg et al., 2012, Samuelson and Zeckhauser, 1988). Change leads to uncertainty because its outcome cannot be perfectly anticipated (Homburg et al., 2012). This status quo bias ultimately inflates the value of the original choice and deflates the value of the alternative choice (Samuelson and Zeckhauser, 1988). Hence, service outsourcing implies a forced status quo change for consumers, which would disrupt consumers' cognitive status quo and deflate the value of service outsourcing from the consumers' perspective. However, as argued previously, a high perceived fit service outsourcing can at least partially offset the consequences of status quo bias as consistent information would be incorporated into consumers' current knowledge structure without significant attitude changes (Milberg et al., 1997, Loken and John, 1993). Hence, this study proposed that:

H_{7a}: compared with the control group which received no outsourcing information, the treatment group which received outsourcing information with high partnership fit would not show any significant decreases in the overall customer satisfaction, customer loyalty and purchase intentions toward focal firms' products and services.

H_{7b}: compared with the control group which received no outsourcing information, the treatment group which received outsourcing information with low and medium partnership fit would show significant decreases in the overall customer satisfaction, customer loyalty and purchase intentions toward focal firms' products and services.

Research Design and Procedure

Six different scenarios were presented to subjects in order to prime and vary three different levels of perceived fit of service outsourcing (i.e. high, medium and low fit) across two service outsourcing type (i.e. telecommunication call centre and mobile phone repair outsourcing) (See *Appendix 6* for the scenarios used). Four out of the six different scenarios used were developed and tested in the first quantitative study. Two additional scenarios were added that created a moderate similar culture, a moderate reputation of the partners and the moderate technology advancement to induce a moderate level (or mid-point) of perceived fit. India was chosen as the host country to represent the moderate level of cultural similarity according to Hofstede (1983)'s cultural dimension index. Together with Ireland (high) and Indonesia (low), these three selected countries represent three levels of cultural similarity. Consistent with the first quantitative study, reputation of the outsourcing partner was manipulated by varying the scores of the customer and other institution's reviews compared with the industry average (Rindova et al., 2005), as well as the experience (i.e. years of operation within the industry and experience of partnership with other firms) (Chen and Dhillon, 2003), while the advanced technology/facility ownership was manipulated by varying the generation of information systems (call centre scenario) and generation of the repair systems platform (repair scenario) of the outsourcing partners. *Table II-6* represents a summary of all six scenarios presented to the subjects before the survey. In order to

enhance the external validity of the study, real Australian brands were selected. For telecommunication services, Telstra and Vodafone Australia were tested, as they represent the top two services in the country. For mobile phone services, Apple and Samsung were tested as they too represent the top two brands in the country.

The six scenarios were pre-tested with 195 valid cases from Amazon M-Turk. The scenarios worked as expected. In the scenario of call centre outsourcing, subjects assigned to the high fit condition reported the highest mean scores (mean=5.60, s.d.=.50) for perceived fit of outsourcing, while subjects assigned to the low fit condition reported the lowest score (mean=2.17, s.d.=.92) for perceived fit of outsourcing. The mean score (mean=3.81, s.d.=.93) reported by subjects in the medium fit condition is where expected (higher than the mean score of the low fit condition but lower than the mean score of the high fit condition). The one-way ANOVA test confirmed there was a significant difference among the three groups in terms of the scores of perceived fit, $F(2, 97) = 147.00$ ($p < .01$). A further *post hoc* analysis confirmed that subjects' perceived fit for three different fit conditions was significantly different at a 95% confidence level. In the scenario of mobile phone repair outsourcing, subjects assigned to the high fit condition reported the highest mean scores (mean=5.42, s.d.=.75) for perceived fit of outsourcing, while subjects assigned to the low fit condition reported the lowest score (mean=2.27, s.d.=.84) for perceived fit of outsourcing. The mean score (mean= 3.29, s.d.= 1.34) reported by subjects in the medium fit condition was higher than the mean score of the low fit condition but lower than the mean score of the high fit condition. The one-way ANOVA test confirmed there was a significant difference among the three groups in terms of the scores of perceived fit, $F(2, 98) = 80.40$ ($p < .01$). A further *post hoc* analysis confirmed that subjects' perceived fit for three different fit conditions was

significantly different at a 95% confidence level. Therefore, these six scenarios were successful in their manipulations and ready for the second quantitative study.

Table II-6: Various manipulations of perceived fit

	High Perceived Fit	Medium Perceived Fit	Low Perceived Fit
Reputation	<ul style="list-style-type: none"> • Higher review score in Fortune's Most Admired Corporations • Higher ratings of customer reviews • Operated for more than 10 years; • Many successful partnerships 	<ul style="list-style-type: none"> • Similar review score compared with the average • Similar ratings compared with the average • Operated for 5 years; • A few partnerships 	<ul style="list-style-type: none"> • Lower review score compared with the average • Lower ratings compared with the average • Recently established in 2014; • The first business partnership
Cultural Similarity	<ul style="list-style-type: none"> • Ireland 	<ul style="list-style-type: none"> • Indonesia 	<ul style="list-style-type: none"> • India
Technology	<ul style="list-style-type: none"> • Latest generation of information system/repair platform – the most advanced 	<ul style="list-style-type: none"> • Standard second generation information system/repair platform – better than the first generation but inferior to the latest one 	<ul style="list-style-type: none"> • First-generation information system/repair platform, which has been replaced by second- or third-generation information system

Measurements

Measures used in the first quantitative study to measure perceived fit of service outsourcing were adopted for Quantitative Study 2 (see *Appendix 3* for a full list of measurement items). The *customer satisfaction* measurements were adapted from Taylor and Baker (1994) using two items: “I would still be satisfied with this brand’s services after the outsourcing”, and “I would likely have a satisfying experience with this brand’s services after the outsourcing”. *Loyalty intention* was measured by using four items as adapted from Chaudhuri and Holbrook (2001) and Yi and Jeon (2003): “I would continue to have a strong preference for this brand”, “I believe that I would stick to this brand in the future”, “I would recommend this brand to others (family and friends)”, and “I would continue to be committed to this brand”. *Purchase intention* was measured by using a single item: “As an existing customer I will continue to use services from this brand” (Chang and Wildt, 1994).

Sampling Frame and Data Collection

A large-scale online survey using an Australian consumer panel was conducted. This consumer panel has more than 120,000 active members within Australia, with similar demographical stats compared to those of the general Australian population. Respondents were randomly selected from the consumer panel and screened in if they were familiar with the outsourcing concept. A definition of outsourcing was provided, and respondents needed to answer correctly before proceeding with the survey. Subjects would then be randomly assigned to one out of eight conditions (six scenario-based conditions + two control conditions without scenarios) across two service outsourcing types. In total, 420 cases were collected. The sample of respondents was 46.2 per cent male and 53.8 per cent female; 35.0 per cent were in their young-to-mature ages (18-39), 39.8 per cent were in the middle ages (40-59), while the rest 25.2 per cent were elderly

(60 and above). Most of the subjects resided in Victoria (34.0 per cent), New South Wales (32.4 per cent) and Queensland (15.2 per cent), while the rest resided in other states or territories. The demographics of subjects are close to the demographics of the Australian population as published by ABS. Regarding educational background, 19.5 per cent of the subjects had a high school degree or less, while the majority (64.5 per cent) had certificates, a diploma or bachelor degree, and the rest 15.2 per cent had post-graduate degrees including Master's and PhD degrees (*Table II-7*).

Table II-7: Demographics of the respondents

Demographics	Freq. (n = 360)	%	ABS	Demographics	Freq. (n = 360)	%
<i>Gender</i>				<i>Education</i>		
Male	194	46.2	49.8	Less than high school	20	4.8
Female	226	53.8	50.2	High school degree	62	14.8
<i>Age</i>				Certificates I-IV	46	11.0
18-29	43	10.2	22.7	Diploma	81	19.3
30-39	104	24.8	18.5	Bachelor and honours	111	26.4
40-49	75	17.9	18.4	Graduate Certificate	33	7.9
50-59	92	21.9	16.2	Master's degree	56	13.3
60-69	72	17.1	11.7	Doctoral degree	8	1.9
Above 70	34	8.1	11.9	Others	3	.7
<i>Residence location</i>				<i>Ethnicity</i>		
ACT	6	1.4	1.6	Australian	108	25.7
NSW	136	32.4	32.5	New Zealander	32	7.6
VIC	143	34.0	24.8	Italian	98	23.3
SA	27	6.4	7.4	Greek	42	10.0
WA	35	8.3	10.2	Chinese	115	27.4
NT	1	.2	1.00	Vietnamese	25	6.0
TAS	8	1.9	2.30			
QLD	64	15.2	20.20			

Results and Discussions

Manipulation check. In order to test the manipulation of perceived fit, a one-way ANOVA test was conducted. The manipulations were successful. Overall, the one-way ANOVA test confirmed there was a significant difference among the three groups in terms of the scores of perceived fit, $F(2, 359) = 396.94$ ($p < .01$). A further *post hoc* analysis confirmed subjects' perceived fit for three different fit conditions was significantly different at a 99 per cent confidence level. Specifically, subjects assigned to the high fit condition reported highest mean scores (mean=5.49, s.d.=1.02) for perceived fit of service outsourcing, while subjects assigned to the low fit condition reported the lowest score (mean=2.16, s.d.=.94). The mean score (mean=3.84, s.d.=.77) reported by the subjects in the medium fit condition was higher than the mean score of the low fit condition but lower than that of the high fit condition. These significant differences were also observed in both of the service outsourcing types. Next, a series of ANOVA tests were conducted to check whether each of the dimensions of fit (cultural similarities, reputation of the outsourcing partner, and technology owned by the outsourcing partner) varied across different scenario conditions. The results from the ANOVA and *post hoc* tests confirmed the manipulations were successful and consistent across conditions. All mean comparisons between high, medium and low conditions for each dimension were significant, and can be seen in *Appendix 4*.

Measurement model. The measurement model was validated and purified using the partial least square method as PLS-SEM modelling can estimate the measurement models and the structural model at the same time (Hair et al., 2013). As suggested by Hair et al. (2013), PLS structural equation modelling (PLS-SEM) is considered a robust approach with few identification issues, and it minimises the residual variances of the endogenous constructs. In addition, researchers have argued the severity of using

covariance-based structural equation modelling (CB-SEM) if the data do not satisfy the requirements of multivariate normality (Byrne, 2001). Relying on the ordinary least square estimation techniques, the multivariate normality assumption could be relaxed (Henseler et al., 2015). Finally, past studies have also shown PLS to be robust against inadequacies such as skewness and omission of regressors (omitted variable bias) (Cassel et al., 1999). Given the fact that the data was not multivariate normally distributed (kurtosis =116.30), therefore, PLS is adopted to perform the structural equation modelling analysis.

The model fit was first examined by assessing the model fit indices given by PLS. Two model fit indices were presented: the average path coefficient (APC) and average R-squared (ARS). For the APC and ARS, it is suggested that the p-values should be lower than .05. The fit indices for the data: APC=.77 ($p<.01$), ARS=.62 ($p<.01$) indicated a good fit of the model to the data. Controlling for subjects' education, age, gender and brand familiarity of the tested brands, the base model (Model 1) only explained an average of 3.4 per cent of the variance in the outcome variables. However, 62.1 per cent of the variance in the outcome variables was explained by the main effects model including the control variables. Finally, the predictive relevance of the model was examined using the Stone-Geisser Q^2 coefficient (Stone, 1974). The Q^2 coefficient is a nonparametric measure and represents how well the observed values are reconstructed by the model and the model parameters. The calculated Q^2 coefficients for all endogenous variables included in the model were greater than zero (from .57 to .61), thus suggesting an acceptable predictive validity for both models.

Next, confirmative factor analysis (CFA) was conducted on the model using AMOS. The overall model statistics showed that the chi-square for the model was 59.83 (d.f. =

32, $p=.02$). Although the chi-square test was significant, which implied the observed covariance matrix was significantly different from the implied covariance matrix, after taking into consideration the degree of freedom, the new CMIN/DF equalled to 1.87, thus indicating that the model fit was good. Similar results could be drawn from other model fit indices: RMSEA was .05, which was below the critical value of .1, indicating a good fit of the measurement model. In terms of the incremental fit indexes, the values for NFI, RFI, IFI, TLI and CFI were .99, .98, .99, .99 and .99, respectively, all of which were above the critical value of .90, indicating the model was superior to the null and independence model, thus concluding a good incremental fit.

From the CFA results, given the fact that all the estimated loadings of measurement items for the latent variables were statistically significant, and the standardised estimates of regression weights were all above .05, it can be concluded that the convergent validity of all the measures were evident. Running the measurement model in Smart-PLS3 also found supporting evidence for convergent validity. *Table II-8* reports the scale items and evaluation of the latent variables. All the measurements had significant ($t\text{-value} > 1.96$) loadings (.94 – .98) that were greater than the recommended cutting-off point of .5 (Hulland, 1999), thus indicating adequate individual item reliabilities. Average variance extracted (AVE) values for all constructs ranged from .92 to .96, indicating an acceptable level of convergent validity. Moreover, the composite reliability values equal to .98, indicating that the scale items possess a high degree of reliability.

Table II-8: Scale items and latent variable evaluation

Construct and items	Loading	<i>t</i> -value
<i>Perceived Fit (AVE =.93, composite reliability =.98)</i>		
3. It is appropriate for these firms to partner up	.97	174.08
4. This partnership is logical	.96	175.23
5. It is suitable for these firms to form a partnership	.97	226.39
6. Overall Fit of this partnership is strong	.97	196.25
<i>Customer Satisfaction (AVE =.96, composite reliability =.98)</i>		
1. I would still be satisfied with this brand's services after the outsourcing	.98	324.60
2. I would likely have a satisfying experience with this brand's services after the outsourcing.	.98	291.75
<i>Purchase Intentions</i>		
1. As an existing customer I will continue to use services from this brand.	1.00	N/A
<i>Customer Loyalty (AVE =.92, composite reliability =.98)</i>		
7. I would continue to have a strong preference for this brand.	.97	207.36
8. I believe that I would stick to this brand in the future.	.97	285.09
9. I would recommend this brand to others (family and friends).	.96	187.45
10. I would continue to be committed to this brand.	.94	68.72

AVE: Average variance extracted

Following the recommendations stated by Fornell and Larcker (1981), discriminate validity of all the latent variables were also tested. As shown in *Table II-9*, the correlations between any two variables were consistently smaller than the square roots of the AVE values of the corresponding latent variables. To further examine the discriminate validity of all constructs, the correlations between two variables (the off-diagonal entries) were compared with their respective composite reliability estimates. *Table II-9* demonstrated that no individual correlations exceeded their respective reliabilities, thereby indicating a satisfactory discriminant validity of each of the variables. The t-values were calculated to see whether the correlations between each of the pairwise constructs were significantly different from 1. All pairwise correlations were significantly different from 1 as all t-values were well above the critical value (i.e.1.96). By conducting the above analysis, it can be concluded that all the focal constructs studied were discriminate to each other.

Table II-9: Construct means, standard deviations, and correlations

Research constructs	1	2	3	4	√AVE	CR
5. Perceived Fit					.97	.98
6. Customer Satisfaction	.80*				.98	.98
7. Customer Loyalty	.78*	.90*			.96	.98
8. Purchase Intention	.76*	.85*	.85*		1.000	1.000
Notes: *Correlation is significant at the .01 level (2-tailed t-test).						

Structural model. The structure model was run in Smar-PLS3. *Table II-10* reports the results of the proposed hypotheses and the path analysis. In Hypothesis 4, it is expected that perceived fit has a positive effect on customer satisfaction. The results provided support for Hypothesis 4 (Model 2, $\beta=.79$, $t\text{-value}=34.82$). In Hypothesis 5, perceived fit has a positive effect on customer loyalty. The results provided support for Hypothesis 5 (Model 2, $\beta=.77$, $t\text{-value}=31.25$). In Hypothesis 6, perceived fit has a positive effect on purchase intentions. The results provided support for Hypothesis 6 (Model 2, $\beta=.75$, $t\text{-value}=29.77$). Therefore, hypotheses 4-6 are well supported, concluding that perceived fit of service outsourcing has a positive effect on customers' satisfaction, loyalty and purchase intentions.

Table II-10: Partial least squares results for the theoretical model.

Dependent variable	Independent variable	Model 1			Model 2			Effect size f^2
		β	t -value	R^2	β	t -value	R^2	
Customer Satisfaction				.03			.64	1.74
	Perceived Fit				.79*	34.82		
	Gender	-.02	.41		-.01	.20		
	Age	-.01	.14		.01	.28		
	Education	.03	.52		.05	1.74		
	Location	.02	.42		-.02	.53		
	Brand	.06	1.23		.04	1.26		
Customer Loyalty	Brand Familiarity	.15*	2.81		.07*	2.01		
				.06			.64	1.62
	Perceived Fit				.77*	31.25		
	Gender	-.01	.23		.00	.01		
	Age	-.03	.60		-.01	.38		
	Education	-.00	.01		.03	.92		
	Location	.01	.26		-.03	.89		
Purchase Intentions	Brand	.13*	2.56		.10*	3.17		
	Brand Familiarity	.22*	3.80		.13*	3.69		
				.02			.58	1.33
	Perceived Fit				.75*	29.77		
	Gender	.02	.30		.03	.86		
	Age	-.02	.37		-.00	.09		
	Education	.03	.47		.05	1.53		
	Location	.05	.99		.02	.49		
	Brand Name	.04	.75		.02	.45		
	Brand Familiarity	.13*	2.38		.05	1.45		

Note: *: significant at the .05 (2-tailed t -test).

Coefficients for the two service outsourcing types – telecommunication call centre and mobile phone repair service outsourcing – were also compared. The results confirmed no significant differences between these two service outsourcing types regarding the coefficients of perceived fit on the three outcome variables: customer satisfaction, customer loyalty, and purchase intentions (

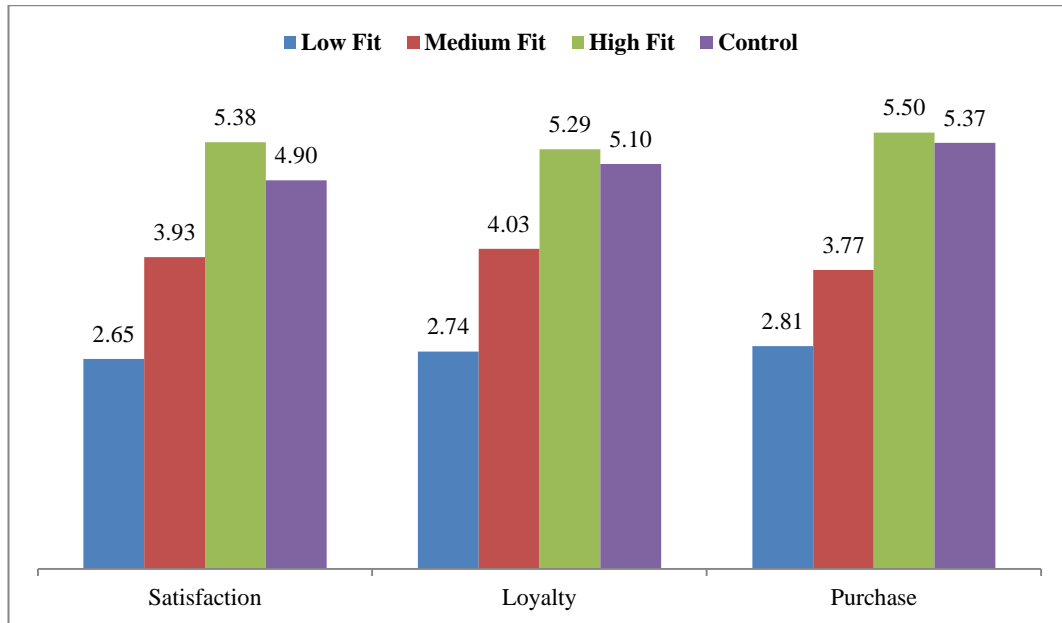
Table II-11). Therefore, it could be concluded that the effects of perceived fit of service outsourcing on consumers' outcome variables are valid and reliable across different industries and outsourcing service types.

Table II-11: Service outsourcing types comparison

Dependent variable	Independent variable	Model 3: Telecom		Model 4: Mobile Phone			Comparison		
		β	<i>t</i> -value	R^2	β	<i>t</i> -value	R^2	β Diff	<i>P</i> -value
Customer Satisfaction				.61			.69		
	Perceived Fit	.81*	24.92		.77*	20.64		.04	.76
	Gender	-.05	1.13		.05	1.05		.10	.06
	Age	.06	1.24		-.04	.68		.010	.91
	Education	.09*	2.11		.03	.56		.07	.84
	Location	-.03	.80		.00	.02		.03	.29
	Brand	.07	1.69		-.02	.36		.09	.91
	Brand Familiarity	.04	1.02		.02	.36		.02	.62
Customer Loyalty				.62			.65		
	Perceived Fit	.76*	21.90		.77*	17.96		.00	.47
	Gender	-.02	.36		.03	.67		.05	.24
	Age	-.01	.23		-.02	.32		.00	.52
	Education	.06	1.41		-.01	.17		.07	.85
	Location	-.03	.70		-.02	.45		.01	.46
	Brand	.12*	2.78		.04	.72		.08	.89
	Brand Familiarity	.11*	2.50		.08	.95		.02	.55
Purchase Intentions				.57			.60		
	Perceived Fit	.77*	22.43		.74*	17.76		.02	.67
	Gender	.02	.36		.06	1.10		.04	.29
	Age	.00	.06		-.00	.07		.01	.53
	Education	.06	1.11		.05	.88		.01	.55
	Location	-.02	.43		.05	.90		.07	.16
	Brand	.10*	2.15		-.02	.41		.12	.96
	Brand Familiarity	.00	.01		.01	.12		.01	.47
Note: *: significant at the .05 (2-tailed <i>t</i> -test).									

Comparing Treatment with Control. In order to further validate hypotheses 7, a series of ANOVA and *post hoc* tests were run to compare mean differences of dependent variables (i.e. customer satisfaction, customer loyalty and purchase intentions) between treatment groups and the control group. Because the previous measurement model tests show good reliability and validity of all the measures, the scores of the corresponding measurement items were averaged to obtain a composite score for each construct. The one-way ANOVA test confirmed there was a significant difference among the four groups in terms of the scores of customer satisfaction ($F=126.73$, $p<.01$), customer loyalty ($F=111.55$, $p<.01$), and purchase intentions ($F=154.51$, $p<.01$) (see *Appendix 5* for results of ANOVA and *post hoc* tests). Regarding customer satisfaction, outsourcing to a low fit (mean=2.65, s.d.=1.22) or medium fit (mean=3.93, s.d.=1.05) service partner significantly ($p<.01$) led to a decreased customer satisfaction compared with the control group (mean=4.90, s.d.=1.33). However, outsourcing to a high fit partner (mean=5.38, s.d.=1.02) did not significantly ($p=.08$) reduce the overall customer satisfaction compared with the control group. Regarding customer loyalty, outsourcing to a low fit (mean=2.74, sd=1.21) and medium fit (mean=4.03, s.d.=1.08) service partner significantly ($p<.01$) led to a decreased customer loyalty compared with the control group (mean=5.10, s.d.=1.37), respectively. However, outsourcing to a high fit (mean=5.29, s.d.=1.07) partner did not significantly ($p=.79$) reduce the overall customer loyalty. Regarding purchase intentions, outsourcing to a low fit (mean=2.81, s.d.=1.22) and medium fit (mean=3.77, s.d.=.88) service partner significantly ($p<.01$) led to a decreased purchase intention compared with the control group (mean=5.37, s.d.=1.13), whilst outsourcing to a high fit (mean=5.50, s.d.=1.09) partner did not significantly ($p=.88$) lead to a reduced purchase intention (see *Figure II-3*).

Figure II-3: Means scores for satisfaction, loyalty, and purchase under the different treatments and the control group



To sum up, findings suggest that once customers discover their service provider has outsourced this generally leads to decreased customer satisfaction, customer loyalty and purchase intentions. However, perceived fit of service outsourcing does play an important role in offsetting these negative consequences. Outsourcing a high fit partner can at least offset the negative consequences from outsourcing, making the customer satisfaction, customer loyalty and purchase intentions unchanged or even slightly increased. However, outsourcing to a low or medium fit partner, to a large extent, harms customer satisfaction, customer loyalty and purchase intentions.

General Discussions, Limitations, and Future Research

Theoretical Implications

Service outsourcing has been one of the most widely adopted international business strategies as an effective solution to cost-saving, performance-improving and efficiency-improving (Contractor et al., 2010, Gilley and Rasheed, 2000, Gottfredson et al., 2005). While there is a large amount of literature examining the transaction-based (or cost-reduction) characteristics of outsourcing activities, recent research suggests that firms need to look beyond a firm-perspective and investigate important customer points of view that impact on firm performance (Grappi et al., 2013). From a strategic perspective, understanding to what extent consumers evaluate firm's service outsourcing decisions would help managers to compare the benefits or savings from service outsourcings with the potential customer-side costs, such as customer complaints, dissatisfaction, or disloyalty, which would eventually affect the overall brand performance. The service offshoring research suggests that consumers generally hold a negative response towards outsourcing abroad (Grappi et al., 2013, Honeycutt et al., 2012, Sharma et al., 2009, Thelen et al., 2011), but this varies depending on the location of the outsourced services (Bharadwaj and Roggeveen, 2008, Koku, 2009, Roggeveen et al., 2007, Thelen et al.,

2010, Walsh et al., 2012, Khan et al., 2011), the types of services that are outsourced (Whitaker et al., 2008, Robertson et al., 2010, Koku, 2009), or the reputation/brand of the focal firm (Roggeveen et al., 2007). Research also shows that individual disposition affects perceptions of service outsourcing such as consumers' ethnocentrism, animosity, patriotism, and home-country sentiment (Durvasula and Lysonski, 2008, Sharma, 2012, Thelen et al., 2011). Taken together, much of the research on service offshoring suggests a strong country-of-origin (COO) effect, driven by differences between the home and host country (Thelen et al., 2010, Khan et al., 2011, Walsh et al., 2012, Bharadwaj and Roggeveen, 2008). One noticeable aspect overlooked in the literature, however, is to whom the service is being outsourced (i.e. outsourcing partner), and the subsequent 'fit' between the focal firm and its outsourcing partner. Given the fact that service functions involve front-line service providers having direct contact (and impact) with consumers, it is argued that a consumer's perception of service outsourcing partners would explain how consumers vary in their perceptions of service outsourcing. In the current chapter, a new construct –perceived fit of service outsourcing between focal firms and partners was developed and validated. Adapted from the categorisation theory (Fiske et al., 1987, Loken et al., 2008, Macrae et al., 2002, Meyers-Levy and Tybout, 1989, Mervis and Rosch, 1981), this chapter argues that individual consumers engage in the fit assessment when they notice a brand/company (category) outsourced its services to an offshore partner (new instance) to reduce cognitive burdens while at the same time process information more efficiently. This assessment of fit is rather quite automatic and unconscious when the brand (i.e. category label) is activated (Fiske et al., 1982, Fiske et al., 1987). A high fit occurs if consumers think that both the focal firm and the outsourcing partner are matched to each other, while a low fit occurs if consumers think they do not match each other. Therefore, perceived fit between the

focal firms and service outsourcing partners was determined to be an overall perceived relatedness of the focal firm and the outsourcing partner with multiple cognitive bases.

In the qualitative exploratory study, perceived fit was explored with three partners' characteristics emerging as the basis of outsourcing fit: cultural similarity, reputation of the outsourcing partner, and advanced technologies or facilities owned by the outsourcing partner. These factors have shown greater consistency among all the three tested scenarios. Built upon the findings from the qualitative study, quantitative study 1 aimed to further validate the construct of perceived fit by examining the reliability, validity and CFA of this focal construct and the measures, and also investigating the role of the partners' characteristics as the basis of outsourcing fit. The results from the online survey with 491 subjects confirmed the high level of validity and reliability of perceived fit construct and its measures. The results also confirmed the antecedent role of cultural similarity between the host and home countries, reputation of the partner, and advanced technologies or facilities owned by the partner as the basis of perceived fit of service outsourcing in two tested service outsourcing types – telecommunication call centre and mobile phone repair outsourcing. More specifically, these factors contribute to the consumers' positively perceived fit of service outsourcing. Therefore, it can be concluded that perceived fit between focal firms and outsourcing partners is an overall assessment of service outsourcing by consumers and the outsourcing partners' characteristics are the basis of perceived fit. Moreover, in order to further validate the construct of service outsourcing fit, this study examined the impact of fit upon three consumer-oriented attitudes and behaviours; namely customer satisfaction, customer loyalty and purchase intentions. Previous studies have examined the impacts of various service outsourcing activities upon those outcome variables (Bharadwaj and Roggeveen, 2008, Forman et al., 2015, Sharma, 2012, Sharma et al., 2009, Thelen et al., 2011).

Therefore, by exploring the effects of service outsourcing fit on consumers' attitudinal and behavioural intentions would be a sufficient extension to the current knowledge of the realm.

Results from quantitative study 2 confirmed that although consumers generally view service outsourcing negatively, perceived fit of service outsourcing does play an important role in influencing consumers' negative attitudes and evaluations. More specifically, compared with the control group (no service outsourcing), customer satisfaction, customer loyalty and purchase intentions usually remained unchanged when customers perceive that the outsourcing partnership fit was high. However, when customers perceived that the outsourcing fit was relatively low, those outcome variables were negatively affected. Overall, perceived fit of service outsourcing has a positive impact upon customer satisfaction, customer loyalty and purchase intentions when services are outsourced.

These studies contribute to the current marketing literature by addressing the following gaps. First, this research discovered that partnership fit is an important factor that could determine the level of consumers' evaluations and attitudes toward service outsourcing. Service outsourcing *per se* has been viewed and evaluated negatively by consumers in general, however, the magnitude of the negative evaluation is determined by the perceived partnership fit of service outsourcing. A high fit service outsourcing as perceived by consumers usually leaves the consumers' attitudes and evaluations of the focal firm's products and services unchanged (negating general negative views of outsourcing overseas), while a low fit service outsourcing strongly and negatively affects their attitudes and evaluations. Exploring the concept of partnership fit contributes to the current outsourcing literature since much of the research on service

offshoring suggests a strong country-of-origin (COO) effect, driven by differences between the home and host country (Thelen et al., 2010, Khan et al., 2011, Walsh et al., 2012, Bharadwaj and Roggeveen, 2008). Perceived partnership fit of service outsourcing represents an important aspect of firm partnerships, incorporating location, corporate reputation and corporate resource aspects, and looks beyond simple country-of-origin effects. By applying the fit concept in the service outsourcing context, this research also provides further empirical evidence to the categorisation theory and extends the applications of the fit concept from other marketing domains, such as brand extensions (Aaker 2012). Second, this research also confirmed outsourcing partners' characteristics as the basis of perceived fit of service outsourcing, which therefore provided further evidence to the validity of the fit construct. Applying inference theory, this research argues that consumers would assess perceived fit of service outsourcing between focal firms and partners by inferring partners' abilities or strengths to provide the outsourced services, which can be inferred from partners' characteristics, such as reputation, technologies they owned, and location and cultural similarities. The first quantitative study also confirmed the above arguments. While the impact of characteristics of partners' brands or reputation on consumers' attitudes towards the focal brands have been confirmed in co-branding studies, this is the first study to address the partner's characteristics as the basis of perceived fit in the context of service outsourcing. Therefore, this chapter filled this research gap by discovering how the characteristics of outsourcing partners will affect consumers' assessment of perceived fit in the context of service outsourcing.

Managerial Implications

As one of the most important and popular international business strategies adopted by most multinational firms, service outsourcing has been widely adopted in recent years to

achieve cost-efficiency and leverage global resources. Although firm managers usually make outsourcing decisions based on operational benefits, such as cost-savings and performance or efficiency improvements, they should be aware of the long-term impact of the decision on the firm's overall brand performance as perceived by consumers. From a strategic perspective firms need to compare the operational gains against the possible brand loss due to consumer complaints, dissatisfaction or disloyalty. Unlike manufacturing outsourcing, which to some extent is not directly linked to consumers' experiences, service outsourcing is directly linked to consumers' experiences. Consumer's general impressions about outsourcing and the outsourcing service partners may affect the overall brand of the focal firms. Hence, in addition to being operational efficient, managers should also take consumers into account when evaluating the costs/benefits of outsourcing services to a particular partner.

Generally speaking, consumers tend to have negative perceptions about service outsourcing based on perceptions of job loss, lower product quality, lack of communications with foreign service providers and risk of data security. Hence, from a strategic perspective, a priority for focal firms should be to minimise negative reactions from consumers while still enjoying the operational benefits obtained from service outsourcing. From this research, firms should consider a high fit partnership, that is, partners located in a similar culture, have an above-average industry reputation, and have world-class technologies when choosing service outsourcing partners as this will negate any negative perceptions. However, a low fit partnership reduces customers' satisfaction, loyalty and purchase intentions dramatically. While high fit partnerships can cost focal firms more than lower fit partnerships, which may significantly reduce the potential benefits (e.g. savings) from service outsourcing in turn, managers need to think and act from a strategic perspective by comparing the benefits with the potential losses

associated with consumers' attitudes and reactions and obtaining optimal net gains in the long-term. The fit index can thus serve as proximity to anchor firms' potential losses (gains) taking into consideration consumers' reactions and attitudes to perceived fit.

Limitations

This research has some limitations that could be addressed through further efforts. First, while the concept of perceived fit between focal firms and outsourcing partners and the characteristics of outsourcing partners as the basis of perceived fit and the consequences of perceived fit on consumers' attitudinal and behavioural intentions have been discussed deeply in this research, the underlying mechanism that could explain the relationship chain has not been addressed. In addition, how and why perceived fit of service outsourcing can have an effect on consumers' attitudinal and behavioural intentions is still unclear. Previous studies highlighted the mediating role of many cognitive and affective states that transmit the effects of fit on attitudes and behaviours (Smith and Andrews, 1995, Fiske et al., 1982, Festinger, 1962). Further studies should investigate the mediating role of consumers' cognitive or affective states that lead to the changed attitudes and behaviours. Second, although outsourcing fit seems to be an effective cue that predicts customers' attitudinal and behavioural intentions, it should be realised that other cues, such as the focal firm's brands, are also effective in predicting attitudes and behaviours. In this research, brand knowledge and brand name of the focal firms' products or services were controlled. However, how brands interact with perceived fit is still unclear. Future research could examine other brand effects and their interactions with perceived fit in terms of changes in attitudes and behaviours. Finally, consumer heterogeneity both within a country and in a cross-cultural context should also be considered as an important moderator. Future research should also further investigate to what extent perceived fit is of importance to a particular group of consumers. Finally,

this study only investigate some impersonal outsourced services (Blinder, 2009). While impersonal services are, still, the most important part in service outsourcing, recent firms have engaged in outsourcing personal services that require sharing intimate and/or private information, such as finance, healthcare, etc. Future research may consider the effects of outsourcing such highly personal services.

III CHAPTER TWO

PERCEIVED FIT IN SERVICE OUTSOURCING: ASSESSING THE ROLE OF CUSTOMER CERTAINTY, UNCERTAINTY AVOIDANCE AND BRAND CREDIBILITY

Abstract: This chapter examines how consumers' perceptions of service outsourcing partnerships affect consumers' responses toward the focal firms across different cultural and ethnical groups. Specifically, this chapter examines 1) the mediating role of customer certainty in the partnership fit – perceived value relationship 2) the moderating role of firms' brand credibility the partnership fit – perceived value relationship, and 3) a comparison of different cultural and ethnic groups and their response to service outsourcing. To examine these issues, the focal construct “perceived fit of service offshoring” further validated using a large-scale online consumer panel in a multi-cultural setting, Australia. The results showed that the perceived partnership fit affected customers' perceived value and purchase intentions toward the focal firms' products and services both directly and indirectly via customer certainty towards the service outsourcing. As predicted, brand credibility of focal firms positively moderated perceived fit – customer certainty/purchase intention relationship. Results also showed that uncertainty avoidance varied across different ethnic groups and positively moderated customer certainty – perceived value/purchase intention relationship. Theoretical and managerial implications are offered along with directions for future research.

Key words: outsourcing, services, perceived fit, customer certainty, perceived value, uncertainty avoidance, brand credibility.

Introduction

In recent years, competition has driven firms to increasingly outsource services, such as customer services, IT, human resources, etc. to cut costs and improve performance (Gilley and Rasheed, 2000, Contractor et al., 2010, Gottfredson et al., 2005). Although traditional research focuses on the managerial perspective of service outsourcing, the consumers' perspective of service outsourcing has been rarely discussed (Grappi et al., 2013). In the first chapter, service outsourcing from consumers' perspectives was discussed, as well as how consumers perceive and react to various service outsourcings. Perceived fit of service outsourcing between the focal firms and the outsourcing partner, which is defined as the overall perceived relatedness of the focal firm and the outsourcing partner with multiple cognitive bases, has been argued as the focal construct that affects consumers attitudinal and behavioural intentions toward the focal firm/brand. The results from both qualitative and quantitative studies confirmed the role of perceived fit of service outsourcing in affecting consumers' perceptions.

There is still further research needed to uncover the conditions (or contingencies) under which perceived fit is most important. From a categorisation theory perspective, the effects of perceived fit between new instances and existing knowledge category can lead to a range of affective or cognitive states, which are arguably the antecedents to many attitudinal and behavioural intentions of consumers (Smith and Andrews, 1995, Fiske et al., 1982, Festinger, 1962). For example, Fiske et al. (1982) found that the relationship between perceived fit and attitudes were mediated by affect. While a complete match elicits a positive affect, mismatch elicits a negative affect. From a cause-related marketing perspective, Ellen et al. (2006) concluded that the relationship between the cause-firm fit and consumers' purchase intent was mediated by consumers' attributions of firms' motives. From this point of view, it is worthwhile noting that to understand

how perceived fit of service outsourcing affects consumers' attitudinal and behavioural intentions, the underlying cognitive and affective states that mediate the relationship should be examined. The current literature has focused mainly on the direct effects of service outsourcing on consumers' responses, such as customer satisfaction (Bharadwaj and Roggeveen, 2008), customer loyalty to the domestic service provider (Forman et al., 2015), repeat purchase (Sharma, 2012), customer complaint (Sharma et al., 2009) and attitudes toward the focal firm (Thelen et al., 2011), while indirect effects and mediating effects, in particular, have been rarely discussed, with the exception of Grappi et al. (2013)'s study examining the mediating role of positive and negative emotions in the relationship between service outsourcing and consumers' attitudes toward service outsourcing. Although emotions are an important mediator in this relationship, other factors may also come into play. Indeed, from the dual-processing theorists' perspective, individuals that process information in the process of decision making usually rely on two different modes of thinking: affective/experiential and cognitive/deliberative (Zajonc and Markus, 1982, Oliver, 1993, Forgas, 1992, Petty and Cacioppo, 1986). While Grappi et al. (2013) mainly examined the affective mode of information processing, the other cognitive-based model of thinking in the context of service outsourcing is also worth examining. In this study, customer certainty, which is a cognitive state of confidence about the quality and performance of outsourced services (Maier et al., 2014, Homburg et al., 2012) is proposed as the mediator in the relationship between perceived fit of service outsourcing and customers' attitudinal and behavioural intentions. In particular, this chapter argues a positive association between perceived fit of service outsourcing and customer certainty, which in turn affects consumers' reactions.

The first chapter showed that perceived fit of service outsourcing had been empirically tested as an important determinant of consumers' attitudinal and behavioural responses, however, it is not yet clear which conditions the impacts of perceived fit would be weakened or strengthened. Perceived fit is only one of the many diagnostic cues that consumers can use to make judgements (Broniarczyk and Alba, 1994). In fact, diagnosticity theory predicts that the availability of another cues decreases the predictive validity of a single cue in formulating evaluations (Milberg et al., 2010, Purohit and Srivastava, 2001). That is, when other cues are salient, the predictability of perceived fit on consumer reactions may be weaker. One of the salient cues from consumers' internal memory that could affect consumers' responses to service outsourcing is the focal firm's brand (Aaker, 1996). In the brand extension literature, the concept of fit has been widely applied, with many empirical studies confirming that other diagnostic cues, such as brand knowledge (Broniarczyk and Alba, 1994), competitors' brand familiarity in the extended category (Milberg et al., 2010), and consumer's attachment to the parent brand (Fedorikhin et al., 2008), would diminish the effects of fit in brand extension evaluations. Previous research in the service outsourcing context confirms a moderation role of the focal firm's brand familiarity in affecting consumers' attitudes and behaviours (Roggeveen et al., 2007). However, given that most outsourcing firms are big players in the marketplace and their names were familiar to nearly all the customers, it would be more interesting and relevant to discover any higher-order brand properties, other than brand familiarity, which could interact and moderate the relationship. Thus, this chapter proposes an important higher-order brand property – brand credibility – as a moderator between perceived fit of service outsourcing and consumers' reactions. More specifically, this chapter argues

brand credibility could strengthen the positive relationship between perceived fit and consumers' reactions.

Moreover, consumers have access to unprecedented information on firms' overseas operations and have noticed that they are taking part in a cross-cultural or cross-national service exchange (Thelen et al., 2011). Most firms are serving a diversified customer base with different cultural and ethnic backgrounds, yet firm managers are often unaware of how their outsourcing strategies may be perceived by different consumer groups. Past research has found that an array of factors, including cultural distance between provider and customer and cultural bias, lead to negative reactions to outsourcing services (Thelen et al., 2011). Recent evidence supports the notion that consumer perceived risk also plays an important role in the formulation of consumer sentiment toward services outsourcing (Thelen et al., 2011). Additionally, the literature shows that consumer ethnocentrism is one of the key antecedents to consumers' attitude toward outsourcing (Durvasula and Lysonski, 2008, Sharma, 2012) and has a direct negative effect on perceived service quality and customer satisfaction with outsourced call centres (Grappi et al., 2015b). While much of the previous literature mostly focused on consumer heterogeneity within a single cultural or ethnical setting, consumer heterogeneity across cultural or ethnical groups is rarely studied. Also, although previous empirical studies have confirmed the role of cultural orientation (e.g. uncertainty avoidance) in product evaluation from a country-based analysis (Erdem et al., 2006, Melewar et al., 2007, Reimann et al., 2008), how this risk factor affects consumer perceptions across cultural and ethnical groups is relatively unknown. As an extension of the previous literature, this chapter identifies one dimension of ethnical cultural differences – uncertainty avoidance among different ethnical groups, as a key moderator in the relationship between perceived fit of service outsourcing and consumer

reactions. In particular, it is proposed that consumers from different ethnical groups may react differently to perceived fit due to their different tolerance levels of uncertainty. While some ethical groups of consumers may be more tolerant to uncertainty which is induced from perceived low fit, others may be less tolerant.

In extending the contributions from the first chapter, the contributions of this chapter are threefold. First, this chapter extends the limitation of the previous studies by examining customer certainty as a key mediator in the relationship between perceived fit of service outsourcing and consumers' reactions. Second, since the effect of focal firm's brand in moderating consumers' responses and reactions has been neglected in prior research, this study extends the previous literature by analysing the moderating effects of the focal firm's brand credibility in the relationship between perceived fit of service outsourcing and consumers' reactions. Third, while previous literature has addressed consumer heterogeneity in analysing the effects of service outsourcing on consumers' attitudinal and behavioural intentions, most of the research focused on consumer heterogeneity within a single cultural or ethnical setting, while consumer heterogeneity across cultural or ethical groups is rarely studied. This chapter, hence, extends the current understanding of consumer heterogeneity by examining the customer uncertainty avoidance differences across cultural and ethnical groups.

The purposes of this chapter are threefold. First, it aims to examine the mediating role of customer certainty in the relationship between perceived fit of service outsourcing and consumer reactions as measured by perceived value and purchase intentions of consumers toward the focal firms' products and services. Second, it aims to examine the moderating effect of focal firms' brand credibility in this relationship. Third, it aims to examine the moderating effect of consumer's uncertainty avoidance in this relationship.

For the rest of this chapter, the relevant literature, theory and empirical evidence that support the proposed mediating and moderating effects will be discussed. The conceptual model will be presented, and the empirical results will be interpreted.

Conceptual Background

Perceived Fit of Service Outsourcing

Perceived fit of service outsourcing is defined as the overall perceived relatedness of the focal firm and the outsourcing partner with multiple cognitive bases. This process is quite automatic and unconscious, which would result in the judgement made by consumers whether it is logical, appropriate, and suitable to outsource the services to the outsourcing partner. The underlying principle of the concept of “perceived fit” can be well explained by categorisation theory (Fiske et al., 1987, Loken et al., 2008, Macrae et al., 2002, Meyers-Levy and Tybout, 1989, Mervis and Rosch, 1981). Categorisation theory argues that human minds require a host of specialised cognitive skills to process information quickly and efficiently without consuming time and energy (Fiske et al., 1982, Mervis and Rosch, 1981). Categorical thinking is such a way that can effectively process information in far less time or energy consumed (Macrae et al., 2002). Hence, individuals are always engaging in categorical thinking to attend to new information, interpret and infer meanings, solve problems, set goals, or select a behaviour (Cohen and Basu, 1987). Categorical thinking is hypothesised to consist of two aspects: categorical labels and attributes, and both of them can be viewed as nodes in an associative memory network (Fiske et al., 1987). According to Fiske et al. (1987), a categorical label is the node with the strongest and most frequent associations to each of the other nodes, which is called an attribute. For example, a brand can be a categorical label that is associated with consumer’s knowledge about the types of attributes and evaluations (Gurhan-Canli and Maheswaran, 1998).

Categorisation theory posits that people usually examine the fit between the new knowledge and their existing category knowledge when they encounter a new knowledge (Milberg et al., 1997). In short, categorisation, involves the comparison between a target (i.e. new information) and categorical knowledge (Cohen and Basu, 1987). Hence, from a categorisation point of view, consumers are more likely to compare the new instance of a particular product/brand with their pre-existing knowledge structure about a particular brand/product, which was formed based on their previous experiences with this product/brand either personally or from external sources, to achieve efficient processing, understanding and interpretation of the new instance (Cohen and Basu, 1987, Fiske et al., 1987, Gurhan-Canli and Maheswaran, 1998). If the new instance shares some similarities in terms of features, or concepts with the consumers' knowledge structure of this product (i.e. categorical knowledge), then there is a fit between them, and consumers' cognitive stability has been maintained. Otherwise, consumers may encounter cognitive dissonance (Brehm and Cohen, 1962, Festinger, 1962), which is argued to be the cause of many negative affective and behavioural responses (Cummings and Venkatesan, 1976).

Categorisation theory and the concept of fit have been applied in many consumer behaviour and branding studies. For example, in many country-of-origin or country image studies, the fit between the country (category) and the product (new instance) has been examined, and it is argued that consumers usually assess the fit between the country and the product accordingly (Chao, 2001, e.g. Hamzaoui and Merunka, 2006, Lee and Ganesh, 1999, Shimp et al., 1993). A high country/product fit occurs when consumers perceive the country has the abilities to design, manufacture or assemble the product (Hamzaoui and Merunka, 2006). Similarly, in the brand extension literature, either the functional similarities between family brands (i.e. category) and extensions

(i.e. new instance) (Aaker and Keller, 1990) or the conceptual consistency (Park et al., 1991) are argued to be assessed by consumers prior to the following evaluations of both extensions and the family brands.

From the above arguments, it is clear that “perceived fit” lies in the process of categorical thinking, which consumers widely use in order to facilitate information processing and to maintain their cognitive consistency. This study argues that individual consumers would also engage in a ‘fit assessment’ when they notice a brand/company (category) outsourced its services to an outsourcing partner (new instance). This assessment of fit is rather quite automatic and unconscious when the brand (i.e. category label) is activated (Fiske et al., 1982, Fiske et al., 1987). A high fit occurs if consumers think both the focal firm and the outsourcing partner are matched to each other while a low fit occurs if consumers think they do not match to each other. For example, for a leading mobile phone company, outsourcing repairing services to a partner who is also an expert in repairing seems to be more matchable than outsourcing to a partner who just started up its business. As a consequence, consumers would possibly view the high fit outsourcing as more logical, suitable and appropriate, while a low fit outsourcing is more illogical, unsuitable and inappropriate (Keller and Aaker, 1992, Zdravkovic et al., 2010). While high fit outsourcing would maintain consumers’ cognitive structure about this particular brand or company, a low fit outsourcing would eventually lead to consumers’ cognitive dissonance, which would finally lead to permanent attitudinal or behavioural change towards the focal brand or firm (Brehm and Cohen, 1962, Cummings and Venkatesan, 1976, Festinger, 1962).

Customer Certainty

Customer certainty commonly refers to consumers’ subjective sense of confidence in being able to predict something accurately because he/she perceive himself/herself to

have the sufficient knowledge to make the prediction or he/she feels, in that the information is to some extent consistent and unambiguous (Milliken, 1987). Customer certainty is context-specific so that customers may have different levels of certainty toward different marketing activities or products/services. For example, in Homburg et al. (2012, p.114)'s paper, which examined the relationship between customer certainty and a firm's downsizing activity, they defined customer certainty as the "customer's state of doubt about what the downsizing signifies regarding both the continuance and the future quality of the relationship with the downsizing supplier". In the context of consumers' purchasing decisions, both Shiu et al. (2011) and Okada (2010) defined customer certainty as the extent to which customers feel confident to assess the performance or quality of the products/services, given the current possession of information and knowledge, prior to purchasing. In this study, customer certainty, in the context of service outsourcing, is defined as a customer's sense of confidence that outsourcing services to a particular partner from the focal firm would not affect the quality and performance of services received.

Over the years, a great deal has been learned about the antecedents of attitude certainty (Petrocelli et al., 2007). This includes cognitive factors, such as knowledge gained from either direct or indirect experiment, social factors, such as the social consensus about the attitude, and individual factors, such as individual's need for certainty (Maier et al., 2014). Rucker et al. (2014) summarised empirical findings from previous certainty studies and proposed an appraisal-based certainty framework to categorise various antecedents of certainty. Specifically, they argue that when consumers encounter persuasion, they can form appraisals about the information. Those appraisals may be related to the accuracy or the completeness of information. They further argued that

high attitude certainty could result from high accurate or complete information as perceived by individuals (Rucker et al., 2014).

There are many factors that would affect the accuracy of information, such as social consensus (Petrocelli et al., 2007) and direct or indirect experience (Fishbein and Ajzen, 1977), and one of the most important ones is the consistency of information. In general, if all the pieces of information are consistent, people would perceive it as more congruent to their overall attitude and would become more certain about their overall attitude. In contrast, if one piece of information is not consistent with another piece of information, individuals would perceive less accuracy of each piece of the information, and as a result, such inconsistency would reduce the certainty of an overall attitude (Rucker et al., 2014). Information consistency is arguably the primary source of customer certainty in the marketing literature. For example, Shiu et al. (2011) found that when consumers were faced with ambiguous and inconsistent information regarding product attributes and performance, consumers were less likely to process information effectively and to make judgements of relative merit among a set of choices. This is because consumers felt very uncertain about the quality and performance of each choice. In addition, Smith et al. (2008) found that consumers' attitudes towards a department store became more certain when providing structurally consistent information (e.g. all positive or all negative) rather than structurally inconsistent information (e.g. a mix of positive and negative information). Moreover, many scholars urge consistent communication practices (e.g. integrated marketing communications) to reduce customer uncertainty towards the brand (Madhavaram et al., 2005, Wagner et al., 2009).

Separate from accuracy, consumers may also assess the completeness of information. If consumers perceive they have complete information, their attitude certainty will

increase (Rucker et al., 2014). Consistent with this notion, Sanbonmatsu et al. (1991) found that incomplete information led consumers to be less certain about their attitudes. Similarly, Tsai et al. (2008) found that confidence increases with the amount of information available, regardless of the information accuracy. In the field of marketing, Erdem and Swait (1998) argued that incomplete and asymmetric information would create consumer uncertainty about product attributes.

Certainty is arguably one of the key factors that predict attitude-behaviour consistency (Tormala and Rucker, 2007). A growing body of studies have found that the relationship between attitude and the behaviour becomes stronger along with the increase of certainty. For example, Berger and Mitchell (1989) found that those attitudes accessed from memory with higher confidence are highly predictive of subsequent behaviour. Rucker and Petty (2004) also confirmed that participants with higher certainty of their attitudes are more likely to reveal attitude-behavioural consistency than participants with lower certainty. In the field of marketing, customer certainty is also empirically tested as a main driver of many consumer behavioural intentions, such as purchase intentions (Shiu et al., 2011), product trial (Smith and Swinyard, 1983), willingness to pay (Okada, 2010, Maier et al., 2014), new product evaluations and adoptions (Smith and Andrews, 1995, Castaño et al., 2008), and customer satisfaction (Homburg et al., 2012). For example, in the context of a new product launch, Smith and Andrews (1995) found a positive relationship between customer certainty about the capability of the firm to provide a new product and the customer evaluation of the new product. Further, Maier et al. (2014) found that when customers feel uncertain about the value of a product before the purchase, they are more likely to discount their willingness to pay. Moreover, Shiu et al. (2011) examined the relationship between customer certainty and purchase intentions and discovered that consumers under high knowledge uncertainty

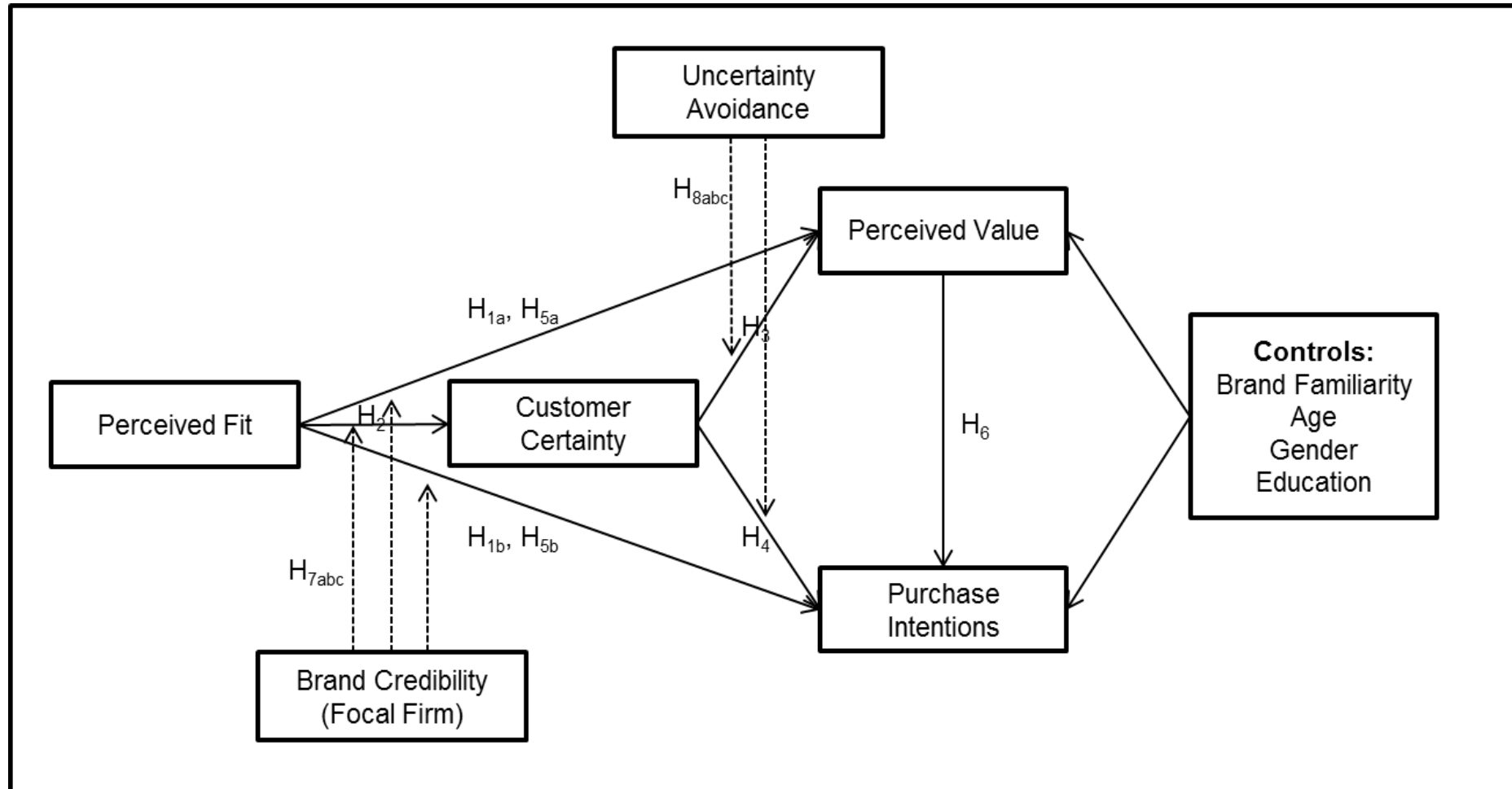
would feel less certain to make a consumption decision and purchase intentions. Shui and his colleagues explained this observed relationship with Expected Utility Theory. Expected Utility Theory suggests that consumers are motivated to maximise their expected utility. However, consumers' expected utility is very sensitive to perceived risk (Erdem and Swait, 1998). If the perceived risk of purchasing is high, consumers' expected utility of purchasing would be reduced accordingly (Erdem and Swait, 1998, Erdem and Swait, 2004). Customer certainty is arguably one of the key factors that influences consumers' perceived risk. If customers hold a high level of certainty, that would lessen their perceived risk and lead to a higher possibility of purchase or higher willingness to pay (Erdem and Swait, 1998).

Conceptual Framework

The research framework proposed by this study is presented in *Figure III-1*, followed by a conceptualisation of the focal constructs and discussion on the rationale for each of the hypothesised relationships. Generally speaking, there is an expected positive direct relationship between perceived fit of service outsourcing and customers' perceived value and purchase intentions. A positive relationship between perceived fit of service outsourcing and customer certainty of outsourced services is also expected, which in turn would affect the customers' perceived value and purchase intentions of the focal firm's products and services. Hence, the effect of perceived fit can affect consumers' perceived values and purchase intentions both directly and indirectly. A direct relationship between perceived value of focal firm's products and services and customers' purchase intentions is also expected. Finally, the brand credibility of focal firms is expected to moderate the relationship between perceived fit and customer certainty, perceived value, as well as purchase intentions, and, as brand credibility decreases, the positive relationship between perceived fit and customer certainty,

perceived value and purchase intentions may diminish. Similarly, it is also expected that the relationships between customer certainty and customer's perceived value and purchase intentions of focal firm's products and services are moderated by customers' uncertainty avoidance. As the level of uncertainty avoidance decreases, the positive relationships between customer certainty and perceived value/purchase intentions may diminish.

Figure III-1: Conceptual framework (Chapter two)



Hypothesis Development

The Direct Relationship between Perceived Fit, Perceived Value and Purchase Intentions

A positive relationship between perceived fit of service outsourcing and customers' perceived value and purchase intentions toward the focal firm's products and services in the context of service outsourcing is predicted. From a theoretical perspective, consistent information (i.e. high fit) should be readily incorporated within the existing category structure without any significant changes in attitudes or beliefs (Milberg et al., 1997, Loken and John, 1993). Hence, customers' post-attitudes and behavioural intentions should not be negatively affected compared with their pre-attitudes and behavioural intentions. Moreover, when perceived fit of service outsourcing is high, the value of focal firm's brand may be even more enhanced because it reinforces its core brand associations (i.e. good quality, expertise, design, etc.) and customers' beliefs of focal firm regarding the product quality and performance (Grime et al., 2002). On the other hand, in a low perceived fit condition, customers' beliefs and attitudes toward focal firm/core brand might be diluted as the new inconsistent information (i.e. low fit) results in an incremental modification or updating of the corresponding brand belief of focal firms in an opposite direction (Loken and John, 1993, Milberg et al., 1997). Moreover, inconsistent information may also trigger consumers' scepticism about firm's motives to outsource services (Aaker and Keller, 1990). As such, this scepticism would eventually lead to customers' modification and updating of their beliefs and attitudes. The effects of perceived fit on customers' attitudes and behaviours have been well examined in other areas, such as brand extension (e.g. Aaker and Keller, 1990, Milberg et al., 1997, Loken and John, 1993), and country-of-origins (e.g. Hamzaoui and Merunka, 2006, Roth and Romeo, 1992), and most of the research confirmed a positive link between fit and consumers' attitudes and behaviours. In sum, perceived fit of

service outsourcing also is expected to have a direct impact on customers' perceived value and purchase intentions toward focal firm's products and services in the context of service outsourcing.

H_{1a}: Perceived fit of service outsourcing positively affects customers' perceived value of focal firm's products and services.

H_{1b}: Perceived fit of service outsourcing positively affects customers' purchase intentions of focal firm's products and services.

The Perceived Fit - Customer Certainty -Perceived Value Relationship

Perceived fit and customer certainty. Customer certainty in the context of service outsourcing is defined as the customer's sense of confidence to predict that outsource services to a particular partner from the focal firms would not affect the quality and performance of services received. This study argues a positive relationship between perceived fit of service outsourcing and customer certainty. First, perceived fit of service outsourcing is an indicator of information consistency, which leads to customer certainty (Rucker et al., 2014, Shiu et al., 2011). From a categorisation point of view, consumers are more likely to compare the new instance of a particular product/brand with their pre-existing knowledge structure about a particular brand/product, which was formed based on their previous experiences with this product/brand either personally or from external sources (Cohen and Basu, 1987, Fiske et al., 1987, Gurhan-Canli and Maheswaran, 1998). If the new instance is consistent with consumers' knowledge structure of this product (i.e. categorical knowledge), then there is a fit between them. Hence, the more consistencies between the new instance (new knowledge) and categorical knowledge (prior knowledge), the higher the perceived fit. As the new instances become more consistent with the existing knowledge structure, people tend to

become more certain about their overall attitude towards the outsourced services. In contrast, if the existing knowledge structure is challenged by the new instances of information, the existing knowledge becomes questionable in terms of accuracy, and as a result, such inconsistency would reduce customer certainty (Rucker et al., 2014). Therefore, perceived fit of service outsourcing can affect customer certainty as it indicates the accuracy of customers' existing knowledge about the outsourced services.

Second, perceived fit of service outsourcing could also affect perceived information completeness, which is another source of customer certainty (Rucker et al., 2014, Shiu et al., 2011). Specifically, when consumers encounter schema incongruity (i.e. low fit condition), this drives cognitive arousal, leading consumers to notice their existing knowledge about the focal firm/brand is not complete (Meyers-Levy and Tybout, 1989). This perceived incompleteness of information has an impact on customer certainty as consumers perceive they do not have access to complete information, regardless of how much information they actually have, which in turn affects their certainty about the outsourced services from the focal firm (Rucker et al., 2014, Erdem and Swait, 1998, Sanbonmatsu et al., 1991).

Very limited studies have examined the relationship between perceived fit and customer certainty. For example, Smith and Andrews (1995) argued that perceived fit between the current product category and the new product extension would have an effect on customer certainty about the company's ability to provide such a new product. They found ample evidence to support this hypothesised relationship in their experimental studies. Aaker and Keller (1990) confirmed a positive relationship between product fit and consumers' evaluation of product extension and argued that if a firm extends its core brand into a very distant category, consumers may feel very uncertain and sceptical

about their ability to make such an extension. Ellen et al. (2006) also confirmed that a low fit between product and the cause in cause-related marketing could trigger consumers' uncertainty and scepticism about the true motives of firm's CRM claims, leading to poor evaluation of the product.

Hence, based on the above theoretical support and empirical evidence, it is proposed that perceived fit of service outsourcing between focal firms and outsourcing suppliers is positively associated with customer certainty about the quality and performance of the outsourced services.

H₂: Perceived fit of service outsourcing positively affects customer certainty.

Customer certainty and perceived value. Perceived value refers to a subjective ratio made by comparing the total benefits with the total costs (Boksberger and Melsen, 2011). Total benefits could be product or service attributes that derive from the usage of the products or services (Ulaga and Chacour, 2001), and the total sacrifices usually include momentary cost to obtain the product or service and non-momentary costs, such as time, effort, search and convenience cost incurred for product acquisition and its use (Snoj et al., 2004, Zeithaml, 1988). Utility theory provides the theoretical underpinning of perceived value concept (Quiggin, 1982). This theory stresses that consumers intend to maximise the benefit utility by trading-off between the utility from a product or service and the disutility of sacrifices in obtaining the product or service (Snoj et al., 2004). Hence, based on this conceptualisation, Zeithaml (1988: 14) defines the perceived value of consumers as “the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given”.

In the context of service outsourcing, customer certainty can affect customers' perceived value of services because it has an impact on both the perceived benefits and

perceived costs of obtaining and using outsourced services (Agarwal and Teas, 2001, Beneke et al., 2013, Chen and Dubinsky, 2003, Snoj et al., 2004, Sweeney et al., 1999). Customer (un)certainty and perceived risk are two inter-related concepts which have been widely adopted in marketing studies (Cox and Rich, 1964, Dowling, 1986, Jacoby and Kaplan, 1972, Campbell and Goodstein, 2001, Taylor, 1974). Consumer researchers often define perceived risk in terms of (un)certainty and consequences (Campbell and Goodstein, 2001), while (un)certainty represents consumers' subjective probabilistic belief about the function or performance of certain attributes of products and services (Dowling, 1986), consequences represents the importance or utility value of certain attributes (Cox and Rich, 1964). Hence, customer certainty is arguable one of the main antecedents to consumers' perceived risks (Erdem et al., 2006, Shimp and Bearden, 1982). Previous literature has ample evidence that consumers' perceived risk leads to a discounted perceived value (Agarwal and Teas, 2001, Agarwal and Teas, 2004, Chen and Dubinsky, 2003, Beneke et al., 2013, Snoj et al., 2004, Sweeney et al., 1999). In the context of service outsourcing, consumers' (un)certainty about the quality and performance provided by the outsourced service providers may affect their perceived risks of using outsourced services. When the certainty level is low, consumers may feel high financial, performance and time loss risks as they may infer a high possibility of service failure, which would ultimately discount the expected benefits they could get from using this service (Snoj et al., 2004). Those costs may include not only monetary sacrifices, such as pay for extra services, but also non- monetary sacrifices, such as extra waiting time, extra search costs, or extra effort to get services (Sweeney et al., 1999, Zeithaml, 1988). Moreover, consumers may also incur psychological risks, as the psyche translates financial, performance and time loss risks into one of psychological discomfort for consumers and create tension for consumers (Stone and Grønhaug, 1993).

Hence, as the risk level heightened, consumers would expect fewer benefits and more sacrifices from obtaining and using the outsourced services, with a reduction of perceived value of the outsourced services. Ultimately, the discounted service value would affect the overall value of focal firms as perceived by consumers, since service is one of the most important elements in building up brand values and brand equity (Aaker, 1996, Keller, 1993, Bolton and Drew, 1991). On the contrary, as the certainty level of outsourced services increases, consumers would feel less risk to obtain and use outsourced services, and perceived value would be increased in turn, due to the rise of the expected benefits and the decline of the expected costs/sacrifices.

H3: Customer certainty positively affects perceived value of focal firms' products and services.

Customer certainty and purchase intentions. Customers' purchase intention is defined as the likelihood that the prospective buyer intends to purchase the product or services (Dodds et al., 1991). It is widely agreed that purchase intention is a good indicator of actual purchase (Chang and Wildt, 1994). Customer's certainty level may affect their purchase intentions directly. Literature in certainty has demonstrated that as the certainty level decreases, individuals would be less likely to behave consistently to their attitudes (Petrocelli et al., 2007, Rucker and Petty, 2004, Shiu et al., 2011). This is due to the fact that consumers may be less motivated to take actions and make choices in the marketplace when they face high uncertainty about products' or services' performance (Shiu et al., 2011). In fact, as argued by theorists in uncertainty studies, when individuals face high uncertainty about a choice and the corresponding consequences, they often doubt their ability to choose the best choice and feel a high probability of choosing sub-optimal choices with negative and unexpected consequences. As a result,

instead of making a choice immediately, they would rather postpone and wait until they get new information and knowledge to help them distinguish the best choice from the other choices (Maier et al., 2014, Petrocelli et al., 2007, Shiu et al., 2011). Studies in the field of marketing have obtained ample evidence that demonstrates the positive relationship between customer certainty and behavioural intentions, such as purchase intentions (Shiu et al., 2011), product trial (Smith and Swinyard, 1983), willingness to pay (Okada, 2010, Maier et al., 2014), new product evaluations and adoptions (Smith and Andrews, 1995, Castaño et al., 2008) and customer satisfaction (Homburg et al., 2012). For example, in the context of new product launch, Smith and Andrews (1995) found that customer certainty in a company's ability to provide a new product has a positive relationship with customer evaluation of the new product. Maier et al. (2014) found that when customers feel uncertain about the true value of a product prior to purchase, they are more likely to discount the floor price of their willingness to pay range. In addition, Shiu et al. (2011) examined the relationship between customer certainty and purchase intentions and discovered that consumers under high knowledge uncertainty would feel less likely to make a consumption decision and purchase intentions. In the context of service outsourcing, customers' uncertainty about the quality and performance of outsourced services may directly affect their purchase intentions of products or services from focal firms. Hence, it is proposed that customer certainty about outsourced services' quality and performance would directly affect their purchase intentions of services or products from focal firms.

H₄: Customer certainty positively affects customers' purchase intention of focal firms' products and services.

Since perceived fit is hypothesised to have a positive relationship with customer certainty, which positively affects customers' perceived value and purchase intentions, it is anticipated that customer certainty has a mediating role between perceived fit and perceived value and purchase intentions.

H_{5a}: The effect of perceived fit on customers' perceived value is mediated by customer certainty.

H_{5b}: The effect of perceived fit on customers' purchase intention is mediated by customer certainty.

Perceived Values and Purchase Intentions

It is evident in the current literature that perceived value is one of the most important antecedents to purchase intention (Chang and Wildt, 1994, Chang and Tseng, 2013, Cronin et al., 2000, Dodds et al., 1991, Dodds, 1991, Dodds and Monroe, 1985, Patterson and Spreng, 1997, Wood and Scheer, 1996). For example, Cronin et al. (2000), after comparing four different models, found that the direct linkage model (i.e. a direct relationship between perceived value purchase intention) outperformed other competing models, such as the indirect model or the satisfaction model. It is agreed that perceived value is the key mediator between the cognitive attitudes of perceived quality and performance and perceived monetary and non-monetary sacrifice and the behavioural intention to buy (Dodds, 1991, Patterson and Spreng, 1997). This relationship is supported by the expected utility theory, which argues that consumers would be more likely to consider purchasing and using products or services which could maximise their utilities (i.e. net benefits or net values) (Sweeney et al., 1999, Zeithaml, 1988). Hence, all things being equal, purchase intention, or willingness to buy, is positively related to the overall perceptions of values of acquisition and transaction (Grewal et al., 1998).

H_{6a}: Perceived value of focal firms positively affects customers' purchase intention of focal firms' products and services.

Since the positive effects of customer certainty on perceived value and a positive effect of perceived value on purchase intentions are expected, the mediation effect of perceived value in the relationship between customer certainty and purchase intentions is also expected:

H_{6b}: The effect of customer certainty on customer's purchase intention of focal firm's products and services is mediated by perceived value of focal firms.

The Moderating Effects of Brand Credibility

Brand credibility refers to the believability of brand information as conveyed by a particular brand (Erdem and Swait, 2004). It posits two broad dimensions: trustworthiness, which is the perceived willingness of a brand to deliver its brand promise continuously, and expertise, which is the perceived ability of a brand to deliver its brand promise continuously (Erdem and Swait, 1998, Erdem et al., 2002, Erdem and Swait, 2004). Both the trustworthiness and expertise of a brand represent the cumulative effect of all previous marketing actions taken by that brand (Erdem and Swait, 1998).

This study proposes a moderating role of brand credibility in the relationship between perceived fit of service outsourcing and customer certainty and perceived value, as well as purchase intentions. In particular, it is argued that as the level of brand credibility increases, the relationship between perceived fit and customer certainty, perceived value and purchase intentions would be strengthened. Cue diagnostic theory would underpin this moderating effect of brand credibility. The cue diagnostic theory argues that the availability of another cue may decrease, increase or be ineffective in regards to the predictive validity of the current cue in formulating evaluations, depending on the

accessibility and diagnosticity of each cue (Slovic and Lichtenstein, 1971). Accessibility refers to the ease of information retrieval when evaluating, and diagnosticity refers to the perceived utility of a cue in assigning categories and drawing interpretations (Purohit and Srivastava, 2001). If a cue suggests one categorisation or interpretation over an alternative categorisation or interpretation, this cue is more diagnostic than other cues that may infer to more than one categorisations or interpretations (Feldman and Lynch, 1988). Brand credibility can affect the relationship by altering the accessibility and diagnosticity of perceived fit.

First, unlike perceived fit, brand credibility is a high-scope cue which is more accessible than low-scope cues, such as perceived fit (Purohit and Srivastava, 2001). High-scope cues are those cues developed over a long time, and the valence cannot be easily changed without considerable investments in both time and money (Purohit and Srivastava, 2001). Examples may include brand name, reputation and credibility. Unlike high-scope cues, low-scope cues are cues that are temporary in nature that can be changed or replaced quickly with little cognitive effort (Purohit and Srivastava, 2001). High-score cues are usually formed from consumers' prior impressions, which are usually more accessible than low-score cues (Herr et al., 1991). Hence, when both brand credibility and fit information are available to consumers, consumers usually process brand credibility information prior to the fit information.

Second, unlike positive cues, researchers suggest negative cues are more informative and thus more diagnostic than positive cues (Skowronski and Carlston, 1987, Skowronski and Carlston, 1989, Herr et al., 1991). This is because negative cues strongly suggest membership in one category, whereas positive or neutral cues are more ambiguous about category membership (Herr et al., 1991). Hence, when brand

credibility is negative, it provides more diagnostic value to customers, and customers would utilise brand credibility as the cue to interpret regardless of the fit information. Moreover, when brand credibility is low, consumers would be very suspicious about the credibility of the fit information because it is more likely for firms with low brand credibility to send false information (Purohit and Srivastava, 2001). Therefore, consumers may engage in an attribution process and doubt about the firms' true motives of sending this information (Keller and Aaker, 1992). As a consequence, perceived fit of service outsourcing would have no impact when the brand credibility of focal firms is relatively negative. However, when brand credibility is positive, it provides relatively less diagnostic value to customers and customers would start to process fit information, thus making the fit information in a positive brand credibility condition relatively more diagnostic than in a negative brand credibility condition (Herr et al., 1991). Moreover, when firm's brand credibility is high, it also makes the low-scope cue (i.e. fit information) more credible, since a firm associated with a positive brand credibility is less likely to send a false signal (Purohit and Srivastava, 2001), because they have no motivation to take the risk of losing the 'bond' – that is, the investments in building up brand credibility (Boulding and Kirmani, 1993). As a result, as brand credibility increases, and in turn, the positive impact of perceived fit upon customer certainty, perceived value and purchase intentions would also be strengthened.

H_{7abc}: all other things being equal, brand credibility of focal firm's brand positively moderates the relationship between perceived fit of service outsourcing and customer certainty, perceived value and purchase intentions.

The Effects of Uncertainty Avoidance

Uncertainty avoidance (UA) is defined as "the extent to which the members of a culture feel threatened by uncertain or unknown situations" (Hofstede et al., 1991, p. 113). This

feeling is “expressed through nervous stress and in need for predictability: a need for written and unwritten rules” (Hofstede et al., 1991, p. 113). It reflects the magnitude of tolerance for uncertain and ambiguous events in daily life (Donthu and Yoo, 1998). While uncertainty avoidance is more or less a trait of individual’s culture values, it tends to be stable over time and it reflects individual’s tolerance toward specific uncertain situations (Hofstede, 1983). Consequently, individuals with high UA are often risk-averse; they tend to have a great desire to control and seek security in their personal lives, while they often hesitant to choose uncertain situations (Hofstede, 1983, Sharma, 2010, Soares et al., 2007). On the contrary, individuals with low UA are often risk-taking; they do not feel quite uncomfortable about uncertain events in their personal lives and show a high level of tolerance towards uncertain situations (Hofstede, 1983, Sharma, 2010, Soares et al., 2007).

As previously discussed, consumers are faced with uncertainty when they predict the value of products or evaluate the performance of products (Castaño et al., 2008). Customer’s uncertainty arises mainly due to the imperfect and asymmetric information in the marketplace regarding the feature and performance of the products and services (Erdem and Swait, 1998). In some circumstances, this kind of uncertainty may still exist even after active information gathering or after consumption (Erdem and Swait, 1998). Therefore, while in a specific consumption situation, where consumers may face a certain level of uncertainty regarding the performance and consequences of the consumption/purchase/usage (e.g. customer certainty towards service outsourcing), their individual tolerance level (i.e. uncertainty avoidance) may vary (Reimann et al., 2008). Although, in general, consumers are risk-averse and less comfortable towards uncertainty (Erdem and Swait, 2004), their tolerance level of uncertainty may vary depending on their level of uncertainty avoidance (Erdem et al., 2006, Jung and Kellaris,

2004). Generally speaking, all other things being equal, consumers with lower UA would be more likely to show more positive attitudes and behavioural intentions in a given uncertain purchasing context (Jung and Kellaris, 2004, Melewar et al., 2007, Reimann et al., 2008, Liu et al., 2001, Patterson et al., 2006). Reimann et al. (2008) also found that consumers from high UA countries showed less satisfaction and stronger dissatisfaction towards inconsistencies in service quality than consumers from low UA countries. Further, Erdem et al. (2006) discovered that consumers from high UA countries are more likely to rely on brand credibility than consumers from low UA countries when evaluating products.

Although many of the studies have already examined the impact of uncertainty avoidance upon consumers' evaluation and purchase intentions, this study is different from the previous empirical studies as it focuses on the differences in uncertainty avoidance among different ethnic groups within Australia. While most of the previous studies focused on national cultural differences in terms of uncertainty avoidance, to the best of the knowledge, no prior study has focused on ethnic cultural differences. In fact, scholars have urged researchers to investigate the cultural impact from a multi-unit within a country, since the diversity of cultural values in one country would not be fully represented by the national-level cultural dimensions (Sharma, 2010, Soares et al., 2007, Yoo et al., 2011, Donthu and Yoo, 1998, Douglas and Craig, 1997). For example, European Americans are considered to be more individualistic and less collectivistic than Asian-Americans (Oyserman et al., 2002). In order to fully reflect the cultural diversity within a country, an ethnic group-based or individual-based cultural study would be more appropriate (Sharma, 2010). Australia is a multi-cultural society in which over a quarter (28 per cent) of the resident population was born overseas and a further one-fifth (20 per cent) had at least one overseas-born parent by 2013 (Australian

Bureau of Statistics, 2013). More than 60 per cent of the population stated their ancestry as other ethnic groups other than Australian (ABS, 2013). Hence, investigating the impact of cultural differences in terms of UA of different ethnic groups within Australia would be significant for both academic research and management practice. In this study, six major ethnic groups in Australia (i.e. Australian, New Zealander, Italian, Greek, Chinese, and Vietnamese) were selected according to the UA index that was previously generated from Hofstede et al. (1991)'s national culture study. It is expected that the score of each ethnic group in terms of UA would somewhat reflect the UA score of each corresponding national culture as identified in Hofstede et al. (1991)'s study. Among these six ethnic groups, Australians and New Zealanders are believed to have an intermediate level of UA, while Greeks and Italians are believed to have a high level of UA, whereas Chinese and Vietnamese are believed to have a low level of UA (Hofstede et al., 1991). As a consequence, consumers from different ethnic groups may evaluate and act differently when facing different levels of perceived fit of service outsourcing.

H₈: Consumer ethnicity interacts with fit conditions: in low fit condition, consumers with Australian and New Zealander backgrounds tend to perceive higher brand value of focal firms and show higher purchase intentions than consumers with Italian and Greek backgrounds, but lower perceived value and purchase intentions than consumers with Chinese and Vietnamese backgrounds; however, in medium or high fit conditions, all three groups of ethnic consumers would not vary in terms of perceived value and purchase intention.

Methodology

Research Approach

The primary goals of this study are fourfold: a) to extend the current understanding of service outsourcing from the consumers' perspective by incorporating examining

perceived fit of service outsourcing and the subsequent effects on customer perceived value and purchase intentions; b) to examine the mediating role of customer certainty in the relationship between perceived fit of service outsourcing and consumer perceived value and purchasing intentions; 3) to examine the moderating effect of focal firms' brand credibility in this relationship; and 4) to examine the interaction effect of consumer's uncertainty avoidance as predicted by ethnics in this relationship.

In doing so, this study followed a quantitative approach by conducting a large-scale online survey using an Australian consumer panel to examine the relationships.

Scenarios Development

As used in the second quantitative study in chapter one (See *Appendix 6* for the sample scenarios), six different scenarios were presented to subjects in order to prime and vary three different levels of perceived fit of service outsourcing (high, medium and low fit) across two service outsourcing types (telecommunication call centre outsourcing and mobile phone repair outsourcing). As previously discussed, these two different types of service outsourcing were chosen because 1) they cover the major outsourcing activities in Australia, and 2) they represent two different service types – experience (call centre) and credence (repair) services (Hsieh et al., 2005, Nelson, 1970). Four out of the six different scenarios were adapted from research in chapter 1. An additional two scenarios were added to account a middle level of fit: moderate different culture, the moderate reputation of the partners and the moderate technology advancement to induce a moderate level of perceived fit. India was chosen as the host country to represent a moderate level of cultural similarity according to Hofstede (1983)'s cultural dimension index. Together with Ireland and Indonesia, these three selected countries represent high (Ireland), medium (India) and low (Indonesia) cultural similarities. Consistent with the first quantitative study, reputation of the outsourcing partner was manipulated by

varying the scores of customer and institution reviews compared with the industry average (Rindova et al., 2005), as well as the year of operation within the industry and experience of partnership with other firms (Chen and Dhillon, 2003). While the advancement of technologies and facilities was manipulated by varying the generation of information system (call centre scenario) and the generation of the repair platform (repair scenario) of the outsourcing partners. *Table II-6* represents a summary of all six scenarios, which were presented to subjects before the survey. In order to enhance the external validity of the study and also to create variations of brand credibility, real Australian brands were selected. For telecommunication services, Telstra and Vodafone Australia were tested. For mobile phone services, Apple and Samsung were tested. The above firms are the top players (1 & 2) within Australia's telecommunication/mobile phone markets.

Research Design

In order to enhance the external validity of the study and also to create variations of brand credibility, real Australian brands were selected. For telecommunication services, Telstra and Vodafone Australia were tested. For mobile phone services, Apple and Samsung were tested. In order to reflect the cultural diversity within Australia and also to capture variance in customer uncertainty avoidance, six major ethnic groups in Australia (i.e. Australian, New Zealander, Italian, Greek, Chinese, and Vietnamese) were selected (ABS, 2013). Among these six ethnic groups, Australians and New Zealanders are believed to have an intermediate level of UA, Greeks and Italians are believed to have a high UA, and Chinese and Vietnamese are believed to have a low UA (Hofstede et al., 1991). Following the procedure recommended by Hirschman (1981) and Phinney (1992), subjects were given two questions to assess their ethnicity in both objective and subjective approaches. The first objective approach asked respondents to

indicate their country-of-birth. The second subjective approach asked respondents to indicate their self-identification with the group they had selected in the first objective measure. Eligible respondents were grouped into one ethnic group only if their self-identification of ethnicity and their country-of-birth are matched to each other (e.g. Chinese identification and also born in China).

Measurements

For *perceived fit of outsourcing*, the measures were adapted from Keller and Aaker (1992). Four different items were anchored to measure the overall fitness between two companies, in addition to the appropriateness, suitability and logicity to outsource to the partners. The reason to choose these four items is that these four items measure perceived fit between categories and instances directly. The *customer certainty* measures were adapted from Weathers et al. (2007) and Homburg et al. (2012) using three items: “I am certain the outsourcing decision made by this firm is a good decision”, “I am sure the outsourcing decision made by this firm should be viewed positively” and “I am not worried about the outsourcing decision made by this firm”. The *perceived value* measurements were adapted from Netemeyer et al. (2004) and Grewal et al. (1998) using three items: “I think it is worthwhile to continue to use services from this brand in the future”, “I think services from this brand are still good value for the money” and “If I use a service from this brand in the future, I will continue to feel I will get my money’s worth”. *Purchase intention* was measured by using a single item: “As an existing customer I will continue to use services from this brand” (Chang and Wildt, 1994). As a moderating factor, *brand credibility* was measured using the four items as adapted from Erdem et al. (2006): “This brand delivers what it promises”, “This brand’s product/service claims are believable”, “This brand has the ability to deliver what it promises” and “This brand has a name you can trust”. *Uncertainty avoidance* was

measured using seven items as adapted from Sharma (2010) and Jung and Kellaris (2004): “I prefer structured situations to unstructured situations”, “I prefer specific instructions to broad guidelines”, “I tend to get anxious easily when I don’t know an outcome”, “I feel stressful when I cannot predict consequences”, “I would not take risks when an outcome cannot be predicted”, “I prefer a routine way of life to an unpredictable one full of change” and “I would describe myself as one who tries to avoid taking risks”. These items measure uncertainty avoidance at an individual level rather than a national level, as is usually adopted in measuring cultural differences using a traditional approach (e.g. Hofstede, 1983). Measuring uncertainty avoidance at an individual level may be better to capture the diversity of the citizens within a country (Sharma, 2010, Soares et al., 2007, Yoo et al., 2011, Donthu and Yoo, 1998). In order to control the brand effects on dependent variables, *brand knowledge* regarding testing brands was also measured by adopting three items from Steenkamp et al. (2003). All other measures were anchored with 7-point Likert scales where 1 equals strongly disagree and 7 equals strongly agree (See *Appendix 7* for a full list of measurement items).

Sampling Frame and Data Collection

A large-scale online survey using an Australian consumer panel was conducted. This consumer panel has more than 120,000 active members within Australia, with similar demographical stats compared to those of the general Australian population. Respondents were randomly selected from the consumer panel and screened based on their familiarity with the outsourcing concept. Screening required respondents to both agree on the familiarity of outsourcing and select the correct definition of outsourcing from a multiple-choice question. After that, they were required to answer two ethnicity questions (country of birth and country of identification) and were then grouped into the

according to the ethnic groups. Subjects would then be randomly assigned to one out of six scenarios (three levels of perceived fit and two service outsourcing types). The corresponding Australian brands were also randomly assigned and embedded into the assigned scenario. In total, 360 cases were collected, among which 120 are Australian (89)/New Zealander (31), 120 are Chinese (99)/Vietnamese (21), and 120 are Greek (36)/Italian (84). The sample of respondents was 46.1 per cent male and 53.9 per cent female; 35.5 per cent were in their young-to-mature ages (18-39) and 41.7 per cent were in the middle ages (40-59), while the rest (22.8 per cent) were elderly (60 and above). Most of the subjects resided in New South Wales (33.1 per cent), Victoria (33.1 per cent) and Queensland (15.6 per cent), while the rest resided in other states or territories. Regarding educational background, 18.9 per cent of the subjects had a high school degree or less, the majority (58 per cent) had certificates, diploma or bachelor degrees and the rest (22.2 per cent) had post-graduate degrees including Master's and PhD degrees. (*Table III-1*). The demographic profile of the subjects closely aligns with the Australian population as published by ABS.

Table III-1: Demographics of the respondents

Demographics	Freq. (n = 360)	%	ABS	Demographics	Freq. (n = 360)	%
<i>Gender</i>				<i>Education</i>		
Male	166	46.11	49.80	Less than high school	17	4.72
Female	194	53.89	50.20	High school degree	51	14.17
<i>Age</i>				Certificates I-IV	41	11.39
18-29	38	10.56	22.70	Diploma	71	19.72
30-39	90	25.00	18.50	Bachelor and honours	97	26.94
40-49	68	18.89	18.40	Graduate Certificate	30	8.33
50-59	82	22.78	16.20	Master's degree	45	12.50
60-69	56	15.56	11.70	Doctoral degree	5	1.39
Above 70	26	7.22	11.90	Others	3	.83
<i>Residence location</i>				<i>Ethnicity</i>		
Australian Capital Tertiary	4	1.11	1.60	Australian	89	24.72
New South Wales	119	33.06	32.50	New Zealander	31	8.61
Victoria	119	33.06	24.80	Italian	84	23.33
South Australia	24	6.67	7.40	Greek	36	10.00
West Australia	31	8.61	10.20	Chinese	99	27.50
North Tertiary	1	.28	1.00	Vietnamese	21	5.83
Tasmania	6	1.67	2.30			
Queensland	56	15.56	20.20			

Results

Manipulation Check

To confirm how strongly subjects identified themselves with their respective ethnic group, a series of one-sample T-tests were run to compare sample means of each ethnic group on strength of identification to the neutral number 4 (=neither strong nor weak identification). All of the one-sample t-tests confirmed significant differences ($p < .05$), thereby indicating a strong ethnic identification of each ethnic group (See *Appendix 8* for the results of ANOVA and *post hoc* tests).

To examine whether subjects would perceive fit of service outsourcing differently across the three manipulated fit conditions (High, Medium and Low), a one-way ANOVA test was conducted. The manipulations were successful. Overall, there was a significant difference among the three groups in terms of the scores of perceived fit, $F(2, 359) = 396.9$ ($p < .01$). A further *post hoc* analysis confirmed that subjects' perceived fit for three different fit conditions was significantly different at a 99 per cent confidence level. Specifically, subjects assigned to the high fit condition reported the highest mean scores (mean=5.49, s.d.=1.02) for perceived fit of service outsourcing, while subjects assigned to the low fit condition reported the lowest score (mean=2.16, s.d.=.94). The mean score (mean=3.84, s.d.=.77) reported by the subjects in the medium fit condition was higher than the mean score of the low fit condition but lower than that of the high fit condition (See *Appendix 9* for the results of ANOVA and *post hoc* tests). These significant differences were observed across both service outsourcing types (call centre and repair centre).

In order to examine whether subjects with different ethnic backgrounds are different in terms of the UA index, a one-way ANOVA test was performed. The results confirmed that there was a significant difference among three ethnic groups in terms of the UA

index, $F(2, 359) = 68.2$ ($p < .01$). A further *post hoc* analysis confirmed that the UA index for the three different ethnic groups was significantly different at a 99 per cent confidence level. Specifically, Italian/Greek subjects reported the highest UA scores (mean=4.99, s.d.=1.08), while Chinese/Vietnamese subjects reported the lowest UA scores (mean=3.63, s.d.=.49). Australian/New Zealanders reported higher UA scores (mean=4.56, s.d.=1.06) than Chinese/Vietnamese subjects, but lower UA scores than Italian/Greek subjects (See *Appendix 10* for the results of ANOVA and *post hoc* tests). Hence, the UA scores, measured at the individual level, were consistent with and provided validity to Hofstede's (1980) national culture index.

Measurement Model

Overall model fit. As suggested by Anderson and Gerbing (1988), the measurement model was assessed, validated and purified as a first step. The data was analysed using a partial least square method in structural equation models (PLS-SEMs) (Hair et al., 2013), PLS-SEM modelling can estimate the measurement models and the structural model at the same time. As suggested by Hair et al. (2013), PLS structural equation modelling (PLS-SEM) is considered a robust approach with few identification issues, and it minimises the residual variances of the endogenous constructs. In addition, researchers have argued the severity of using covariance-based structural equation modelling (CB-SEM) if the data do not satisfy the requirements of multivariate normality (Byrne, 2001). Relying on the ordinary least square estimation techniques, the multivariate normality assumption could be relaxed (Henseler et al., 2015). Finally, past studies have also shown PLS to be robust against inadequacies such as skewness and omission of regressors (omitted variable bias) (Cassel et al., 1999). Given the fact that the data was not multivariate normally distributed (kurtosis =116.30), therefore, PLS is adopted to perform the structural equation modelling analysis.

The model fit was determined by assessing the model fit indices given by PLS. Two model fit indices were presented: the average path coefficient (APC) and average R-squared (ARS). For the APC and ARS, it is suggested that the p-values should be lower than .05. The fit indices for the data: APC=.24 ($p<.01$), ARS=.76 ($p<.01$) indicated a good fit of the model to the data. Subjects' education, age, gender, and brand familiarity of the tested brands were also controlled for. The base model (model 1) only explained an average of 2 per cent of the variance in the outcome variables. However, 77 per cent of the variance in the outcome variables were explained by the main effects model including the control variables, and all of the control variables were insignificant. Finally, the predictive relevance of the model was examined using the Stone-Geisser Q^2 coefficient (Stone, 1974). The Q^2 coefficient is a nonparametric measure and represents how well the observed values are reconstructed by the model and the model parameters. The calculated Q^2 coefficients for all endogenous variables included in the model were greater than zero (from .66 to .76), thus suggesting acceptable predictive validity for both models.

Next, a confirmative factor analysis (CFA) model was testing using AMOS. The overall model statistics showed that the chi-square for the model was 288.10 (d.f. = 142, $p<.01$). Although the chi-square test was significant, which implied the observed covariance matrix was significantly different from the implied covariance matrix, by considering the degree of freedom, the CMIN/DF equalled to 2.03, thereby indicating that the model fit is good. Similar results can be drawn from other model fit indices: GFI and AGFI were .93 and .91, respectively, which indicated the goodness-of-fit is moderate; RMSEA was .05, which is below the critical value of .1, thus indicating a good fit of the measurement model. In terms of incremental fit indexes, the values for NFI, RFI, IFI, TLI and CFI were .97, .96, .98, .98 and .98, respectively, all of which are above the

critical value of .90, indicating the model was superior to the null and independence model, thus concluding a good incremental fit.

Convergent Validity. From the CFA results, given the fact that all the estimated loadings of the measurement items for the latent variables were statistically significant, as well as the fact that the standardised estimates of regression weights were all above .05, it could be concluded that the convergent validity of all the measures were evident.

Table III-2: Scale items and latent variable evaluation

Construct and items	Loading	t-value
<i>Perceived Fit (AVE =.93, composite reliability =.98)</i>		
5. It is appropriate for these firms to partner up	.97	170.44
6. This partnership is logical	.96	175.77
7. It is suitable for these firms to form a partnership	.97	226.38
8. Overall Fit of this partnership is strong	.97	199.54
<i>Customer certainty (AVE =.91, composite reliability =.98)</i>		
1. I am certain the outsourcing decision made by this firm is a good decision	.95	164.02
2. I am sure outsourcing decision made by this firm should be viewed positively	.96	213.64
3. I am not worried about the outsourcing decision made by this firm	.94	108.72
<i>Perceived Values (AVE =.93, composite reliability =.97)</i>		
1. I think it is worthwhile to continue to use services from this brand in the future.	.95	144.84
2. I think services from this brand are still good value for the money.	.97	238.28
3. If I use a service from this brand in the future, I will continue to feel I will get my money's worth.	.96	193.92
<i>Purchase Intentions</i>		
1. As an existing customer I will continue to use services from this brand.	1.00	N/A
<i>Brand credibility (AVE =.93, composite reliability =.97)</i>		
1. This brand delivers what it promises.	.95	125.39
2. This brand's product claims are believable.	.97	187.21
3. This brand has the ability to deliver what it promises.	.97	223.05
<i>Uncertainty avoidance (AVE =.60, composite reliability =.91)</i>		
1. I prefer structured situations to unstructured situations.	.65	3.08
2. I prefer specific instructions to broad guidelines.	.71	3.65
3. I tend to get anxious easily when I don't know an outcome.	.77	3.52
4. I feel stressful when I cannot predict consequences.	.80	3.78
5. I would not take risks when an outcome cannot be predicted.	.90	3.45
6. I prefer a routine way of life to an unpredictable one full of change.	.80	3.98
7. I would describe myself as one who tries to avoid taking risks.	.75	3.62

AVE: Average variance extracted

The measurement model was also run in Smart-PLS3 and the results showed supporting evidence for convergent validity. *Table III-2* reports the scale items and evaluation of the latent variables. All the measurements had significant (t-value >1.96) loadings (.65 – .97) which were greater than the recommended cutting-off point of .5 (Hulland 1999), thus indicating adequate individual item reliabilities. The average variance extracted (AVE) values for all constructs ranged from .60 to .93, indicating an acceptable level of convergent validity. Moreover, the composite reliability values ranged between .91 and .98, thereby indicating that the scale items possess high reliability.

Discriminate validity and multicollinearity test. Following the recommendations stated by Fornell and Larcker (1981), the discriminate validity of all the latent variables was assessed. As shown in *Table III-3*, all correlations were consistently smaller than the square roots of the AVE values of the corresponding latent variables. To further examine the discriminate validity of all constructs, the correlations between off-diagonal entries were compared with their respective composite reliability estimates. *Table III-3* demonstrates that no individual correlations (from .03 to .87) exceeded their respective reliabilities (from .91 to 1.00), which thus showed a satisfactory discriminant validity of each of the variables. Moreover, the Heterotrait-Montrait (HTMT) ratio, a more recent and stringent assessment of the discriminant validity than Fornell and Larcker's criterion (Henseler et al., 2015) was estimated. As shown in *Table III-3*, the HTMT ratios ranged between -.06 and .89, and the highest upper confidence interval was .92, which was significantly different from 1. This provided further evidence that all constructs had discriminant validity. The t-values were calculated to see whether the correlations between each of the pairwise constructs were significantly different from 1. Results showed that all pairwise correlations were significantly different from 1, as all t-

values were well above the critical value (i.e. 1.96). By conducting the above analysis, all constructs are discriminate to each other.

Additionally, the correlations between all constructs were examined for their corresponding Variance Inflation Factor (VIF) values to ensure no multicollinearity problem. The findings suggest no evidence of multicollinearity because the VIF scores ranged between 1.00 and 4.72, which were far below the critical value of 10 (Hair et al., 2006).

Table III-3: Construct correlations

Research constructs	1	2	3	4	5	6	√AVE	Cr
1. Customer Certainty							.96	.98
2. Brand Credibility	.33*						.96	.97
	.35*							
3. Perceived Fit	.87*	.18*					.97	.98
	.89*	.19						
4. Purchase Intention	.73*	.17*	.76*				1.00	1.00
	.74*	.18*	.77*					
5. Uncertainty Avoidance	-.08	-.03	-.06	-.10			.77	.91
	-.06	-.05	-.02	-.06				
6. Perceived Value	.81*	.23*	.80*	.87*	-.10		.96	.97
	.83*	.24*	.83*	.89*	-.06			
Notes: 1 st value = Correlation between variables (off diagonal); 2 nd value = HTMT ratio; *: Correlation is significant at the .01 level (2-tailed <i>t</i> -test).								

Common method bias. Because all the data were collected at the same time, a common method bias that inflates the significant relationships observed needs to be assessed (Podsakoff et al., 2003). Using the marker variable (MV) technique (Lindell and Whitney, 2001), one construct from the survey questionnaire – the variety of telecommunication services/mobile phone services in Australia – was identified as a good marker variable because it is theoretically unrelated to the focal constructs. The average absolute correlation between the MV and all of the other constructs in the model was .05 (rm). The average difference between the correlations among all constructs in the model, after partialing out the effect of rm, was .03. Furthermore, 13 of 15 intercorrelations between all the constructs in the model remained significant after partialing out the effect of rm. This suggests that “the results cannot be accounted for by common method variance” (Lindell and Whitney 2001, p. 118).

Structural Model

Perceived fit – customer certainty – perceived value/purchase intention relationship.

The structure model was run in Smar-PLS3. *Table III-4* reports the results of the proposed hypotheses and the path analysis. Hypothesis 1 proposed that perceived fit has a positive and direct effect on perceived value and purchase intentions. The results provided support for Hypothesis 1 (Model 2, $\beta_{\text{value}}=.42$, $t\text{-value}=6.38$; $\beta_{\text{purchase}}=.19$, $t\text{-value}=3.45$). Hypothesis 2 hypothesized that perceived fit has a positive effect on customer certainty. The results provided support for Hypothesis 2 (Model 2, $\beta=.87$, $t\text{-value}=58.03$). Positive effects of customer certainty on perceived values (H_3) and purchase intentions (H_4) were also hypothesised. The results found evidence to support H_3 (Model 2, $\beta=.44$, $t\text{-value}=6.99$) while H_4 was not supported (Model 2, $\beta=-.04$, $t\text{-value}=.73$). Further results supported evidence for H_{6a} (Model 2, $\beta=.74$, $t\text{-value}=13.19$) that perceived value has a positive effect on purchase intentions. Since customer

certainty had a positive effect on perceived values (Model 2, $\beta=.44$, $t\text{-value}=6.99$), which in turn affected purchase intentions (Model 2, $\beta=.74$, $t\text{-value}=13.19$), and there was no evidence to support the direct relationship between customer certainty and purchase intentions (Model 2, $\beta=-.04$, $t\text{-value}=.73$), a full mediation effect of perceived value in the relationship between customer certainty and purchase intentions was concluded, thus providing support for H_{6b} ($ab=.33$, $t\text{-value}=6.03$, 95% CI [.23, .44]).

For the mediation effect of customer certainty on the perceived fit - perceived value relationship (H_{5a}), since perceived fit had a positive relationship on customer certainty (Model 2, $\beta=.87$, $t\text{-value}=58.03$), which in turn affected perceived value (Model 2, $\beta=.44$, $t\text{-value}=6.99$), and a direct effect of perceived fit on customers' perceived values (Model 2, $\beta=.42$, $t\text{-value}=6.38$) was also observed, therefore, a partial mediation effect of customer certainty ($ab=.38$, $t=6.74$, 95% CI [.28, .50]) was confirmed. Finally, for the mediation effect of customer certainty on the perceived fit - purchase intentions relationship, (H_{5b}), since purchase intentions can be either affected by perceived fit directly (Model 2, $\beta=.42$, $t\text{-value}=6.38$) or through an indirect path (i.e. fit \rightarrow certainty \rightarrow value \rightarrow purchase intention), the results indicate a partial mediation effect of customer certainty was found ($ab=.56$, $t\text{-value}=10.60$, 95% CI [.46, .66]).

Table III-4: Partial least squares results for theoretical model.

Dependent Variables Independent Variables	Model 1			Model 2			Model 3		Effect Size f^2		
	β	t - value	R^2	β	t - value	R^2	β	t - value	R^2	$M1$ & 3	$M2$ & 3
Customer Certainty						.75			.79		.19
Perceived Fit				.87**	58.03		.83**	48.93			
Brand Credibility (BC)							.20**	6.63			
BC \times Perceived Fit							.09**	3.97			
Perceived Value			.02			.70			.71	2.38	.03
Perceived Fit				.42**	6.38		.40**	6.45			
Customer Certainty				.44**	6.99		.45**	7.34			
Brand Credibility (BC)							-.03	.72			
Uncertainty Avoidance (UA)							-.04	.86			
BC \times Perceived Fit							-.03	.92			
UA \times Customer Certainty							.07*	2.18			
Gender	.02	.31		.05	1.71		.05	1.76			
Age	-.03	.52		-.02	.59		-.02	.48			
Education	.01	.14		.03	.89		.02	.50			
Brand Familiarity	.14*	2.37		.04	1.50		.06	1.77			
Purchase Intention			.02			.77			.77	3.26	.00
Perceived Fit				.19**	3.45		.17**	2.95			
Customer Certainty				-.04	.73		.00	.01			
Perceived Value				.74**	13.19		.74**	13.38			
Brand Credibility (BC)							-.04	1.14			
Uncertainty Avoidance (UA)							.00	.08			
BC \times Perceived Fit							.05*	1.97			
UA \times Customer Certainty							-.02	.52			
Gender	.02	.35		.01	.29		.01	.22			
Age	-.02	.32		.01	.26		.01	.32			
Education	.02	.32		.02	.77		.02	.92			
Brand Familiarity	.13*	2.07		.01	.24		.01	.50			

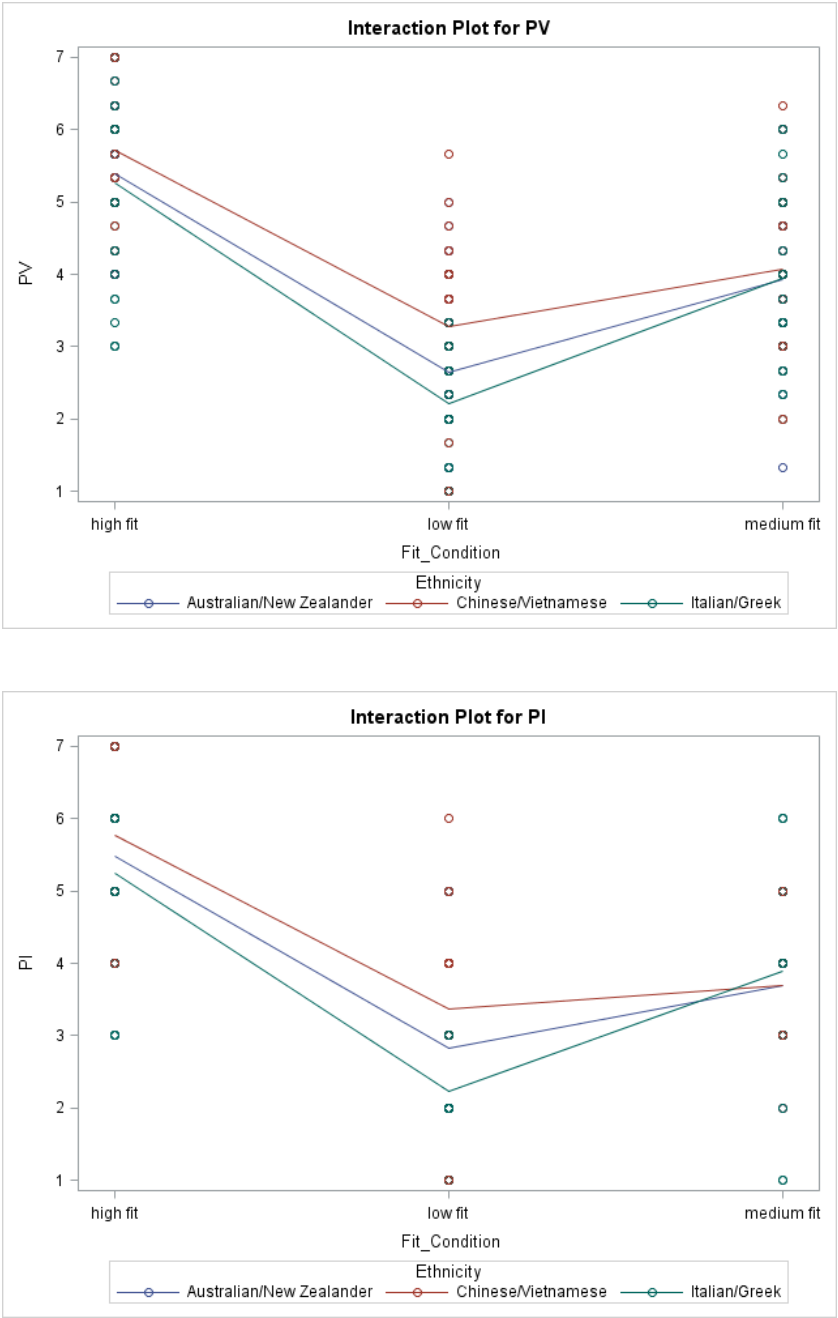
Note: *: significant at the .05 (2-tailed t -test); **: significant at the .01 (2-tailed t -test).

Moderation effects of brand credibility. Hypothesis 7 proposed that brand credibility positively moderates the relationship between perceived fit and customer certainty, perceived values and purchase intentions. To test this hypothesis, Model 3 was assessed. The results partly supported Hypothesis 7. The positive associations between perceived fit and customer certainty and between perceived fit and purchase intentions become even stronger as brand credibility increases (Model 3, $\beta_{\text{fit-certainty}}=.09$, $t\text{-value}=3.97$; $\beta_{\text{fit-purchase}}=.05$, $t\text{-value}=1.97$). However, the moderation effect between perceived fit and customers' perceived values had not been supported (Model 3, $\beta=-.03$, $t\text{-value}=.92$). While the direct moderation effect had not been supported, there was evidence supporting an indirect moderating effect of brand credibility on perceived values via customer certainty (Model 3, $\beta=.04$, $t\text{-value}=3.63$, 95% CI [.02, .06]). Although not hypothesised, a positive significant main effect of brand credibility on customer certainty (Model 3, $\beta=.20$, $t\text{-value}=6.63$) was found. By comparing model 2 with model 3, the R^2 of customer certainty increased from .75 to .79 after introducing brand credibility, and the effect size of brand credibility equaled.19.

Interaction effects between ethnicity and fit condition on perceived value and purchase intentions. In Hypothesis 8, the interaction effects between ethnicity and fit condition on perceived value and purchase intentions were examined. To test Hypothesis 8, a 3 (Fit: high, medium, low) \times 3 (Ethnicity: Australian/New Zealander, Italian/Greek, Chinese/Vietnamese) between-subjects ANOVA test using SAS was conducted. Previously, it was hypothesised that in low fit condition, as customer certainty is relatively low, Australian/New Zealander subjects (medium level of UA) would become more sceptical regarding perceived value and purchase intentions than Chinese/Vietnamese subjects (low UA) but less sceptical than Italian/Greek subjects (high UA).

To test this, 360 participants were equally assigned into 9 different groups (3 fit conditions x 3 ethnic groups), resulting in 40 subjects in each condition. The results confirmed a significant main effect of ethnicity on perceived values, $F(2, 359) = 8.96$, $p < .01$. Chinese/Vietnamese subjects reported higher perceived values (mean=4.35, s.d.=1.40) than Australian/New Zealander subjects (mean=3.99, s.d.=1.54) and Italian/Greek subjects (mean=3.81, s.d.=1.62). The results also confirmed a marginally significant interaction effect between fit condition and ethnicity on perceived value, $F(4, 359) = 2.26$, $p = .06$. Similarly, the results confirmed a significant main effect of ethnicity on purchase intentions, $F(2, 359) = 6.84$, $p < .01$. Chinese/Vietnamese subjects reported higher purchase intentions (mean=4.28, s.d.=1.42) than Australian/New Zealander subjects (mean= 4.00, s.d.=1.52) and Italian/Greek subjects (mean=3.79, s.d.=1.67). The results also confirmed a significant interaction effect between fit condition and ethnicity on purchase intentions, $F(4, 359) = 4.32$, $p < .01$. As shown in *Figure III-2*, there was an ordinal interaction between the two factors, which means the effect of one factor differs in magnitude depending on the level of the other factor.

Figure III-2: Interaction (fit × ethnicity) plot for perceived value (PV) and purchase intentions (PI)



The effect of fit on perceived value and purchase intentions depended on the ethnicity of subjects. In the low fit condition, Chinese/Vietnamese subjects reported significant ($p < .05$) higher perceived values (mean=3.28, s.d.=1.05) and purchase intentions (mean=3.38, s.d.=1.12) than Australian/New Zealander subjects (mean_{value}=2.64, s.d._{value}=1.12; mean_{purchase}=2.82, s.d._{purchase}=1.24) and Italian/Greek subjects (mean_{value}=2.21, s.d._{value}=.86; mean_{purchase}=2.23, s.d._{purchase}=.97). Australian/New Zealander subjects also reported higher perceived values and purchase intentions than Italian/Greek subjects. However, the former difference was only marginally significant ($p = .06$), while the latter difference was significant at .01 level. On the other hand, in the medium and high fit conditions, no significant differences have been observed among different ethnic groups regarding the perceived values ($p = .13$ in high fit condition; $p = .80$ in medium fit condition) and purchase intentions ($p = .08$ in high fit condition; $p = .60$ in medium fit condition). These results provide support for hypothesis 8.

Model Robustness

Alternative dependent variables. In order to check whether the focal constructs can perform well in terms of predicting other similar dependent variables, two outcome variables – customer perceived value and customer purchase intentions – were substituted with two new similar dependent variables – customer satisfaction and customer loyalty towards focal firms. These two outcome variables are widely used in marketing research as the key indicators of customers' attitudes and behaviours (Anderson and Sullivan, 1993, Chaudhuri and Holbrook, 2001).

The customer satisfaction measurements were adapted from Taylor and Baker (1994) using two items: "I would still be satisfied with this brand's services after the outsourcing", and "I would likely have a satisfying experience with this brand's services after the outsourcing". Loyalty intention was measured by using four items as adapted

from Chaudhuri and Holbrook (2001) and Yi and Jeon (2003): “I would continue to have a strong preference for this brand”, “I believe that I would stick to this brand in the future”, “I would recommend this brand to others (family and friends)”, and “I would continue to be committed to this brand”. Both constructs showed good reliability and validity (Satisfaction: AVE=.96, Cr=.98; Loyalty: AVE=.92, Cr=.98).

Data of these two additional outcome variables were collected in the same survey that was conducted to test the focal model. The alternative model with two new outcome variables (Model 4) produced similar results as compared with Model 2 (See *Table III-5*). More specifically, the focal constructs in the alternative model explained 72 per cent of the variance in customer satisfaction and 83 per cent of the variance in customer loyalty, indicating that perceived fit and customer certainty performed well in predicting customers’ attitudes and behaviours across various measurements.

Table III-5: Model comparison between model 2 and model 4

Dependent Variables Independent Variables	Model 2			Model 4		
	β	<i>t</i> -value	R^2	β	<i>t</i> -value	R^2
Customer Certainty			.75			.75
Perceived Fit	.87**	58.65		.87**	58.88	
Perceived Value			.70			
Perceived Fit	.41**	6.46				
Customer Certainty	.44**	7.11				
Gender	.05	1.70				
Age	.05	1.70				
Education	-.02	.59				
Brand Familiarity	.03	.90				
Purchase Intention			.77			
Perceived Fit	.19**	3.44				
Customer Certainty	-.04	.75				
Perceived Value	.74**	13.44				
Gender	.01	.30				
Age	.01	.27				
Education	.02	.76				
Brand Familiarity	.01	.24				
Customer Satisfaction						.72
Perceived Fit				.32**	5.10	
Customer Certainty				.55**	9.05	
Gender				.02	.80	
Age				.00	.02	
Education				.04	1.34	
Brand Familiarity				.04	1.47	
Customer Loyalty						.83
Perceived Fit				.15**	2.62	
Customer Certainty				.06	1.11	
Customer Satisfaction				.72**	13.59	
Gender				.01	.41	
Age				-.03	1.15	
Education				-.02	.76	
Brand Familiarity				.06**	2.56	

Note: *: significant at the .05 (2-tailed *t*-test); **: significant at the .01 (2-tailed *t*-test).

Alternative paths. A series of competing models in AMOS 22.0 was also run to test model fit against the hypothesised model (see *Figure III-3*). In Model 5, all mediation paths were eliminated and customer certainty, perceived fit and perceived value were treated as predictor variables to purchase intentions. In Model 6, perceived value was added as a mediator of in the relationships between perceived fit/customer certainty and purchase intentions. In Model 7, two direct relationships between perceived fit and purchase intentions and between customer certainty and purchase intentions were also added.

The chi-square differences of all the competing models against the hypothesised model are presented in *Table III-6*. The results showed that the hypothesised model fitted the data best and all other competing models yielded significant larger CMIN values than the hypothesised model. Therefore, it can be concluded that the hypothesised model is the best model.

Figure III-3: Competing models

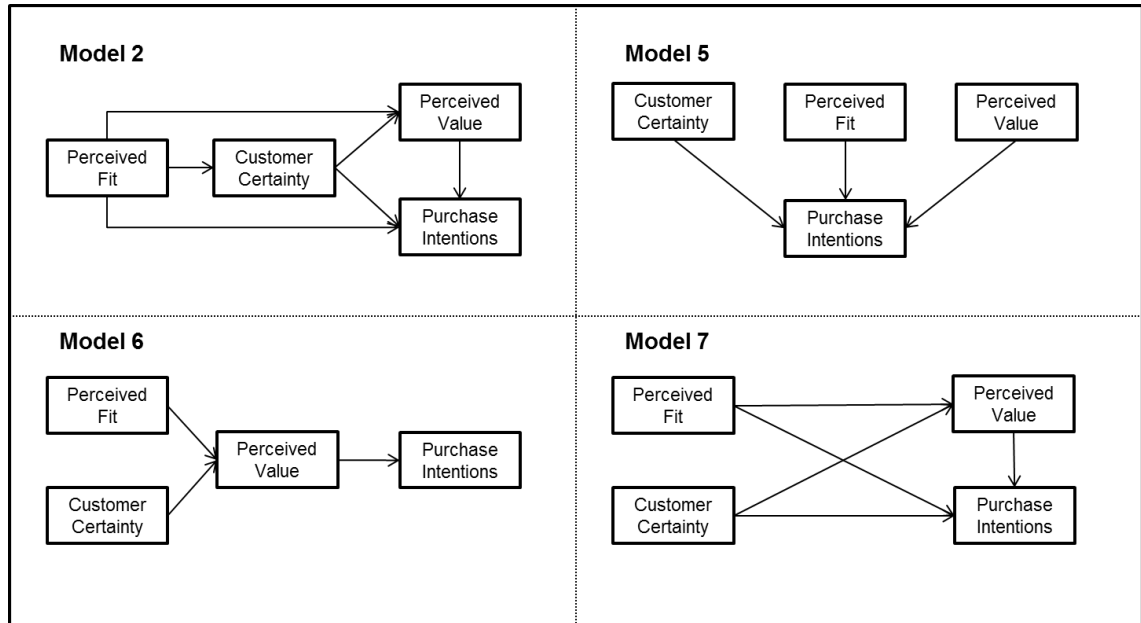


Table III-6: Chi-square differences of competing models against model 2

	Model 2	Model 5	Model 6	Model 7
CMIN	58.02	449.96	573.62	1600.44
Degree of Freedom	49	53	56	56
CMIN Difference		391.94	515.6	1542.42
Degree of Freedom Difference		4	7	7
P-value		.00	.00	.00

Outsourcing type comparison. Finally, the structural models between the two tested outsourcing types (telecommunication call centre outsourcing and mobile phone repair outsourcing) were compared. First, two series of data in AMOS were compared by restricting all the outer loadings and path weights of the telecommunication data equal to those of the mobile phone data when fitting into the structural model. The AMOS model comparison index showed that the CMIN difference was 18.31, which was insignificant ($p=.19$), thus indicating these two models were not significantly different from each other. Therefore, there was no evidence that the telecommunication data was different from the mobile phone data, and the model can fit both data well.

To further check the individual path coefficient differences, Multiple Group Analysis (MGA) were run in SmartPLS 3.0 (*Table III-7*). Most of the path coefficient differences were insignificant except for the path coefficients between perceived fit and customer certainty, and between customer certainty and perceived value. Results showed that perceived fit had a larger effect on customer certainty in the telecommunication call centre service outsourcing than in the mobile-phone repair service outsourcing scenario, and customer certainty had a larger effect on perceived value in the former outsourcing type than in the latter outsourcing type. A further comparison revealed that in the mobile phone repair outsourcing scenario, customer certainty partially mediated the relationship between perceived fit and perceived values ($ab=.30$, $p<.01$, 95% CI [.17, .43]) and between perceived fit and purchase intentions ($ab=.53$, $p<.01$, 95% CI [.40, .68]), while customer certainty fully mediated the relationship between perceived fit and perceived values ($ab=.57$, $p<.01$, 95% CI [.37, .76]) and between perceived fit and purchase intentions ($ab=.60$, $p<.01$, 95% CI [.41, .73]) in the telecommunication call centre service outsourcing scenario. This result revealed the relative higher importance of customer certainty in the telecommunication call centre service

outsourcing than in the mobile phone repair outsourcing. Nevertheless, although there seems to be a number of differences in path coefficients, customer certainty is an important mediator in both models and, together with the overall model fit test in AMOS, it can be concluded this service outsourcing model can be applied to both outsourcing types, thereby demonstrating the external validity of this model.

Table III-7: Partial least squares results for multiple-group analysis.

Dependent Variables Independent Variables	Model 2 (Telecommunication)			Model 2 (Mobile Phone)			MGA	
	β	t -value	R^2	β	t -value	R^2	Diff	p -value
Customer Certainty			.81			.69		
Perceived Fit	.90**	64.28		.83**	31.34		.07**	.01
Perceived Value			.70			.72		
Perceived Fit	.21	1.85		.52**	7.05		.31	.99
Customer Certainty	.64**	5.86		.36**	4.91		.28*	.02
Gender	.08	1.82		.03	.83		.04	.23
Age	.01	.31		-.02	.36		.03	.32
Education	-.02	.39		.08	1.70		.10	.94
Brand Familiarity	.00	.10		.04	.86		.03	.70
Purchase Intention			.79			.75		
Perceived Fit	.15	1.74		.24**	3.06		.09	.78
Customer Certainty	-.02	.27		-.07	.98		.05	.31
Perceived Value	.78**	10.93		.72**	8.70		.06	.29
Gender	.01	.26		.00	.10		.01	.46
Age	.01	.33		.00	.10		.02	.38
Education	.03	.98		.00	.04		.03	.27
Brand Familiarity	.00	.04		-.03	.69		.03	.32
Note: *: significant at the .05 (2-tailed t -test); **: significant at the .01 (2-tailed t -test).								

Discussions, Implications, Limitations, and Further Research

Service outsourcing has been one of the most widely adopted international business strategies as an effective solution to cost savings and improving performance and efficiency (Contractor et al., 2010, Gilley and Rasheed, 2000, Gottfredson et al., 2005). While there is a growing body of literature examining the transaction-based (or cost-reduction) characteristics of outsourcing activities, recent research suggests that firms need to look beyond a firm-perspective and investigate important customer points of view that impact on firm performance (Grappi et al., 2013), given the fact that outsourcing operations being relocated in foreign countries have in recent times evoked negative reactions from consumers based on perceptions of job loss, lower product quality, lack of communications with foreign service providers, and risk of data security. From a strategic perspective, understanding to what extent consumers evaluate firm's service outsourcing decisions would help managers to compare the benefits or savings from service outsourcing with the potential customer-side costs, such as customer complaints, dissatisfaction, or disloyalty, which would eventually affect the overall brand performance. Much of the previous literature shows a negative evaluation from consumers towards service outsourcing and also identified a few factors that would determine the level of consumer evaluations, such as where the outsourcing services should be located (Bharadwaj and Roggeveen, 2008, Koku, 2009, Roggeveen et al., 2007, Thelen et al., 2010, Walsh et al., 2012, Khan et al., 2011), which services are being outsourced (Whitaker et al., 2008, Robertson et al., 2010, Koku, 2009), and who the service outsourcer is (Roggeveen et al., 2007). These factors have been shown to have direct effects on customer satisfaction (Bharadwaj and Roggeveen, 2008), customer loyalty to the domestic service provider (Forman et al., 2015), repeat purchase (Sharma, 2012), customer complaint (Sharma et al., 2009) and attitudes toward the focal

firm (Thelen et al., 2011). One noticeable aspect overlooked in the literature, however, is to whom the service is being outsourced (i.e. outsourcing partner), and the subsequent ‘fit’ between the focal firm and its outsourcing partner. Given the fact that service functions involve front-line service providers having direct contact (and impact) with consumers, the findings of this study show that consumer’s perceptions of service outsourcing partners help explain how consumers vary in their perceptions of service outsourcing.

More specifically, this chapter tested how perceived fit of service outsourcing between focal firms and outsourcing partners affects customers’ perceived values and purchase intentions of focal firms’ products and services either directly or via a mediator of customer certainty. It also tested the moderation effects of brand credibility of focal firms and customers’ uncertainty avoidance grouped by ethnics. The large-scale survey-based empirical test in Australia confirmed most of the hypotheses. Results showed that perceived fit of service outsourcing directly affect customers’ perceived values and purchase intentions of the focal firm’s products and services. The findings extended the current understanding of the role of perceived fit from other marketing domains, such as brand extensions and country-of-origin studies, to the context of service outsourcing (e.g. Aaker and Keller, 1990, Milberg et al., 1997, Loken and John, 1993). Results also found a mediation effect of customer certainty in the relationship between perceived fit and perceived value, together with purchase intentions. While this effect has not been well examined in the previous literature, this study’s finding has renewed the current understanding of the concept of perceived value and the utility theory. Perceived value was observed to have a positive effect on purchase intentions, which replicates the findings from previous literature (Chang and Tseng, 2013, Chang and Wildt, 1994, Cronin et al., 2000, Dodds, 1991, Dodds and Monroe, 1985, Dodds et al., 1991,

Patterson and Spreng, 1997, Wood and Scheer, 1996). Although this study hypothesised a direct impact of customer certainty on purchase intentions, empirical findings suggested that perceived value fully mediates the effect of customer certainty on purchase intentions. This finding is contrary to that of the previous literature, which argues a direct effect of customer certainty on purchase intentions (Petrocelli et al., 2007, Rucker and Petty, 2004, Shiu et al., 2011). While the previous literature did not account for the mediation effect of perceived value, the findings from this study confirmed that the effect of customer certainty on purchase intentions was fully mediated by perceived value. There was also a positive moderation effect of the focal firm's brand credibility in affecting the effects of perceived fit on customer certainty and purchase intentions. The results provided additional evidence to cue diagnostic theory (Purohit and Srivastava, 2001), thus demonstrating that negative high-scope cues (e.g. brand credibility) are more informative and diagnostic when predicting attitudes and behaviours. Surprisingly, the research findings did not support a direct moderation effect on the relationship between perceived fit and perceived values, although the indirect moderation effect via customer certainty was significant. This is unexpected and further research might be required to investigate a possible explanation. In addition, although not hypothesised, a positive main effect of brand credibility on customer certainty was found. This finding is consistent with the previous literature, which consistently confirmed a positive relationship between brand credibility and customer certainty as a credible brand can reduce customers' various risks, such as knowledge, information and purchase (e.g. Shiu et al., 2011, Erdem et al., 2006, Erdem et al., 2002). Finally, this study confirmed that the Hofstede (1983)'s categorisation of national culture based on the UA index can also be applied to ethnical groups. Results supported that when customer certainty was relatively low as induced by a low perceived fit

condition, Chinese/Vietnamese customers reported the highest perceived value and purchase intentions scores due to their low UA index, while Italian/Greek customers reported the lowest perceived value and purchase intentions scores due to their high UA index.

The model was checked for robustness and validated the predictive power of the fit construct by applying the alternative dependent variables (i.e. customer satisfaction and loyalty), by comparing between alternative models and by applying the same model to two different outsourcing type datasets – telecommunication call centre service outsourcing and mobile phone repair outsourcing. All the robustness checks yielded consistent performance of the model and the construct of perceived fit.

Theoretical Implications

This research has contributed to the current service outsourcing literature by addressing the following gaps. First, there is evidence that partnership fit is an important factor influencing consumers' perceived values and purchase intentions. Although service outsourcing viewed negatively by consumers in general, high perceived fit of service outsourcing can offset those negative attitudes and positively contribute to consumers' perceived values and purchase intentions. Exploring the concept of partnership fit contributes to the current outsourcing literature since much of the research on service offshoring suggests a strong country-of-origin (COO) effect, driven by differences between the home and host country (Thelen et al., 2010, Khan et al., 2011, Walsh et al., 2012, Bharadwaj and Roggeveen, 2008). Perceived partnership fit of service outsourcing represents an important aspect of firm partnerships, incorporating location, corporate reputation and corporate resource aspects, and looks beyond simple country-of-origin effects. By applying the fit concept into a service outsourcing context, this

study also provides further empirical evidence to categorisation theory and extends the applications of the fit concept from other marketing domains, such as brand extensions.

Second, this study addresses the importance of customer certainty as a cognitive-based variable in the relationship between perceived fit and consumers' attitudinal and behavioural intentions. Current literature of service outsourcing has mainly focused on the direct effects (Bharadwaj and Roggeveen, 2008, Forman et al., 2015, Sharma, 2012), while indirect or mediating effects have been rarely discussed. Although Grappi et al. (2013)'s study examines the mediating role of positive and negative emotions in the relationship between service outsourcing and consumers' attitudes, a cognitive-based model of thinking is worth examining. Further, an examination of the relationship between perceived fit and customer certainty provides further empirical evidence to both information processing theory (Forgas, 1992, Oliver, 1993, Petty and Cacioppo, 1986, Zajonc and Markus, 1982) and attitude certainty theory (Petrocelli et al., 2007, Petty et al., 2007). It also extends the application of customer certainty concept from other marketing domains, such as brand extensions (Smith and Andrews, 1995), downsizing (Homburg et al., 2012) and market communications (Weathers et al., 2007).

Third, this study addressed the importance of the focal firm's brand credibility as one of the key moderators in the relationships between perceived fit and customer certainty, perceived values and purchase intentions. There is insufficient research in service outsourcing investigating the moderating effect of focal firm's brand in the context of service outsourcing. There is evidence of a moderation role of focal firm's brand familiarity in affecting consumers' attitudes and behaviours in general (Roggeveen et al., 2007). However, given that most of the outsourcing firms are big players in the marketplace and their names were familiar to nearly all the customers, it would be more

interesting and relevant to discover any higher-order brand properties, other than brand familiarity, which could interact and moderate the relationship. This chapter extends the previous literature by analysing the moderating effects of the focal firm's brand credibility in the relationship between perceived fit of service outsourcing and consumers' attitudes and behaviours. Further, examining the moderating role of brand credibility of focal firms also provides further empirical evidence to cue diagnostic theory (Purohit and Srivastava, 2001) and extends the application of high-scope versus low-scope cue diagnostic theory from warranty studies to service outsourcing studies.

Lastly, this study also accounted for consumer heterogeneity. Unlike other consumer studies which usually operated in a single cultural or country setting and, assumed no or very little cultural differences within a country, this study addressed cultural differences between different ethnic groups within a single country. Built upon Hofstede (1983)'s national culture study regarding UA, this study extends the analysis of UA from a national level to an ethnicity level, given the fact that ethnicity in a single country is becoming more diversified with the process of global integration. Although previous empirical studies have confirmed the role of UA in product evaluations from a country-based analysis (Erdem et al., 2006, Melewar et al., 2007, Reimann et al., 2008), consumer heterogeneity across ethnic groups is rarely studied. It seems to be oversimplified to assume cultural similarities among different ethnic groups, and in fact, scholars have urged researchers to investigate such cultural differences in ethnicity (Donthu and Yoo, 1998, Sharma, 2010, Soares et al., 2007, Yoo et al., 2011). This study, therefore, addresses this research agenda and extends the current understanding of UA based on ethnicity.

Managerial Implications

As one of the most important and popular international business strategies, service outsourcing has been widely adopted in recent years to achieve cost-efficiency and leverage global resources. Although managers usually make outsourcing decisions based on operational benefits, such as cost-savings, and performance or efficiency improvements, they should be aware of the long-term impact of their decisions on brand performance from a consumer brand equity perspective. Unlike manufacturing outsourcing, which to some extent is not directly linked to consumers' experiences, service outsourcing is directly linked to consumers' experiences. Thus, consumer's general impressions about outsourcing and the outsourcing service partners may affect the overall brand of the focal firms. Hence, other than considering operational-efficiency, managers should also take the consumers into account when evaluating the benefits and costs of outsourcing services to a particular partner.

Overall, consumers perceive service outsourcing negatively, based on their perceptions of job loss, lower product quality, lack of communications with foreign service providers and risk of data security. Hence, from a strategic perspective, the priority for focal firms is to minimise the possible negative reactions from consumers while still enjoying the operational benefits obtained from service outsourcing. From this research, it is not difficult to conclude that, ideally, firms should consider a high fit partnership when choosing service outsourcing partners, given the fact that the high fit partnership usually leads to higher customer satisfaction, loyalty and purchase intentions. While low fit partnership reduces customers' satisfaction, loyalty and purchase intentions dramatically. However, there is a cost to achieving higher fit, with high fit partnerships usually costing more than lower fit partnerships. This in turn reduces the potential benefits (e.g. savings) from service outsourcing. Therefore, firm managers need to think

and act from a strategic perspective by comparing the benefits with the potential losses associated with consumers' attitudes and reactions and obtaining optimal net gains in the long-term. Therefore, the fit index can serve as proximity to anchor firms' potential losses (gains) due to consumers' reactions and attitudes and allow comparisons to be made with other operational benefits to evaluate the service outsourcing decisions more comprehensively.

Moreover, given the fact that current firms are serving a diversified customer base with different ethnic backgrounds, firm managers should be aware that their outsourcing strategies may be perceived differently by different ethnic groups. For example, for Chinese/Vietnamese customers, outsourcing to a relatively low fit partner is not as serious a problem as it is for Italian/Greek customers. Hence, firm managers should profile the demographics of their current and potential customers in terms of ethnicity to design and communicate different outsourcing strategies for them. By doing this, firms can at least obtain some cost-efficiency without diluting the firm's brand reputation at the same time. In addition, firm managers can also concentrate their resources on communicating the benefits of outsourcing to high UA customers in order to address their concerns.

In addition, highly credible firms should be aware that they should be very cautious in doing service outsourcing in order to build and maintain their brand reputation. Some highly credible firms may think their brand will not be affected by service outsourcing. However, the findings suggest that highly credible firms are extremely vulnerable to low fit service outsourcing. When perceived fit of outsourcing is relatively low, high credible firms may suffer from the reduced customers' perceived value of firms' products and services and purchase intentions. Hence, high credible firms should be

very cautious in choosing outsourcing partners and communicating outsourcing decisions to customers in order to avoid dramatic brand dilution.

Limitations and Further Research

This study has some limitations that could be addressed through further research. First, although this research takes ethnicity into account, it has only examined the concept of perceived fit of service outsourcing in a single country, Australia. It would be highly likely that the concept of perceived fit and its subsequent impact upon focal firms' brands and consumers' attitudinal and behavioural intentions would vary somewhat from country to country, given the fact that consumers in different countries or cultural zones may perceive fit differently and act differently in turn. Hence, future research may also extend the current study across cultural settings to discover any homogeneity and heterogeneity in terms of perceived fit of service outsourcing and the subsequent consumer reactions. Second, while this study examined the effect of ethnic identity, the intensity of this ethnic identity has not been discussed. In fact, identifying with a culture along with the intensity of ethnic identity has been found to impact values and consumer behaviour within a singular ethnic group (Deshpande et al., 1986). Future studies may examine the effect of the intensity of identity. Last, although this study examines the effect of perceived fit on consumers' attitudinal and behavioural intentions, it does not consider the impact of other firm marketing strategies, (e.g. pricing strategies). Today, many firms are using different market communications to address general public's concerns about outsourcing (Hawthorne 2012). How these different marketing mix techniques and the combinations of them would affect consumers' general evaluation and attitudinal and behavioural intentions of service outsourcing should be part of the research agenda moving forward.

IV CHAPTER THREE

DETERMINING EFFECTIVE COMMUNICATION STRATEGIES FOR OUTSOURCING DECISIONS

Abstract: This chapter examines how different communication strategies affect customers' perceptions and behaviours toward the focal firms in the context of service outsourcing. Specifically, it examines the following: 1) the main effects of two forms of communication strategies, namely, customer-focused communication and society-focused communication, on customers' certainty toward service outsourcing and their purchase intentions of the focal firm's products and services; 2) the moderation effects of two forms of communications strategies on perceived fit of service outsourcing – customer certainty and the fit – purchase intentions relationships; 3) the moderation effects of customers' self-construal independence versus interdependence on communication strategies; and 4) the three-way interaction between perceived fit, communication strategies, and customers' self-construal in affecting customers' perceptions toward service outsourcing. The study collected 542 valid cases from a nationwide Australian consumer panel using a quasi-experimental approach. The results showed positive main effects of both communication strategies on customer certainty and U-shaped moderation effects on the fit – certainty relationship. The study also found a positive moderation of customers' self-construal on both communication strategies. Theoretical and managerial implications are offered along with directions for future research.

Key words: outsourcing, services, perceived fit, customer certainty, communications, self-construal

Introduction

In recent years, competition has driven firms to increasingly outsource services, such as customer services, IT, human resources, etc. to cut costs and improve performance (Gilley and Rasheed, 2000, Contractor et al., 2010, Gottfredson et al., 2005). Although traditional research focuses on the managerial perspective of service outsourcing, the consumers' perspective of service outsourcing has been rarely discussed (Grappi et al., 2013). In the first and second chapters, service outsourcing from the perspectives of consumers has been discussed in addition to examining how consumers perceive and react to various service outsourcings. Perceived fit of service outsourcing between the focal firms and the outsourcing partner, which is defined as the overall perceived relatedness of the focal firm and the outsourcing partner with multiple cognitive bases, has been argued as the focal construct that affects consumers attitudinal and behavioural intentions towards the focal firm/brand. The mediation effect of customer certainty has also been examined and confirmed. Moreover, results have suggested that focal firm's brand credibility moderated the relationship between perceived fit and customers' attitudes and behaviours. Lastly, the findings confirmed that different ethnic consumers vary in their respond to service outsourcing based on uncertainty avoidance, as predicted by their ethnicity.

To further advance the current understanding of perceived fit in outsourcing services, it is important to look at the focal firm's initiatives to communicate the outsourcing decisions to the public in a positive way and to shape customers' general negative attitudes toward service outsourcing. Once firms outsource customer services abroad, they have options on communicating the effects of their outsourcing strategies. Firms can use communication strategies to promote the positive benefits of outsourcing, or use them to neutralise possible negative customer reactions to relocating services to

offshore locations (Falkheimer and Heide, 2006). These marketing communication strategies usually address the potential benefits of service outsourcing to either the firm (i.e. self-oriented benefits) or the customers and society (i.e. other-oriented benefits). For example, ANZ Australia stated that their outsourcing would help them to achieve cost savings for their business operations and to become competitive within the marketplace because Australia is a “highly paid nation...[which] makes it hard for many sectors to compete” (Hawthorne, 2012). Similarly, E-Loan, a web-based financial service provider, informed their clients about the outsourcing decision and mentioned some possible benefits to the customers, such as 24-hours processing capability, short processing time, more data security, etc.

While communication strategies are important activities firms can use to communicate to their customers unpopular operational decisions, there is little attention on the effects of such strategies in the service outsourcing/offshoring literature. The only exception is Grappi et al. (2015b)’s study, which examined two self-oriented (i.e. firm-focused) communication strategies, namely, prevention-focused (e.g. cost reduction) and promotion-focused (access to knowledge and talent people, and development of foreign markets) approaches. Grappi et al. (2015b) argued that the prevention-focused approach is more likely to offset negative attitude to outsourcing for those consumers who often stress protection, security and responsibility as the primary objectives in decision making, while the promotion-focused approach is more likely to offset negative attitude to outsourcing for those consumers who often emphasise accomplishments, achievements, aspirations and advancements as the primary objectives in decision making.

While firm-focused communications might neutralise the negative attitudes toward service outsourcing to some extent, the effectiveness of the persuasion may be questioned due to the degree of relevance to customers (Petty and Cacioppo, 1986). In fact, the low relevant information usually triggers consumers' heuristic processing, and the diagnosticity of information would be questioned (Petty and Cacioppo, 1986, Herr et al., 1991). Although Grappi et al. (2015b) mentioned that consumers might infer from the firm-focused communications that they could receive some benefits (e.g. lower price), this inference is rather indirect and sometimes may not happen. A customer-focused or society-focused communication approach, on the contrary, is more personally relevant to customers and should be more persuasive in attitude change. Much of the previous literature in service outsourcing has confirmed that most customers are usually concerned about their individual interest such as service quality and performance (Durvasula and Lysonski, 2008, Forman et al., 2015, Khan et al., 2011, Robertson et al., 2010, Sharma, 2012, Sharma et al., 2009, Thelen et al., 2010), personal information security (Honeycutt et al., 2012, Robertson et al., 2010, Thelen et al., 2011, Thelen et al., 2010), and/or cost of services (Forman et al., 2015). Other consumers may also show concerns about the societal interest that would be threatened such as job loss (Thelen et al., 2011, Kletzer, 2005, Levine, 2012, Farber, 2005), national economic development (Hira and Hira, 2005, Durvasula and Lysonski, 2008), and national technological or social development due to outsourcing products or services (Hoecht and Trott, 2006). According to information integration theory (Anderson, 1971, Anderson, 1965), individuals process and integrate each piece of information received to form an overall judgement regarding the object. Based on this notion, this chapter argues that providing customer-focused and society-focused communication to

customers could enhance their attitudes, certainty towards the service outsourcing, and purchase intentions.

While both customer-focused and society-focused communications could be effective, the relative effectiveness of each may largely depend on the context. The previous literature has mainly discussed the influences of cultural values at a national level with the assumption that the differences of cultural values within a country/nation tend to be significantly smaller than those between countries/nations (Hofstede, 1983, Steenkamp and Baumgartner, 1998). However, this assumption has to be reconsidered given the magnitude of global movement (Douglas and Craig, 1997). Nowadays, the traditional dichotomy between the domestic markets and international markets has become blurred and more and more overseas consumers with different cultures and values move in and out of a country. Studies that assume universal cultural values within a country may not be valid in the changing context of globalisation, while scholars have urged researchers to investigate the culture and value impact from an individual level in a country (Sharma, 2010, Soares et al., 2007, Yoo et al., 2011, Donthu and Yoo, 1998). In response, this study examines the interaction effect of one of the most important individual-level measures of values – individual self-construal values (i.e. independent versus interdependent values). More specifically, this study aims to examine how individual's self-construal interplays with perceived fit of the service outsourcing and communication strategies in affecting overall purchase intentions. While the self-construal concept is more or less quite similar to one of the well-known Hofstede (1983)'s national cultural dimensions – individualism and collectivism, the reason for choosing self-construal instead of individualism (versus collectivism) in this study is that the former has been conceptually developed as an individual value construct and performed consistently regarding its well-developed measurements (Singelis, 1994,

Escalas and Bettman, 2005), while the latter was first introduced to represent national culture and the adaption of its measurements into individual level seems to generate inconsistent performance and low stability (Hofstede, 1980, Hoppe, 1990, Spector et al., 2001).

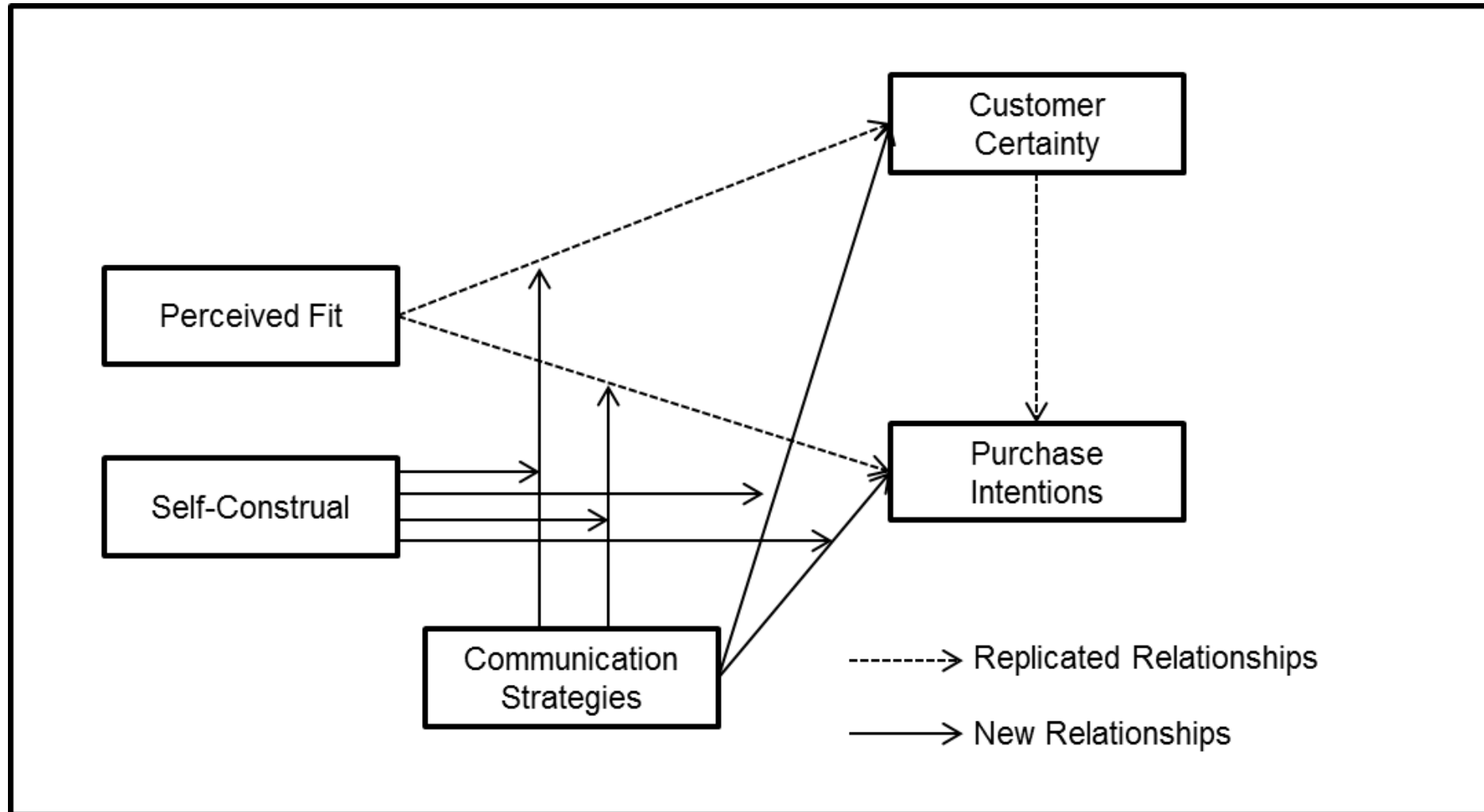
By extending the contributions from the first and second chapter, the contributions of this chapter are twofold. First, this chapter addresses the research gap and proposes two communication strategies that a focal firm engaging in service outsourcing could adopt: customer-focused communications and society-focused communications. Second, this study extends the literature by further investigating the impact of individual cultural values – consumers' self-construal – on the effectiveness of communications in service outsourcing.

Therefore, the purposes of this chapter are threefold. First, it aims to examine the main effect of providing communications to consumers in changing their certainty towards service outsourcing and finally their purchase intentions of the focal firm's products and services in the context of service outsourcing. Second, it aims to discover the interaction effects between communication strategies and perceived fit of service outsourcing. Third, it aims to investigate the three-way interactions between perceived fit, communication strategies, and consumers' self-construal. The remainder of this chapter discusses the relevant literature, theory and empirical evidence that support the proposed main and interaction effects. Further, it presents the conceptual model and interprets the empirical results.

Conceptual Framework

The research framework examined in this chapter is presented in *Figure IV-1*, followed by a conceptualisation of the focal constructs and a discussion on the rationale for each of the hypothesised relationships.

Figure IV-1: Conceptual framework (Chapter three)



Hypothesis Development

The relationship between perceived fit and customer certainty

Customer certainty, in the context of service outsourcing, is defined as the customer's sense of confidence to predict that outsourcing services to a particular partner from the focal firms would not affect the quality and performance of services received from the outsourcing partner. This paper argues a positive relationship between perceived fit of service outsourcing and customer certainty due to the following reasons.

First, perceived fit of service outsourcing is an indicator of information consistency, which is one of the main attendances to customer certainty (Rucker et al., 2014, Shiu et al., 2011). From a categorisation theory perspective, consumers are more likely to compare the new instance of a particular product/brand with their pre-existing knowledge structure about a particular brand/product, which was formed based on their previous experiences with this product/brand either personally or from external sources (Cohen and Basu, 1987, Fiske et al., 1987, Gurhan-Canli and Maheswaran, 1998). If the new instance is consistent with consumers' knowledge structure of this product (i.e. categorical knowledge), then there is a fit between them. Hence, the more consistencies between the new instance (new knowledge) and categorical knowledge (prior knowledge), the higher the perceived fit. As the new instances become more consistent with the existing knowledge structure, people would become more certain about their overall attitude towards the outsourced services. In contrast, if the existing knowledge structure is challenged by new instances of information, the existing knowledge becomes questionable in turns of accuracy, and as a result, such inconsistency would reduce customer certainty (Rucker et al., 2014). Therefore, perceived fit of service outsourcing can affect customer certainty as it indicates the accuracy of customers' existing knowledge about the outsourced services.

Second, perceived fit could also affect perceived information completeness, which is another source of customer certainty (Rucker et al., 2014, Shiu et al., 2011). Specifically, when consumers encounter schema incongruity (i.e. unfit situation), it drives cognitive arousal, thus leading consumers to notice that their existing knowledge about the focal firm/brand is not complete (Meyers-Levy and Tybout, 1989). However, when perceived fit is high, consumers may lack enough motivation to consider whether the information and knowledge are complete or not (Rucker et al., 2014). Hence, the more unfit situation encountered by consumers, the higher possibility that consumers may feel their information and knowledge is incomplete. This perceived incompleteness of information has an impact upon customer certainty; that is, as consumers perceive they have no access to complete information, regardless of how much information they actually have, their certainty about the outsourced services from the focal firm decreases (Rucker et al., 2014, Erdem and Swait, 1998, Sanbonmatsu et al., 1991).

Past studies have examined the relationship between perceived fit and customer certainty. For example, Smith and Andrews (1995) argued that perceived fit between the current product category and the new product extension would have an effect on customer certainty about the company's ability to provide such a new product. The researchers found ample evidence to support this hypothesised relationship in their experimental studies. Aaker and Keller (1990) confirmed a positive relationship between product fit and consumers' evaluation of the extension and argued that if a firm extends the core brand to a less relevant product category, consumers may feel very uncertain and sceptical about their ability to make such an extension. Ellen et al. (2006) also confirmed that a low fit between the product and the cause in cause-related marketing could trigger consumers' uncertainty and scepticism about the true motives of a firm's CRM claims, thus leading to a poor evaluation of the product.

Hence, based on the above theoretical support and empirical evidence, it is proposed that perceived fit of service outsourcing between focal firms and outsourcing suppliers is positively associated with customer certainty about the quality and performance of the outsourced services.

H₁: Perceived fit of service outsourcing positively affects customer certainty.

The relationship between customer certainty and purchase intentions

Customers' purchase intention is defined as the likelihood that the prospective buyer intends to purchase the product or services (Dodds et al., 1991). It is widely agreed that purchase intention is a good indicator of actual purchase (Chang and Wildt, 1994). Customer's certainty level may affect their purchase intentions directly. The literature on the topic of certainty has demonstrated that as the certainty level decreases, individuals would be less likely to behave consistently in terms of their attitudes (Petrocelli et al., 2007, Rucker and Petty, 2004, Shiu et al., 2011). This is mainly due to the fact that consumers may be less motivated to take actions and make choices in the marketplace when they face high uncertainty about products' or services' performance (Shiu et al., 2011). In fact, as argued by theorists in uncertainty studies, when individuals face high uncertainty about a choice and the corresponding consequences, they often doubt their ability to choose the best choice and feel a high probability of choosing sub-optimal choices with negative and unexpected consequences. As a result, instead of making a choice immediately, they would rather postpone and wait until they get new information and knowledge to help them distinguish the best choice from other choices (Maier et al., 2014, Petrocelli et al., 2007, Shiu et al., 2011). Studies in the field of marketing have ample evidence that demonstrate a positive relationship between customer certainty and behavioural intentions, such as purchase intentions (Shiu et al., 2011), product trial (Smith and Swinyard, 1983), willingness to pay (Okada, 2010, Maier et al., 2014), new

product evaluations and adoptions (Smith and Andrews, 1995, Castaño et al., 2008) and customer satisfaction (Homburg et al., 2012). For example, in the context of a new product launch, Smith and Andrews (1995) found that customer certainty in a company's ability to provide a new product has a positive relationship with customer evaluation of the new product. Also, Maier et al. (2014) found that when customers feel uncertain about the true value of a product prior to purchase, they are more likely to discount the floor price of their willingness to pay range. Shiu et al. (2011) examined the relationship between customer certainty and purchase intentions and discovered that consumers under high knowledge uncertainty would feel less likely to make a consumption decision and purchase intentions. In the context of service outsourcing, customers' uncertainty about the quality and performance of outsourced services may directly affect their purchase intentions of products or services from focal firms, since service is an important element of the overall experiences regarding the purchase, usage and relationship with the focal firm. Hence, it is proposed that customer certainty about outsourced services quality and performance would directly affect their purchase intentions of services or products from focal firms.

H₂: Customer certainty positively affects customers' purchase intention of focal firms' products and services.

The relationship between perceived fit and purchase intentions

A positive relationship between perceived fit of service outsourcing and customers' purchase intentions toward the focal firm's products and services in the context of service outsourcing is predicted. From a theoretical perspective, consistent information (i.e. high fit) should be readily incorporated within the existing category structure without any significant changes in attitudes or beliefs (Milberg et al., 1997, Loken and John, 1993). Hence, customers' post-attitudes and behavioural intentions should not be

negatively affected compared with their pre-attitudes and behavioural intentions. Moreover, when perceived fit of service outsourcing is high, the value of focal firm's brand may be even more enhanced because it reinforces its core brand associations (i.e. good quality, expertise, design, etc.) and customers' beliefs of focal firm regarding the product quality and performance (Grime et al., 2002). On the other hand, in a low perceived fit condition, customers' beliefs and attitudes toward focal firm/core brand might be diluted as the new inconsistent information (i.e. low fit) results in an incremental modification or updating of the corresponding brand belief of focal firms in an opposite direction (Loken and John, 1993, Milberg et al., 1997). Moreover, inconsistent information may also trigger consumers' scepticism about firm's motives to outsource services (Aaker and Keller, 1990). As such, this scepticism would eventually lead to customers' modification and updating of their beliefs and attitudes. The effects of perceived fit on customers' behaviours have been well examined in other areas, such as brand extension (e.g. Aaker and Keller, 1990, Milberg et al., 1997, Loken and John, 1993) and country-of-origins (e.g. Hamzaoui and Merunka, 2006, Roth and Romeo, 1992). Most studies confirm a positive link between fit and consumers' attitudes and behaviours. Extending this notice, this study proposes that perceived fit of service outsourcing can also have a direct impact on customers' purchase intentions toward focal firm's products and services in the context of service outsourcing.

H₃: Perceived fit of service outsourcing positively affects customers' purchase intentions toward focal firm's products and services.

The mediating role of customer certainty

Since perceived fit is hypothesised to have a positive relationship with customer certainty, which positively affects customers' purchase intentions, it is further expected

that customer certainty plays a mediation role between perceived fit and purchase intentions.

H₄: The effect of perceived fit on customers' purchase intention is mediated by customer certainty.

The main effect of marketing communications

Customer certainty. A positive effect of marketing communications is expected on customer certainty because it could effectively reduce the risks involved in attitude formation process (Cox and Rich, 1964, Dowling, 1986, Jacoby and Kaplan, 1972, Campbell and Goodstein, 2001, Taylor, 1974). Consumers always face risks when forming attitudes and making decisions (Taylor, 1974). The higher the risk, the lower the certainty towards the attitudes and the decisions made (Cox and Rich, 1964). Prior research has identified a few sources of risks, including performance and social risks (Murphy and Enis, 1986). Performance risk refers to the loss incurred when a product or service does not perform as expected (Sweeney et al., 1999). Social risk refers to a risk derived from a product or service's ability to change a consumers' social image (Murphy and Enis, 1986). Most customers are nowadays concerned about corporate social responsibility (CSR) because they do not want to take the risk of being perceived as purchasing or consuming products and services from socially irresponsible firms. In the context of service outsourcing, consumers may face heightened performance risks due to the uncertain quality of the partner's services. They may also incur a higher social risk due to the uncertain consequences to society. Much of the previous literature and business reports have identified two forms of risks from a customers' point of view regarding service outsourcing. The first one is the customer-related risks, such as service quality and performance (Durvasula and Lysonski, 2008, Forman et al., 2015, Khan et al., 2011, Robertson et al., 2010, Sharma, 2012, Sharma et al., 2009, Thelen et

al., 2010), personal information security (Honeycutt et al., 2012, Robertson et al., 2010, Thelen et al., 2011, Thelen et al., 2010), and/or cost of services (Forman et al., 2015). The second one is the society-related risks, such as job loss (Thelen et al., 2011, Kletzer, 2005, Levine, 2012, Farber, 2005), national economic development (Hira and Hira, 2005, Durvasula and Lysonski, 2008), and national technological or social development (Hoecht and Trott, 2006).

When the risk of forming attitudes is high, according to Murray (1991), consumers are more likely to acquire relevant information, either actively or passively, as a strategy to reduce perceived risks. Information provided by the firms through marketing communications, therefore, would become more salient when consumers are in the process of attitude certainty formulation. While Murray (1991) argues that consumers usually have a greater preference for personal sources of information, such as personal experience, over external sources of information, such as marketing communications, in the event that internal sources of information are not available to retrieve, impersonal sources of information would be preferred (Lutz and Reilly, 1974). In the context of service outsourcing, communicating customer-related benefits, such as cost, quality, performance and information security, would successfully address customers' concerns, reduce their perceived performance risks and, in turn, strengthen their certainty towards service outsourcing. Similarly, communicating society-related benefits, such as job opportunities, economic development and technology and social development, would also successfully address customers' concerns, reduce their perceived social risks and, in turn, strengthen their certainty towards service outsourcing. Moreover, as previously discussed attitude certainty can be affected by the completeness of information (Rucker et al., 2014). Hence, providing additional information regarding customer-related and society-related benefits could make customers feel more completed about the

information regarding service outsourcing so that they would be more confident, or certain, about the consequences of this outsourcing decision (Rucker et al., 2014, Shiu et al., 2011).

H₅: Both customer-focused and society-focused communications positively affect customer certainty.

Purchase intentions. A positive relationship is expected between both customer-focused and society-focused communications and customers' purchase intentions. Expected utility theory argues that consumers would be more likely to consider purchasing and using products or services which could maximise their utilities (i.e. net benefits or net values) (Sweeney et al., 1999, Zeithaml, 1988). Benefits, or values, could derive from quality, social or emotional aspects (Sweeney et al., 1999). Quality benefits refer to the utility derived from the differences between the perceived performance and expected performance of using a product or service (Sweeney et al., 1999); social benefits refer to the utility derived from the gain from enhanced self-concept of using a product or service (Sweeney et al., 1999), while the emotional benefits refer to the utility derived from the positive affective states or feelings of using a product or service (Sweeney et al., 1999). It should be noted here that, during the pre-consumption period, quality, social and emotional utilities are hard to be judged by consumers, especially for services, due to the inseparable, perishable and variable nature of services (Moeller, 2010, Erramilli and Rao, 1993). Hence, consumers largely rely on external information to infer the intrinsic utilities (Miyazaki et al., 2005, Magnusson et al., 2011). Marketing communication could be an effective tool to deliver utility-related information that helps consumers utilise information to make inferences about the utility of using a product or service (Szybillo and Jacoby, 1974, Kirmani and Zeithaml, 1993, Teas and Agarwal,

2000). Previously, two forms of customer concerns regarding service outsourcing were discussed: customer-related concerns, such as cost, performance, quality and information security; and, society-related concerns such as job, economy and technological and social development. Customer-focused communications could address customers' concerns about their self-related benefits, which, in turn, could be heightened in the process of inferring quality-related utilities of using the products and services. Similarly, society-focused communications could address customers' concerns about society-related benefits, which, in turn, could be heightened by inferring the social and emotional utilities of using the products and services.

H₆: Both customer-focused and society-focused communications positively affect purchase intentions.

The interaction between perceived fit and communications

Communicating both customer-related and society-related benefits to customers would not only have a positive main effect on customer certainty and purchase intentions, but it would also moderate the relationship between perceived fit and customer certainty as well as purchase intentions. This study predicts a moderation effect of both customer-focused and society-focused communications would firstly change from positive to negative as perceived fit goes up from relatively low to medium, then it would become significantly less negative or even insignificant as perceived fit goes up from medium to high (i.e. a u-shape of the moderation effectiveness).

The Elaboration Likelihood Model (ELM) of persuasion posits that when multiple information is available, the possibility of scrutinising information depends on an individual's ability and motivation to process (Petty and Cacioppo, 1986, Forgas, 1992). One of the conditions that heightens an individual's motivation to scrutinise information

is the schema incongruity (Mandler, 1982, Meyers-Levy and Tybout, 1989). Schema incongruity, as defined by Meyers-Levy and Tybout (1989), is the match, or fit, between an individual object and the existing schema that resides in an individual's mind. While a congruent schema is favoured by individuals to maintain their attitudes, it is argued that schema-congruent messages are not very noteworthy and are therefore unlikely to prompt extensive cognitive elaboration (Meyers-Levy and Tybout, 1989, Mandler, 1982). On the other hand, schema-incongruent information increases the arousal, so that greater the cognitive resources would be assigned to resolve the incongruity (Meyers-Levy and Tybout, 1989, Mandler, 1982). In other words, schema incongruity drives individuals' motivations to scrutinise information carefully to solve the cognitive incongruity (Petty and Cacioppo, 1986, Forgas, 1992). Applying the ELM model and schema-congruity theory to the context of this study, in a high fit condition, where the schema congruity is high (i.e. customers believe there is no misfit between the focal firms and outsourcing partners), customers lack the motivations to scrutinise the additional information elaborately, so additional communicated information regarding the benefits for customers and societies would at best only slightly moderate the perceived fit – customer certainty/purchase intentions relationships. However, in a medium and low fit condition, where the schema congruity is relatively low (i.e. customers believe there is a misfit, to some extent, between the focal firms and the outsourcing partners), customers would be more likely to be motivated to elaborately securitise the additional information communicated to form their attitudes and behavioural intentions.

Additionally, Mandler (1982) also indicated that whether an incongruent schema would be relatively more favourable or not is a function of how readily individuals can solve the incongruity satisfactorily. Indeed, Meyers-Levy and Tybout (1989) found that

consumers would be more favourable toward products that are moderately incongruent with their associated category schemas than those that are extremely incongruent or completely congruent. This is because moderate incongruities could be easily solved by assimilation, subtyping, or activation of an alternative schema (Mandler, 1982, Meyers-Levy and Tybout, 1989). Communicating additional information provides an avenue for consumers to solve the moderate incongruent schemas (e.g. Sjödin and Törn, 2006, Dimofte et al., 2003, Lee and Schumann, 2004). For example, Bridges et al. (2000) found that providing an explanatory link to customers would increase their acceptance of the brand extension when the extension fit is relatively poor. Moreover, ELM model argues that when there is an incongruence, individuals would engage in a biased processing that put more weight on information that confirms their knowledge within an existing schema while neglecting the information that disconfirms their knowledge structure (Haugtvedt and Wegener, 1994, Lord et al., 1979, Munro and Ditto, 1997, Petty and Cacioppo, 1986). As a consequence, in a medium fit condition (i.e. moderate incongruity), communicating both customer-related and society-related benefits provides an avenue for customers to biasedly scrutinise that information in favour of their initial attitudes toward the focal firms (i.e. schema or category knowledge) and resolve the schema incongruity. On the other hand, extreme incongruities could only be solved if fundamental changes are made in the existing cognitive structure (Mandler, 1982, Meyers-Levy and Tybout, 1989). Moreover, communicating extremely incongruent information might trigger consumers' scepticism about the firm's true motives (Aaker and Keller, 1990). Further, providing additional information would even heighten the incongruity so that individuals would be more sensitive to the incongruity faced (Petty and Cacioppo, 1986). Therefore, when the fit is extremely low (i.e. extreme incongruity), communicating both customer-related and society-related benefits would

not be helpful to solve such incongruity (Mandler, 1982, Meyers-Levy and Tybout, 1989). Moreover, it may even heighten the incongruity so that customers would be more sensitive to perceived fit (Wagner et al., 2009). Based on the above arguments, it is proposed:

H_{7a}: The moderation effect of both customer-focused and society-focused communications on the perceived fit – customer certainty relationship is U-shaped: as perceived fit increases from low to medium, the moderation effects change from either positive or non-significant to negative; however, as perceived fit continuously increases from medium to high, the moderation effects change from negative to non-significant.

H_{7b}: The moderation effect of both customer-focused and society-focused communications on the perceived fit – purchase intentions relationship is U-shaped: as perceived fit increases from low to medium, the moderation effects change from either positive or non-significant to negative; however, as perceived fit continuously increases from medium to high, the moderation effects change from negative to non-significant.

The interaction effect of self-construal

While it is argued that both customer-focused and society-focused communications could have the main effects on customer certainty and purchase intentions and moderate the relationship between the perceived fit and customer certainty and purchase intentions, the effectiveness of each of the communication strategy would also depend on the customers' self-construal.

An individual's self-construal is defined as a "constellation of thoughts, feelings, and actions concerning one's relationship to others such as the self-being distinct from

others or connected to others” (Singelis, 1994, p. 581). Markus and Kitayama (1991) argued that individuals with an independent self-construal tend to consider themselves as unique, independent, and different from others. However, people who hold an interdependent self-construal are more likely to consider themselves as ordinary, interdependent, and connected to others (Agrawal and Maheswaran, 2005, Aaker and Lee, 2001). The principle goal of the independent self is thought to be the attainment of autonomy and standing out from the group (Aaker and Lee, 2001). Thus, such individuals are more likely to emphasise the self-interest and individual benefits while subordinate group goals to their personal goals (Mandel, 2003, Han and Shavitt, 1994). On the other hand, the principle goal of the interdependent self is thought to maintain connectedness and harmony with others (Mandel, 2003). They are more likely to subordinate their self-interest but emphasise the social interest that satisfies the group benefits (Mandel, 2003, Han and Shavitt, 1994).

Cross-cultural studies argue that communication style and approach should be carefully chosen in alignment with local cultural values (Han and Shavitt, 1994). As Glenn et al. (1977, p. 53) argued, cross-cultural communications would be more persuasive if the person could “select approaches [that are] consistent with their own past experiences within the cultures to which they belong, and that they are selected, in part, on the basis of their ability to handle a style congruent with the culture”. Therefore, it is expected that communicating individual benefits would be more persuasive for independent consumers while communicating social norms, values, and benefits would be more persuasive for interdependent consumers. Consumer behaviour studies in a cross-cultural setting found evidence that the construal of self could effectively affect persuasions of marketing communications (Agrawal and Maheswaran, 2005, Aaker and Lee, 2001, Escalas and Bettman, 2005, Han and Shavitt, 1994, Mandel, 2003,

Swaminathan et al., 2007). For example, Agrawal and Maheswaran (2005) found appeals that contained individual benefits were more persuasive than appeals that contained collective benefits for independent participants. In addition, Han and Shavitt (1994) confirmed that advertising commercials that emphasised group benefits, harmony, and family integrity were more persuasive than ads that emphasised individual benefits, success, and independence in Korea (i.e. high interdependent) and the reversed effect discovered in the US (i.e. high independence). Further, Vaidyanathan et al. (2013) found that consumers in Poland (i.e. high interdependence) would be more likely to participate in cause-related marketing and pay higher product price to support the cause if the cause was a pro-social nature than consumers in the US (i.e. high independence).

While early studies show that individuals with independent self-construal are more likely to be evident in cultures where the values of independence are emphasised (e.g. United States) and the interdependent self-construal are more likely to be cultivated in cultures where values of interdependence are emphasised (e.g. China) (e.g. Markus and Kitayama, 1991, Triandis, 1989, Shweder and Bourne, 1982), recent studies argue that these two aspects of self could coexist within the individual (Aaker and Lee, 2001, Gardner et al., 1999, Singelis, 1994) and could vary in terms of ethnicity, religion, gender and other demographics (Cross et al., 2000, Escalas and Bettman, 2005, Allen et al., 1989, Markus and Oyserman, 1989). For example, Asian American and Hispanic Americans are more interdependent and less independent than White American in American society (Aaker and Schmitt, 2001). While previous literature mainly assessed the cultural values, including the self-construal, at a national level with the assumption that the cultural differences within a country tend to be significantly smaller than those between countries (Hofstede, 1983, Steenkamp and Baumgartner, 1998), scholars have

urged researchers to investigate the culture and value impact from an individual level in a country, since the diversity in the cultural values of one country may not be fully represented by the nation-level constructs in such a rapidly changing social environment (Sharma, 2010, Soares et al., 2007, Yoo et al., 2011, Donthu and Yoo, 1998). Australia is a multi-cultural society in which over a quarter (28 per cent) of the resident population was born overseas and a further one-fifth (20 per cent) had at least one overseas-born parent by 2013 (Australian Bureau of Statistics, 2013). Further, more than 60 per cent of the population stated their ancestry as other ethnic groups other than Australian (ABS, 2013). Therefore, this study examines the effect of customers' self-construal on both the main and interaction effects of both customer-focused and society-focused communications:

H_{8a}: self-construal independence has a positive moderation effect on the effect of customer-focused communications: as the self-construal independence increases, the effect of customer-focused communications on the perceived fit – customer certainty and the perceived fit – purchase intentions relationships would be much stronger.

H_{8b}: self-construal interdependence has a positive moderation effect on the effect of society-focused communications: as the self-construal interdependence increases, the effect of society-focused communications on the perceived fit – customer certainty and the perceived fit – purchase intentions relationships would be much stronger.

H_{9a}: self-construal independence has a positive moderation effect on the moderation effect of customer-focused communications: as the self-construal independence increases, the moderation effect of customer-focused

communications on the perceived fit – customer certainty and the perceived fit – purchase intentions relationships would be much stronger.

H_{9b}: self-construal interdependence has a positive moderation effect on the moderation effect of society-focused communications: as the self-construal interdependence increases, the moderation effect of society-focused communications on the perceived fit – customer certainty and the perceived fit – purchase intentions relationships would be much stronger.

Methodology

Research Approach

The research objectives of this study are fourfold: a) to examine the effects of perceived fit on customer certainty and purchase intentions; b) to examine the main effect of both customer-focused and society-focused communications on customer certainty and purchase intentions; c) to examine the interaction effect between both customer-focused and society-focused communications and perceived fit on customer certainty and purchase intentions; and d) to assess the moderation effect of customers' self-construal on the effects of both customer-focused and society-focused communications in the relationship.

In doing so, this study followed a quantitative approach by conducting a large-scale online survey using an Australian consumer panel to examine the relationships. A quasi-experimental approach using different scenarios to manipulate three different levels of perceived fit (i.e. high, medium and low) and three different communication strategies (i.e. customer-focused, society-focused and no communication) in two tested industry sectors (i.e. telecommunication and mobile phone) was performed. Therefore, in total there were eighteen different scenarios created in this study (3 levels of fit x 3 types of

communication x 2 service industries) in a between-subjects design. In order to make sure the sample size satisfies the minimum threshold 30 samples for each of the eighteen scenarios were required (540 sample size).

Scenarios Development

Six different scenarios were presented to subjects in order to prime and vary three levels of perceived fit of service outsourcing across two service outsourcing types: telecommunication call centre outsourcing and mobile phone repair outsourcing (i.e. high, medium and low fit). *Table II-6* represents a summary of all six scenarios presented to subjects before the survey. As previously discussed, these two different types of service outsourcing were chosen because 1) they cover the major outsourcing activities in Australia, and 2) they represent two different service types – experience (call centre) and credence (repair) services (Hsieh et al., 2005, Nelson, 1970). The six different scenarios account three levels of fit: high (Ireland), medium (India) and low (Indonesia) based on level of cultural similarity with the home country (Australia). Reputation of the outsourcing partner was also manipulated by varying the scores of customer and institution reviews compared with the industry average (Rindova et al., 2005), as well as the year of operation within the industry and experience of partnership with other firms (Chen and Dhillon, 2003). While the advancement of technologies and facilities was manipulated by varying the generation of information system (call centre scenario) and the generation of the repair platform (repair scenario) of the outsourcing partners. The manipulations of each factor were nested into a news story which was presented to the subjects before the survey.

Additionally, two communication scenarios were developed and nested into the focal firms' announcements initiated by the Chief Marketing and Public Relation Director of the focal firms (See *Appendix 11* for the sample scenarios). For customer-focused

communications, the announcement emphasised different aspects of customers' own benefits such as the low price, the high quality and performance, and security of the information to the customers after service outsourcing. Much of the previous literature has shown that customers concerned about the quality (Durvasula and Lysonski, 2008, Forman et al., 2015, Khan et al., 2011, Robertson et al., 2010, Sharma, 2012, Sharma et al., 2009, Thelen et al., 2010), price (Forman et al., 2015) and information security of service outsourcing (Honeycutt et al., 2012, Robertson et al., 2010, Thelen et al., 2011, Thelen et al., 2010). For society-focused communications, the announcement emphasised the social benefits such as job security (i.e. better jobs) and technological, social and economic development (i.e. national infrastructure investment, R&D funding, and support for small businesses) to customers after service outsourcing. Much of the previous literature has shown that customers concerned about the job loss (Thelen et al., 2011, Kletzer, 2005, Levine, 2012, Farber, 2005), national economic development (Hira and Hira, 2005, Durvasula and Lysonski, 2008), and national technological or social development due to outsourcing products or services (Hoecht and Trott, 2006).

Research Procedure

Subjects were firstly informed that this study was about consumer's opinion about service outsourcing and were screened based on their knowledge of outsourcing. After that, they were asked to read the assigned scenario which manipulates perceived fit. A question about the location of the outsourcing partner was asked before they proceed to the other questions in order to screen out subjects who did not pay much attention to the news story in detail. Manipulation checks for cultural similarity, reputation of the outsourcing partner, and technologies owned by the outsourcing partner were measured. They were then asked to assess perceived fit before showing the following communication scenario which was designated to manipulate communication strategies.

After they read the assigned communication scenario, they were asked to assess customer certainty and purchase intentions. Finally, consumers' self-construal was measured, and demographics were collected.

Measurements

For *perceived fit of outsourcing*, the measures were adapted from Keller and Aaker (1992). Four different items will be anchored to measure the overall fitness between two companies, and the appropriateness, suitability and logicity to outsource to the partners. *Customer certainty* measures were adapted from Weathers et al. (2007) and Homburg et al. (2012) in measuring customers' certainty about the service outsourcing using three items: "I am certain the outsourcing decision made by this firm is a good decision", "I am sure outsourcing decision made by this firm should be viewed positively" and "I am not worried about the outsourcing decision made by this firm".

Purchase intention was measured by using a single item: "As an existing customer I will continue to use services from this brand" (Chang and Wildt, 1994). The five *self-construal independence* measurement items were selected from Singelis (1994)'s study: "I enjoy being unique and different from others in many aspects", "My personal identity independent of others is very important to me", "I prefer to be direct and forthright when dealing with people I've just met", "I'd rather say "No" directly, than risk being misunderstood" and "I act the same way no matter who I am with". These five items were shown to be the highest factor-loadings among all of the twelve items in Singelis (1994)'s study. Similarly, five measurement items with the highest factor-loadings from Singelis (1994)'s study to measure the *self-construal interdependence* were selected: "I often have the feeling that my relationships with others are more important than my own accomplishments", "I will sacrifice my self-interest for the benefit of the group I am in", "It is important for me to respect decisions made by the group", "It is important

for me to maintain harmony within my group” and “I will stay in a group if they need me, even when I’m not happy with the group”. In order to control the brand effects on dependent variables, *brand knowledge* of the tested brands was also measured by adopting three items from Steenkamp et al. (2003). All measures were anchored with 7-point Likert scales where 1 equals strongly disagree and 7 equals strongly agree (See *Appendix 12* for a full list of measurement items).

Sampling Frame and Data Collection

A large-scale online survey using an Australian consumer panel was the sampling frame for this study. This consumer panel has more than 120,000 active members within Australia, with similar demographical stats compared to those of the general Australian population. Respondents were randomly selected from the consumer panel and screened in if they were familiar with the outsourcing concept. Screening required respondents to both agree on the familiarity of outsourcing and select the correct definition of outsourcing from a multiple choice question.

In total, 542 valid cases were collected. The sample of respondents was 48.15 per cent male and 51.85 per cent female; 41.70 per cent were in their young-to-mature ages (18-39), 34.32 per cent were in the middle ages (40-59), while the rest 23.98 per cent were elderly individuals (60 and above). Most of the subjects resided in New South Wales (31.37 per cent), Victoria (22.14 per cent) and Queensland (20.66 per cent), while the rest resided in other states or territories. The demographics of the subjects are close to the demographics of the Australian population as published by ABS. Regarding education background, 23.43 per cent of the subjects had a high school degree or less, while the majority (60.71 per cent) had certificates, a diploma or a bachelor’s degree and 15.13 per cent had post-graduate degrees, including Master’s and PhD degrees. Regarding the ethnicity as identified by the participants, 68.82 per cent were Australian,

followed by English (11.62 per cent), Chinese (4.06 per cent), Indian (2.21 per cent) and New Zealander (1.66 per cent), while the rest (11 per cent) represented a much diversified ethnicity background (*Table IV-1*).

Table IV-1: Demographics of the respondents

Demographics	Freq. (n = 542)	%	ABS	Demographics	Freq. (n = 360)	%
<i>Gender</i>				<i>Education</i>		
Male	261	48.15	49.80	Less than high school	27	4.98
Female	281	51.85	50.20	High school degree	100	18.45
<i>Age</i>				Certificates I-IV	84	15.50
18-29	124	22.88	22.70	Diploma	84	15.50
30-39	102	18.82	18.50	Bachelor and honours	124	22.88
40-49	99	18.27	18.40	Graduate Certificate	37	6.83
50-59	87	16.05	16.20	Master's degree	73	13.47
60-69	67	12.36	11.70	Doctoral degree	9	1.66
Above 70	63	11.62	11.90	Others	4	.74
<i>Residence location</i>				<i>Ethnicity</i>		
Australian Capital Tertiary	14	2.68	1.60	Australian	373	68.82
New South Wales	170	31.37	32.50	English	63	11.62
Victoria	120	22.14	24.80	Chinese	22	4.06
South Australia	58	10.70	7.40	Indian	12	2.21
West Australia	52	9.59	10.20	New Zealander	9	1.66
North Tertiary	3	.55	1.00	Scottish	7	1.29
Tasmania	13	2.40	2.30	Italian	5	.92
Queensland	112	20.66	20.20	Dutch	4	.74
<i>Residency Status</i>				Irish	4	.74
Citizen	390	71.96		German	3	.55
Permanent Residence	147	27.12		Vietnamese	3	.55
International Student	1	.18		Japanese	2	.37
Temporary Work	1	.18		Korean	2	.37
Others	3	.55		Malaysian	2	.37
				Russian	2	.37
				Others	29	5.35

Results

Manipulation Check

In order to examine how subjects would perceive the fit of service outsourcing differently under different treatments, a one-way ANOVA test was conducted. The manipulations were successful. Overall, there was a significant difference among the three groups in terms of the average score of perceived fit, $F(2, 541) = 784.03$ ($p < .01$). A further *post hoc* analysis confirmed that subjects' perceived fit for three different fit conditions was significantly different at a 99 per cent confidence level. Specifically, subjects assigned to the high fit condition reported highest mean scores (mean=5.32, s.d.=.65) for perceived fit of service outsourcing, while subjects assigned to the low fit condition reported the lowest score (mean=2.00, s.d.=.97). The mean score (mean=3.79, s.d.=.74) reported by the subjects in the medium fit condition was higher than the mean score of the low fit condition but lower than that of the high fit condition (See *Appendix 13* for the results of ANOVA and *post hoc* tests). These significant differences were also observed in both of the service industry sectors (call-centre and phone repair).

In order to check the manipulation of communication strategies, two manipulation check items were used to check whether under customer-focused (versus society-focused) communication conditions, participants could successfully associate these communicated benefits as customer-focused (versus society-focused). The two manipulation check items were measured using a 7-point Likert scale using the following statements: "1) the message primarily focused on consumer benefits from outsourcing", and "2) the message primarily focused on society benefits from outsourcing". For participants in the customer-focused communication conditions, they reported a significantly ($p < .01$) higher mean score for the first manipulation check (mean=6.04, s.d.=.69) item than the second manipulation check item (mean=2.73,

s.d.=1.34). For participants in the society-focused communication conditions, they reported a significantly ($p<.01$) lower mean score for the first manipulation check (mean=2.31, s.d.=1.05) item than the second manipulation check item (mean=5.33, s.d.=.93). Therefore, the manipulation of communication strategies was successful.

Measurement Model

Overall model fit. As suggested by Anderson and Gerbing (1988), the first step was to assess, validate and purify the measurement model. Data were analysed using the partial least square method in structural equations models (PLS-SEMs) (Hair et al., 2006), which simultaneously estimates measurement models and the structural model. As suggested by Hair et al. (2013), PLS structural equation modelling (PLS-SEM) is considered a robust approach with few identification issues, and it minimises the residual variances of the endogenous constructs. In addition, researchers have argued the severity of using covariance-based structural equation modelling (CB-SEM) if the data do not satisfy the requirements of multivariate normality (Byrne, 2001). Relying on the ordinary least square estimation techniques, the multivariate normality assumption could be relaxed (Henseler et al., 2015). Finally, past studies have also shown PLS to be robust against inadequacies such as skewness and omission of regressors (omitted variable bias) (Cassel et al., 1999). Given the fact that the data was not multivariate normally distributed (kurtosis =27.65), therefore, PLS is adopted to perform the structural equation modelling analysis.

The model fit indices were first examined using PLS to calculate the average path coefficient (APC) and average R-squared (ARS). For the APC and ARS, it is recommended that the p-values are lower than .05. The fit indices for the data: APC=.22 ($p<.01$), ARS=.80 ($p<.01$) indicated a good fit of the model to the data. Subjects' were also controlled by education, age, gender, and brand familiarity for all the tested brands.

The base model (model 1) only explained 1 per cent of the variance in the outcome variables. The main effects model, together with the control variables (model 2), explained 76 per cent of the variance in the outcome variable, and none of the control variables were statistically significant when included in the main effects model. Finally, the predictive relevance of the model was assessed by examining the Stone-Geisser Q^2 coefficient (Stone, 1974). The Q^2 coefficient is a nonparametric measure and represents how well the observed values are reconstructed by the model and the model parameters. The calculated Q^2 coefficients for all endogenous variables included in the model were greater than zero (from .74 to .79), thus suggesting an acceptable predictive validity for the model.

Confirmative factor analysis (CFA) was also run using AMOS. The overall model statistics showed that the chi-square for the model was 172.61 (d.f. = 119, $p=.01$). Although the chi-square test was significant, which implied the observed covariance matrix was significantly different from the implied covariance matrix, by considering the degree of freedom, the CMIN/DF was examined and equalled to 1.45, thus indicating that the model fit was good. Similar results can be drawn from other model fit index: GFI and AGFI were .97 and .95, respectively, which indicated that the goodness-of-fit was moderate; RMSEA was .03, which was below the critical value of .1, indicating a good fit of the measurement model. In terms of the incremental fit indexes, the values for NFI, RFI, IFI, TLI and CFI were .98, .98, .99, .99 and .99, respectively, all of which were above the critical value of .90, indicating that the model was superior to the null and independence model, thus concluding a good incremental fit.

Convergent Validity. From the CFA results, given the fact that all the estimated loadings of the measurement items for the latent variables were statistically significant, and the standardised estimates of the regression weights were all above .05, it can be concluded that the convergent validity of all the measures were evident. The measurement model was also run in Smart-PLS3 and found supporting evidence for convergent validity. *Table IV-2* reports the scale items and evaluation of the latent variables. All the measurements had significant (t-value >1.96) loadings (.79 – .98) which were greater than the recommended cutting-off point of .5 (Hulland, 1999), thus indicating adequate individual item reliabilities. Average variance extracted (AVE) values for all constructs ranged from .76 to .93, thereby indicating an acceptable level of convergent validity. Moreover, the composite reliability values ranged between .94 and .98, thus indicating that the scale items possess a high reliability.

Table IV-2: Scale items and latent variable evaluation

Construct and items	Loading	<i>t</i> -value
<i>Perceived Fit (AVE =.91, composite reliability =.98)</i>		
9. It is appropriate for these firms to partner up	.94	160.42
10. This partnership is logical	.95	214.48
11. It is suitable for these firms to form a partnership	.96	244.30
12. Overall Fit of this partnership is strong	.96	221.27
<i>Customer certainty (AVE =.93, composite reliability =.98)</i>		
4. I am certain the outsourcing decision made by this firm is a good decision	.98	414.32
5. I am sure outsourcing decision made by this firm should be viewed positively	.97	352.61
6. I am not worried about the outsourcing decision made by this firm	.95	151.46
<i>Purchase Intentions</i>		
1. As an existing customer I will continue to use services from this brand.	1.00	N/A
<i>Self-Construal Interdependence (AVE =.78, composite reliability =.95)</i>		
1. I often have the feeling that my relationships with others are more important than my own accomplishments.	.88	11.15
2. I will sacrifice my self-interest for the benefit of the group I am in.	.87	9.46
3. It is important for me to respect decisions made by the group.	.93	12.78
4. It is important for me to maintain harmony within my group.	.92	12.28
5. I will stay in a group if they need me, even when I'm not happy with the group.	.81	7.48
<i>Self-Construal Independence (AVE =.76, composite reliability =.94)</i>		
1. I enjoy being unique and different from others in many aspects.	.81	4.69
2. My personal identity independent of others is very important to me.	.88	5.02
3. I prefer to be direct and forthright when dealing with people I've just met.	.93	4.45
4. I'd rather say "No" directly, than risk being misunderstood.	.93	4.72
5. I act the same way no matter who I am with.	.79	4.45

AVE: Average variance extracted

Discriminate validity and multicollinearity test. The discriminant validity of the key variables was assessed following procedures outlined by Fornell and Larcker (1981). As shown in *Table IV-3*, the square roots of the AVE values were consistently greater than all corresponding correlations, demonstrating good discriminate validity. To further examine the discriminate validity of all constructs, the correlations between two variables (the off-diagonal entries) were compared with their respective composite reliability estimates. *Table IV-3* demonstrated that no absolute values of individual correlations (from .01 to .91) exceeded their respective reliabilities (from .94 to 1.00), thus indicating satisfactory discriminant validity of all variables. Moreover, the Heterotrait-Montrait (HTMT) ratio was calculated, a more recent and stringent assessment of discriminant validity than Fornell and Larcker's criterion (Henseler et al., 2015). As shown in *Table IV-3*, the HTMT ratios ranged between -.66 and .91, and the highest upper confidence interval was .93, which is significantly different from 1. This provides further evidence that all constructs used in the study have discriminant validity. Furthermore, the t-values were calculated to see whether the correlations between each of the pairwise constructs are significantly different from 1. All pairwise correlations were significantly different from one as all t-values are well above the critical value of 1.96. By conducting the above analysis, it can be concluded that all the focal constructs are discriminate to each other.

Next, the correlations between all the constructs were examined and their corresponding Variance Inflation Factor (VIF) values were calculated to ensure no multicollinearity problem. There was no evidence of multicollinearity because the VIF scores ranged between 1.03 and 4.77, which were far below the critical value of 10 (Hair et al., 2006).

Table IV-3: Construct correlations

Research constructs	1	2	3	4	√AVE	Cr
1. Customer Certainty					.96	.98
2. Perceived Fit	.85*				.95	.98
	.88*					
3. Independence	-.08	-.01			.87	.94
	-.06	.01				
4. Interdependence	-.11	-.09	-.57*		.89	.95
	-.11	-.09	-.66*			
5. Purchase Intentions	.89*	.76*	-.05	-.09	1.00	1.00
	.91*	.77*	-.03	-.08		
Notes: 1 st value = Correlation between variables (off diagonal); 2 nd value = HTMT ratio; *: Correlation is significant at the .01 level (2-tailed <i>t</i> -test).						

Common method bias. As cross-sectional data were collected using a single-informant approach, there might be a common method bias effect that leads to spurious relationships among the variables (Podsakoff et al., 2003). Therefore, the marker variable (MV) technique (Lindell and Whitney, 2001) was used. In the survey questionnaire, one construct – variety of telecommunication services/mobile phone services in Australia, was asked which is theoretically unrelated to the focal constructs. The average absolute correlation between MV and all other constructs in the model was .04 (rm). The average difference between the correlations among all constructs in the model after partialing out the effect of rm was .03, and 8 of 10 intercorrelations between all of the constructs in the model remained significant after partialing out the effect of rm., thus suggesting that “the results cannot be accounted for by common method variance” (Lindell and Whitney 2001, p. 118).

Structural Model

Relationship between perceived fit, customer certainty and purchase intentions. The structure model was run in Smar-PLS3. *Table IV-4* reports the results of the proposed hypotheses and the path analysis. In Hypothesis 1, it was proposed that perceived fit has a positive effect on customer certainty. The results provided support for Hypothesis 1 (Model 2, $\beta=.85$, $t\text{-value}=64.96$). Hypothesis 2 hypothesized that customer certainty has a positive effect on customers’ purchase intentions. The results provided support for Hypothesis 2 (Model 2, $\beta=.91$, $t\text{-value}=24.31$). Hypothesis 3 hypothesised that perceived fit has a direct and positive effect on customers’ purchase intentions. However, there was no evidence to support this hypothesis (Model 2, $\beta=-.02$, $t\text{-value}=.77$). These results strongly suggest that customer certainty fully mediated the positive effect of perceived fit on customers’ purchase intentions ($ab=.76$, $t=22.82$, 95% CI [.71, .84]); supporting Hypothesis. These results had replicated that customer

certainty played a mediating role in the relationship between perceived fit and customers' purchase intentions.

The main effect of communication strategies. Hypothesis 5 and 6 predict that both customer-focused (CFC) and society-focused communications (SFC) have positive effects on customer certainty and purchase intentions. In order to test the main effects, two dummy variables were created to recode three levels of communications (i.e. customer-focused, society-focused and no communications). The results from *Table IV-4* confirmed a positive main effect of customer-focused communications on customer certainty (Model 3: $\beta=.26$, $t\text{-value}=11.04$) and a positive main effect of society-focused communications on customer certainty (Model 3: $\beta=.23$, $t\text{-value}=10.45$), therefore Hypothesis 5 was supported. However, no evidence was found to support Hypothesis 6 since the direct effects of both communication strategies on customers' purchase intentions were not significant (Model 3: $\beta_{\text{CFC}}=-.04$, $t\text{-value}=1.21$; $\beta_{\text{SFC}}=-.01$, $t\text{-value}=.53$). Therefore, communications can only affect customers' certainty level but not their behavioural intentions directly.

Table IV-4: Partial least squares results for the theoretical model.

Dependent Variables Independent Variables	Model 1			Model 2			Model 3		
	β	<i>t</i> -value	R^2	β	<i>t</i> -value	R^2	β	<i>t</i> -value	R^2
Customer Certainty						.73			.79
Perceived Fit				.85**	64.96		.85**	54.22	
CFC							.26**	11.04	
SFC							.23**	10.45	
Purchase Intention			.01			.80			.80
Perceived Fit				-.02	.77		-.04	1.21	
Customer Certainty				.91**	24.31		.93**	21.71	
CFC							-.04	1.77	
SFC							-.01	.53	
Gender	-.08*	1.97		-.02	1.44		-.02	1.43	
Age	-.06	1.34		.00	.16		.00	.13	
Education	-.08	1.92		-.01	.78		-.01	.92	
Brand Familiarity	.04	.71		.05	1.95		.05	1.95	
Note: *: significant at the .05 (2-tailed <i>t</i> -test); **: significant at the .01 (2-tailed <i>t</i> -test).									

The moderation effect of communication strategies. Hypothesis 7 predicts a U-shaped moderation effect of both customer-focused and society-focused communications on the perceived fit – customer certainty and the perceived fit – purchase intentions relationships. Specifically, as perceived fit increases from low to medium, the moderation effects change from positive or non-significant to negative; however, as perceived fit continuously increases from medium to high, the moderation effects change from negative back upwards towards non-significant. In order to test this hypothesis, Model 4 was developed in SmartPLS 3.0. The dataset was divided into three subsets based on fit conditions. A prior manipulation check confirmed that participants perceived the partnership fit as expected and all the pairwise differences were significant. *Table IV-5* presents the findings from the moderation analysis. Results showed that when perceived fit was low, both customer-focused and society focused communication did not moderate the relationship between perceived fit and customer certainty (Model 4: $\beta_{\text{CFC} \times \text{Fit}} = -.01$, $t\text{-value} = .25$; $\beta_{\text{SFC} \times \text{Fit}} = -.05$, $t\text{-value} = 1.43$). The same conclusions drawn when perceived fit was high, in that both customer-focused and society focused communication did not moderate the relationship between perceived fit and customer certainty (Model 4: $\beta_{\text{CFC} \times \text{Fit}} = -.06$, $t\text{-value} = 1.21$; $\beta_{\text{SFC} \times \text{Fit}} = -.07$, $t\text{-value} = 1.32$). However, when perceived fit was moderate, there was evidence that both customer-focused and society focused communication moderated the relationship between perceived fit and customer certainty negatively (Model 4: $\beta_{\text{CFC} \times \text{Fit}} = -.17$, $t\text{-value} = 3.12$; $\beta_{\text{SFC} \times \text{Fit}} = -.16$, $t\text{-value} = 2.61$). This was followed up using a multi-group analysis applying the Welch-Satterthwait Test in SmartPLS 3.0, and confirmed the changes of the moderation coefficients were significant (Model 4: $\beta_{\text{CFC} \times \text{Fit} | \text{medium-high}} = .12$, $p\text{-value} < .05$; $\beta_{\text{CFC} \times \text{Fit} | \text{medium-low}} = .17$, $p\text{-value} < .01$; $\beta_{\text{SFC} \times \text{Fit} | \text{medium-high}} = .09$, $p\text{-value} < .05$; $\beta_{\text{SFC} \times \text{Fit} | \text{medium-low}} = .21$, $p\text{-value} < .01$). The same conclusion could be drawn when

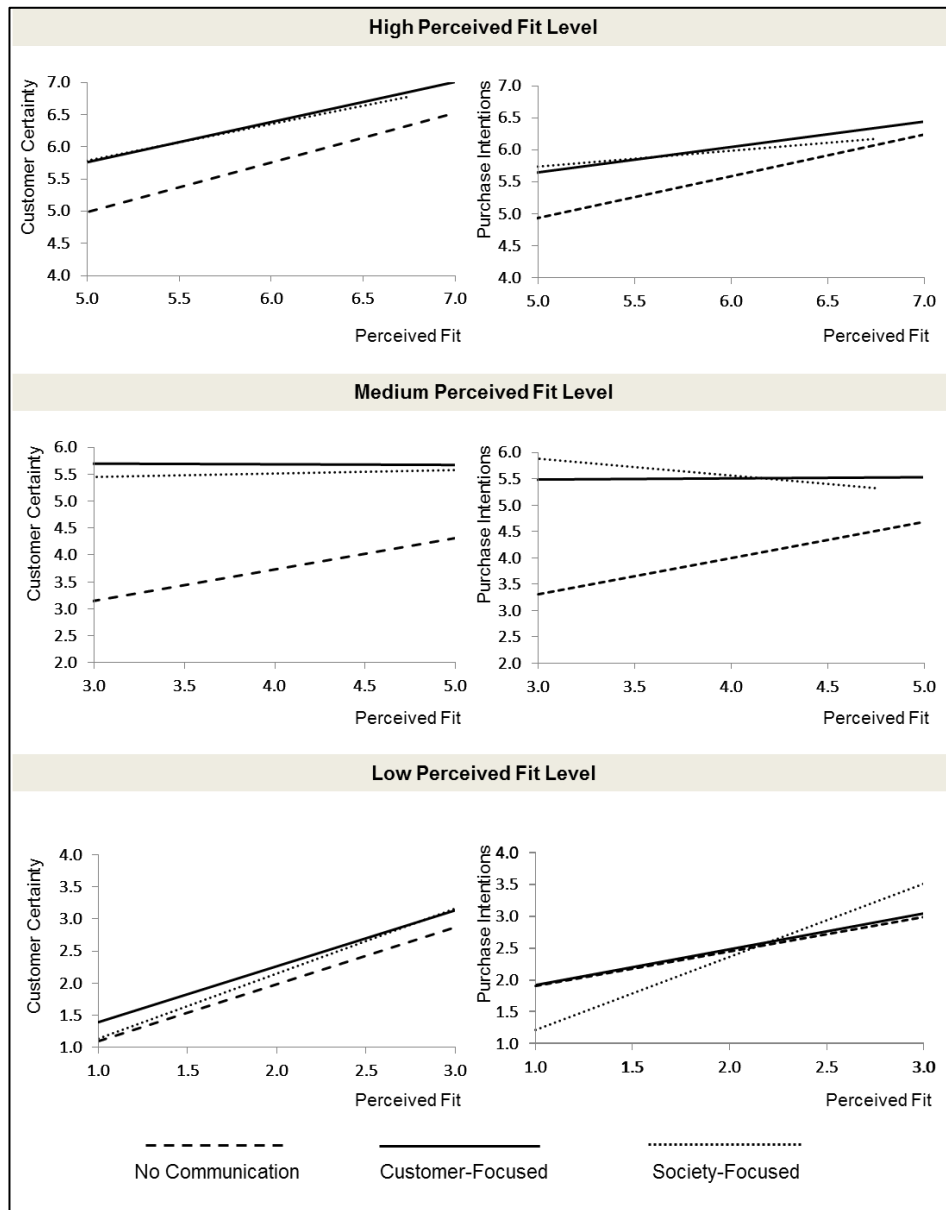
comparing the main effects of perceived fit on customer certainty under different treatments (i.e. levels of perceived fit). The effect of perceived fit on customer certainty in moderate fit level was significantly lower (Model 4: $\beta_{\text{medium}}=.13$, $t\text{-value}=2.58$) than the effect in high fit level (Model 4: $\beta_{\text{high}}=.58$, $t\text{-value}=12.38$) and in low fit level (Model 4: $\beta_{\text{low}}=.86$, $t\text{-value}=31.96$). Therefore, it is confirmed that the moderation effects of both communication strategies on the perceived fit-customer certainty relationship were U-shaped: as perceived fit increases from low to medium, the moderation effects changed from insignificant to significantly negative; while as perceived fit continuously increases from medium to high, the moderation effects changed from significantly negative to insignificant. Regarding the moderation effects on the perceived fit – purchase intentions relationship, there was no supporting evidence for customer-focused communications, as the moderation effects in three levels of perceived fit were not significant. However, there was evidence that the moderation effect of society-focused communications was U-shaped; that is, when perceived fit level was high, there was no significant moderation effect observed (Model 4: $\beta_{\text{SFC}\times\text{Fit}}=-.08$, $t\text{-value}=1.27$), and when perceived fit level was moderate, there was a significantly negative moderation effect (Model 4: $\beta_{\text{SFC}\times\text{Fit}}=-.12$, $t\text{-value}=2.03$). Interestingly, when perceived fit level was low, there was a significantly positive moderation effect of society-focused communications (Model 4: $\beta_{\text{SFC}\times\text{Fit}}=.20$, $t\text{-value}=2.40$), as predicted. This implies that when perceived fit is relatively low, the effect of perceived fit on purchase intentions would not be weakened but rather strengthened. The multi-group analysis confirmed that changes of the moderation coefficients were significant (Model 4: $\beta_{\text{SFC}\times\text{Fit}}|_{\text{medium-high}}=.05$, $p\text{-value}<.05$; $\beta_{\text{SFC}\times\text{Fit}}|_{\text{medium-low}}=.33$, $p\text{-value}<.01$). Therefore, Hypothesis 7 is partially supported.

Table IV-5: Moderation effect of communication strategies in different levels of fit

Model 4								
Dependent Variables Independent Variables	High Fit (1)		Medium Fit (2)		Low Fit (3)		Comparison	
	β	<i>t</i> -value	β	<i>t</i> -value	β	<i>t</i> -value	β_{1-2}	β_{3-2}
Customer Certainty								
Perceived Fit	.58**	12.38	.13**	2.58	.86**	31.96	.45**	.73**
CFC	.45**	8.45	.83**	16.78	.13**	2.69	-.38**	-.70**
SFC	.46**	7.88	.75**	15.55	.08	1.91	-.29**	-.68**
CFC \times Perceived Fit	-.06	1.21	-.17**	3.12	-.01	.25	.12*	.17**
SFC \times Perceived Fit	-.07	1.32	-.16**	2.61	.05	1.43	.09*	.21**
Purchase Intention								
Perceived Fit	-.03	.43	-.04	1.09	.11	1.20	.02	.15
Customer Certainty	.57**	6.19	.84**	8.07	.61**	5.73	-.28*	-.22
CFC	.07	1.13	-.15	1.48	-.06	1.15	.21	.07
SFC	.13	1.83	-.04	.58	-.08	1.40	.16	-.06
CFC \times Perceived Fit	-.06	1.04	-.02	.61	.01	.15	-.03	.04
SFC \times Perceived Fit	-.08	1.27	-.12*	2.03	.20**	2.40	.05*	.33**
Gender	-.11*	1.96	.05	1.35	-.04	1.02		
Age	-.01	.71	.02	.54	.00	.04		
Education	-.06	1.38	.01	.24	-.01	.30		
Brand Familiarity	.22**	3.75	.03	.60	.05	1.13		
Note: *: significant at the .05 (2-tailed <i>t</i> -test); **: significant at the .01 (2-tailed <i>t</i> -test).								

Following Aiken et al. (1991), the relationships between the fit and customer certainty and purchase intentions were plotted using standardised coefficients. *Figure IV-2* shows the modelling results of the perceived fit- customer certainty and the perceived fit – purchase intentions relationships with three levels of communication strategies (i.e. customer-focused, society-focused and no communications). It is clearly shown that both customer-focused and society-focused communications flattened the curves representing the fit – customer certainty and the fit – purchase intentions relationships at the moderate level of perceived fit. These trends were not observed when plotting the relationships at the high level or low level of perceived fit. An interesting finding is that when perceived fit level was extremely low, communicating society-focused messages decreased purchase intentions and sharpened the relationship between perceived fit and purchase intentions. This is consistent with the prior finding that when the fit was low, society-focused communications positively moderated the relationship between perceived fit and purchase intentions. *Figure IV-2* also shows that communication strategies worked best in improving customer certainty when perceived fit level was moderate. The results from *Table IV-5* also confirmed this observation: the main effects of customer-focused communications (Model 4: $\beta=.83$, $t\text{-value}=16.78$) and society-focused communications (Model 4: $\beta=.75$, $t\text{-value}=15.55$) on customer certainty were largest in the medium fit level and these effects were significant larger than those at the high or low fit level (Model 4: $\beta_{\text{CFC } |\text{medium-high}|}=.38$, $p\text{-value}<.01$; $\beta_{\text{SFC } |\text{medium-low}|}=.70$, $p\text{-value}<.01$; $\beta_{\text{SFC } |\text{medium-high}|}=.29$, $p\text{-value}<.01$; $\beta_{\text{SFC } |\text{medium-high}|}=.68$, $p\text{-value}<.01$).

Figure IV-2: Moderating effects of communication strategies on the fit – customer certainty and fit – purchase intention relationships



The moderation effect of customers' self-construal. Hypothesis 8a and 9a predict that as the self-construal independence increases, the main effect and the moderation effect of customer-focused communications on the perceived fit – customer certainty and the perceived fit – purchase intentions relationships would be much stronger. Hypothesis 8b and 9b predict that as the self-construal interdependence increases, the main effect and the moderation effect of society-focused communications on the perceived fit – customer certainty and the perceived fit – purchase intentions relationships would be much stronger. One limitation of SmartPLS 3.0 is that it cannot employ three-way interactions in the analysis (Hair Jr and Hult, 2016). In order to test Hypothesis 8 and 9, Model 5, 6 and 7 were developed by employing an ordinary least square (OLS) regression analysis due to the complexity of the moderation effects as hypothesised in this model. Combining PLS-SEM and OLS regression analysis is a well-established approach (Schmitz and Ganesan, 2014). A mean-centre technique was adopted firstly to mean-centred all variables before creating the interaction terms, as suggested by Aiken et al. (1991). All predictors and moderators were entered into the main effects model, but not the interaction terms (Model 5). Results showed main effects were consistent in their direction and significance with the results from PLS-SEM modelling, indicating robustness across methods. Next, a two-way interaction term was entered in Model 6 and finally all the interaction terms, including three-way interactions were entered in Model 7. The results are presented in *Table IV-6*.

Results showed significant positive interactions between communication strategies and customers' self-construal. More specifically, customers' self-construal independence positively moderated the main effect of customer-focused communications on customer certainty (Model 6: $\beta = 29$, $t\text{-value}=10.34$). Customers' self-construal interdependence also positively moderated the main effect of society-focused communications on

customer certainty (Model 6: $\beta = 16$, $t\text{-value}=6.44$). Therefore, as the self-construal independence increases, the main effect of customer-focused communications on customer certainty would be much stronger, and as the self-construal interdependence increases, the main effect of society-focused communications on customer certainty would be much stronger. However, there was no evidence that the self-construal moderated the relationship between communication strategies and customers' purchase intentions, mainly because previously results showed no direct relationship between communication strategies and purchase intentions. Hence, Hypothesis 8a and 9a are partially supported. When dividing the dataset to three subsets according to the three different levels of perceived fit (*Table IV-7*), while the moderating effects of both of the customers' self-construal were evident when perceived fit was moderate; the moderating effect of the self-construal interdependence on society-focused communication – customer certainty relationship at the low perceived fit and the moderating effect of the self-construal independence on the customer-focused communication – customer certainty relationship at the high perceived fit level were not significant. Therefore, as the customers' self-construal interdependence increases, the effects of society-focused communications on customer certainty will be strengthened when perceived fit is high and medium, and as the customers' self-construal independence increases, the effects of customer-focused communications on customer certainty will be strengthened when perceived fit is medium and low. Self-construal independence also positively moderated the effects of customer-focused communications on purchase intentions when perceived fit was moderate (Model 8: $\beta = .34$, $t\text{-value}=2.66$). However, there was no supporting evidence of the other moderating effects on the perceived fit – purchase intentions relationship.

Table IV-6: Moderation effect of self-construal

Dependent Variables Independent Variables	Model 5			Model 6			Model 7		
	β	<i>t</i> -value	<i>R</i> ²	β	<i>t</i> -value	<i>R</i> ²	β	<i>t</i> -value	<i>R</i> ²
Customer Certainty			.79			.89			.89
Perceived Fit	.85**	42.69		.87**	43.13		.87**	42.83	
CFC	.28**	10.66		.28**	14.31		.28**	14.30	
SFC	.26**	9.51		.23**	11.07		.23**	11.07	
Independence (IND)	.04	1.38		-.08**	-2.84		-.09**	-2.89	
Interdependence (INT)	.05	1.67		.04	1.69		.04	1.66	
Fit × CFC				-.03*	-1.99		-.04*	-2.17	
Fit × SFC				.09**	4.63		.09**	4.51	
Fit × IND				-.10**	-4.69		-.10**	-4.55	
Fit × INT				-.03	-1.62		-.04	-1.62	
CFC × IND				.29**	10.34		.30**	9.92	
SFC × INT				.16**	6.44		.16**	6.41	
Fit × CFC × IND							.02	1.01	
Fit × SFC × INT							.00	.42	
Purchase Intention			.79			.80			.80
Perceived Fit	-.03	-.69		.00	-.02		.01	.15	
Customer Certainty	.92**	21.49		.87**	14.92		.86**	14.83	
CFC	.01	.23		.02	.65		.02	.71	
SFC	.04	1.27		.05	1.68		.05	1.71	
Independence (IND)	.06*	1.98		.05	1.17		.04	1.12	
Interdependence (INT)	.05	1.86		.06	1.58		.05	1.53	
Fit × CFC				-.01	-.49		-.02	-.87	
Fit × SFC				.05	1.94		.05	1.80	
Fit × IND				-.04	-1.49		-.05	-1.63	
Fit × INT				-.01	-.26		-.01	-.19	
CFC × IND				.02	.50		.05	1.05	
SFC × INT				.01	.28		.01	.34	
Fit × CFC × IND							.04	1.50	
Fit × SFC × INT							.00	.01	
Note: *: significant at the .05 (2-tailed <i>t</i> -test); **: significant at the .01 (2-tailed <i>t</i> -test).									

Regarding the three-way interactions between perceived fit, communication strategies and customers' self-construal, there was no evidence that supported the hypotheses that the self-construal moderates the moderating effect of communication strategies on customer certainty (Model 7: $\beta_{\text{CFC} \times \text{Fit} \times \text{IND}} = .02$, $t\text{-value} = 1.01$; $\beta_{\text{SFC} \times \text{Fit} \times \text{INT}} = .00$, $t\text{-value} = .42$) and moderates the moderating effect of communication strategies on purchase intentions (Model 7: $\beta_{\text{CFC} \times \text{Fit} \times \text{IND}} = .04$, $t\text{-value} = 1.50$; $\beta_{\text{SFC} \times \text{Fit} \times \text{INT}} = .00$, $t\text{-value} = .01$). Given the previous findings that the moderation effects of communication strategies were U-shaped and only significant when perceived fit was moderate, the dataset was divided into three levels of perceived fit and regression analysis was conducted for each subset again. The results are presented in *Table IV-7*. Results provided some evidence that customers' self-construal interdependence positively moderated the moderating effect of society-focused communications in the perceived fit – customer certainty relationship when the level of perceived fit was at the moderate level (Model 8: $\beta = -.09$, $t\text{-value} = -2.29$) and at the high level (Model 8: $\beta = -.60$, $t\text{-value} = -2.09$). Hence, the negative moderating effect of society-focused communications would be much stronger as the customers' interdependence increases when perceived fit is moderate or high. Interestingly, there was a positive three-way interaction between perceived fit, customer-focused communications, and the customers' independence when perceived fit was at the low level (Model 8: $\beta = .41$, $t\text{-value} = 2.78$). This implies that when perceived fit is low, communicating customer-related benefits would strengthen the effects of perceived fit on customer certainty as the self-construal independence increases.

Table IV-7: Moderation effect of self-construal in different levels of fit

Model 8						
Dependent Variables Independent Variables	High Fit (1)		Medium Fit (2)		Low Fit (3)	
	β	<i>t</i> -value	β	<i>t</i> -value	β	<i>t</i> -value
Customer Certainty						
Perceived Fit	.92**	11.64	.27**	4.13	1.01**	21.28
CFC	.46**	3.47	.83**	18.64	.28**	6.57
SFC	.62**	4.35	.68**	14.89	.09	1.16
Independence (IND)	.69**	2.74	-.23**	-4.04	-.14	-.94
Interdependence (INT)	.01	.04	.12*	2.40	.27*	2.05
Fit \times CFC	-.15	-.92	-.13*	-1.86	-.01	-.26
Fit \times SFC	-.13	-.79	-.06	-1.10	-.06	-.85
Fit \times IND	-1.01**	-3.69	.05	.96	-.25	-1.65
Fit \times INT	-.15	-.62	.15**	2.91	.22	1.54
CFC \times IND	.02	.10	.54**	7.11	.61**	4.38
SFC \times INT	.99**	3.78	.09*	2.00	.15	1.02
Fit \times CFC \times IND	-.49	-1.82	-.01	-.36	.41**	2.78
Fit \times SFC \times INT	-.60*	-2.09	-.09*	-2.29	-.09	-.64
Purchase Intention						
Perceived Fit	.02	.12	.11	1.03	.11	.61
Customer Certainty	.43**	3.07	.59**	5.10	.57**	3.88
CFC	.28	1.14	.02	.20	.04	.41
SFC	.36	1.31	.14	1.37	.25	1.81
Independence (IND)	-1.01*	-2.17	-.03	-.39	-.19	-.66
Interdependence (INT)	-.28	-.69	-.04	-.52	.18	.71
Fit \times CFC	.04	.13	.08	1.03	-.04	-.79
Fit \times SFC	-.14	-.47	-.24*	-2.32	.29*	2.06
Fit \times IND	.97	1.88	.00	.04	-.36	-1.26
Fit \times INT	.42	.93	.09	1.16	-.05	-.19
CFC \times IND	.42	1.03	.34**	2.66	.27	.99
SFC \times INT	-.50	-1.00	.09	1.37	-.13	-.48
Fit \times CFC \times IND	.41	.82	.00	-.05	.20	.73
Fit \times SFC \times INT	.27	.51	-.11	-1.77	-.03	-.12

Note: *: significant at the .05 (2-tailed *t*-test); **: significant at the .01 (2-tailed *t*-test).

Figure IV-3 shows plots of the three-way interactions between perceived fit, communication strategies, and self-construal on the outcome variables (i.e. customer certainty and purchase intentions). The respondents were divided into two levels of the self-construal groups using the mean as the cutting-off points, as recommended by Aiken et al. (1991). Therefore, respondents with lower than mean scores regarding the self-construal independence or interdependence would be grouped as low independence or low interdependence; respondents with higher than mean scores would be grouped as high independence or high interdependence. As shown in the graphs, as the self-construal interdependence increased from low to high, society-focused communications gradually flattened the positive relationship between perceived fit and customer certainty when it was at the high and medium level of perceived fit. However, this trend had not been observed in plotting the three-way interactions in the low fit condition. On the other hand, as the self-construal independence increases from low to high, customer-focused communications sharpened the positive relationship between perceived fit and customer certainty when it was at the low level of perceived fit. Moreover, when perceived fit was extremely low, communicating customer-related benefits reduced the overall customer certainty for highly independent customers. Therefore, communicating customer-focused benefits in a very low fit level would not reduce the effect of perceived fit but would instead strengthen it. Customers would be more sensitive and even a small drop of perceived fit in a low perceived fit condition would result in a larger drop of the certainty when customer-focused communications are provided.

Figure IV-3: Three-way interactions: perceived fit, communication strategies, and self-construal

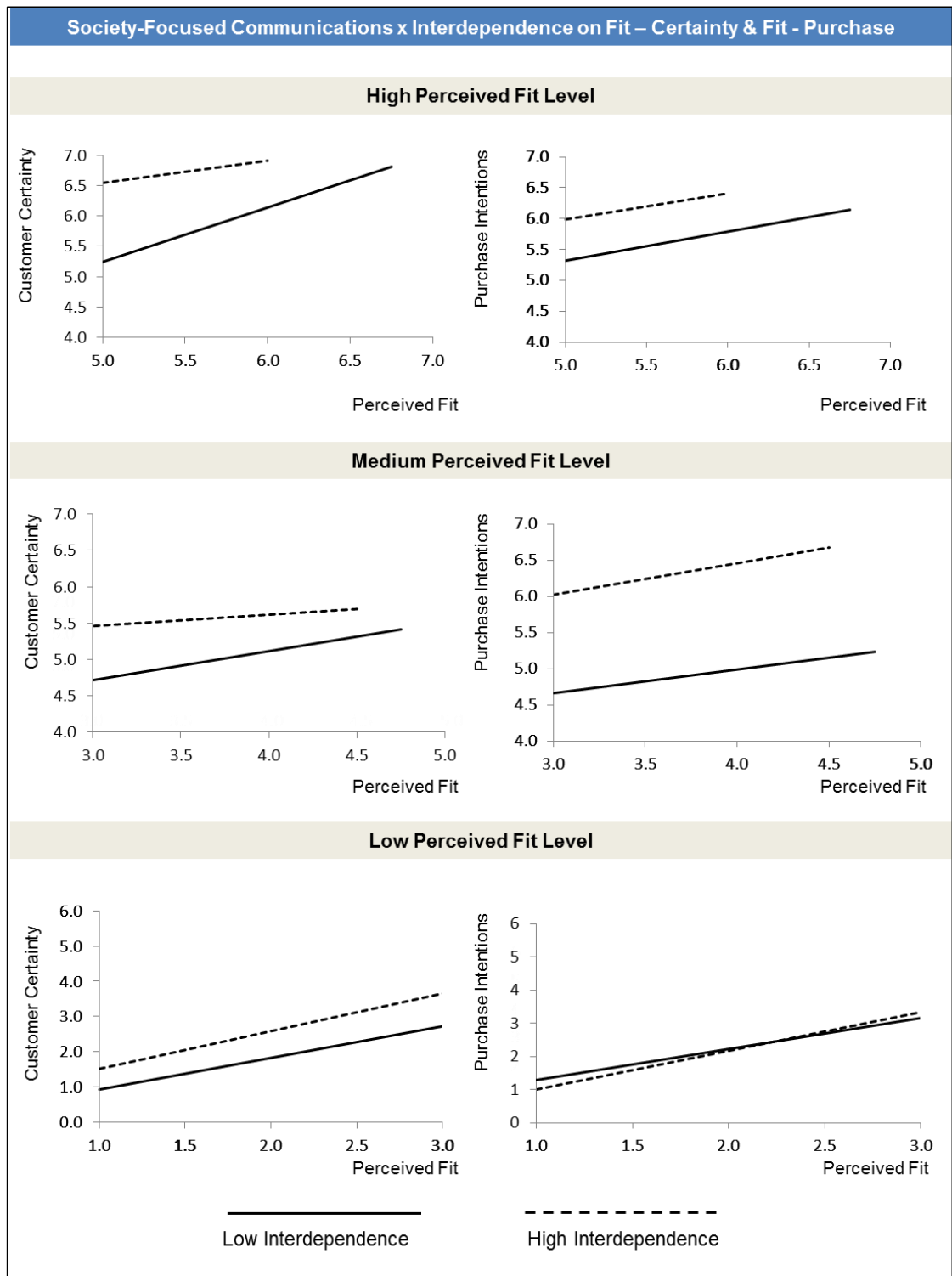
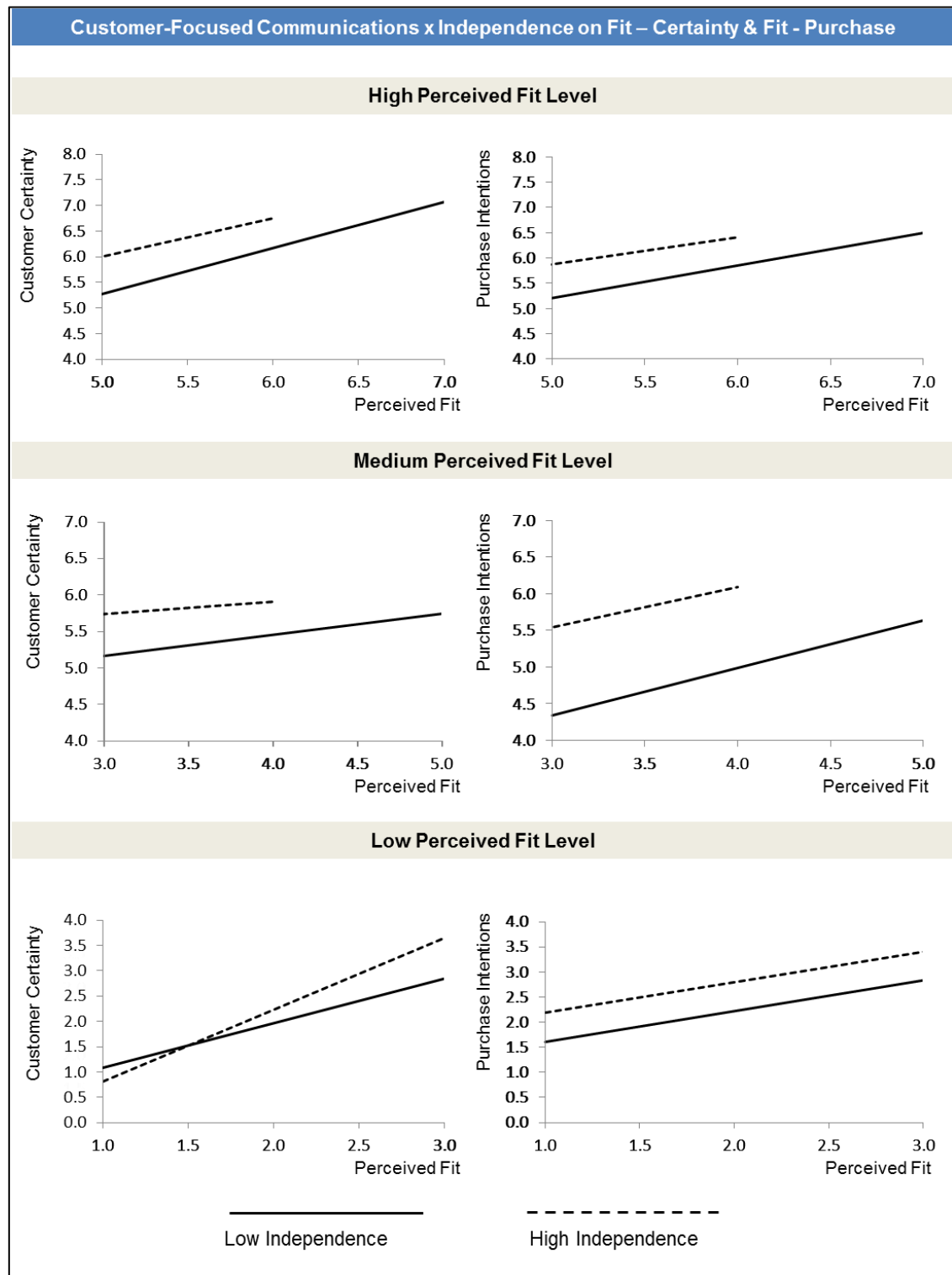


Figure IV 3: Three-way interactions: perceived fit, communication strategies, and self-construal (continued)



Discussions, Implications, Limitations, and Further Research

Service outsourcing has been one of the most widely adopted international business strategy to save costs and improve performance efficiency (Contractor et al., 2010, Gilley and Rasheed, 2000, Gottfredson et al., 2005). While there is a growing body of literature examining the transaction-based (or cost-reduction) characteristics of outsourcing activities, recent research suggests that firms need to look beyond a firm-perspective and investigate important customer points of view that impact on firm performance (Grappi et al., 2013). This is especially important given the fact that outsourcing operations being relocated in foreign countries have in recent time evoked negative reactions from consumers based on perceptions of job loss, lower product quality, lack of communications with foreign service providers, and risk of data security. The existing literature has discussed how customers evaluate service outsourcing differently and how these differences produce distinct reactions and behaviours (Bharadwaj and Roggeveen, 2008, Koku, 2009, Roggeveen et al., 2007, Thelen et al., 2010, Walsh et al., 2012, Khan et al., 2011). One of the major limitations in the existing literature is that many of the researchers heavily relied on lab experiments or surveys that purely focused on the main effect of service outsourcing on customers' attitudes and behaviours and often do not take into account other marketing activities that are usually adopted in the business practice (e.g., communications) aimed neutralize the negative reactions from their customers. Marketing communication strategies could be one of the most widely adopted, and perhaps among the most important activities that has not been well investigated to date. It is not unusual that multinational corporations make announcements to the public about their strategic decisions to address the public concerns (Falkheimer and Heide, 2006). It can be seen that marketing communication strategies usually address the potential benefits of service outsourcing either to the firm

(i.e. self-oriented benefits) or to the customers and society (i.e. other-oriented benefits). Incorporating marketing communication strategies in the stream of service outsourcing will not only improve the overall external validity as well as the relevance of the stream, but also provide additional empirical evidence to examine how consumers process multiple sources of information in forming their attitudes and behaviours.

To address these research gaps, the current study examined two forms of communication strategies, namely, customer-focused communication strategies and society-focused communication strategies in changing customers' certainty level and purchase intentions toward service outsourcing. Two forms of communication strategies were chosen which focused on customer-focused and society-focused communications directly and explicitly, as opposed to firm-related benefits, as these forms are more personally relevant and more persuasive and diagnostic than firm-related benefits (Petty and Cacioppo, 1986, Herr et al., 1991).

To examine more closely how communication strategies impact on perceptions of service outsourcing, this study hypothesised that both customer-focused and society-focused communications could have a positive main effect on customer certainty and customers' purchase intentions toward the focal firm's products and services. Results showed significant and positive effects of customer-focused communications and society-focused communications on customer certainty but not on purchase intentions. This is consistent with the argument that providing additional information addressing customers' concerns could effectively reduce the risks involved in attitude formation and make customers feel more confident about the information completeness (Cox and Rich, 1964, Dowling, 1986, Jacoby and Kaplan, 1972, Campbell and Goodstein, 2001, Taylor, 1974). Moreover, results showed that when perceived fit was moderate, the

direct and positive main effects of both communication strategies on customer certainty were significantly larger than when perceived fit was high, confirming that when there is a schema incongruity (i.e. moderate fit), where the risk of attitude formation is relatively high, customers are more likely to be motivated to scrutinize additional information and incorporate additional information to solve schema incongruity (Mandler, 1982, Meyers-Levy and Tybout, 1989). Findings also supported that when perceived fit was low, the main effect of society-focused communications was not significant and the positive main effect of customer-focused communications was significantly smaller than when perceived fit was moderate. This is consistent with previous theoretical arguments that when schema incongruity is extremely high, additional inconsistent information could not be successfully incorporated into the current knowledge structure to solve the schema incongruity; thus the effects of providing additional information in changing attitudes valence and behaviours would be very limited (Mandler, 1982, Meyers-Levy and Tybout, 1989).

Applied from schema incongruity theory (Mandler, 1982, Meyers-Levy and Tybout, 1989), both communication strategies were expected to moderate the relationships between perceived fit and customer certainty and perceived fit and customers' purchase intentions. However, the magnitude and valence of the moderation effects could effectively change as perceived fit of service outsourcing rises. Specifically, the moderation effects of both customer-focused and society-focused communications on the perceived fit – customer certainty relationship and the perceived fit – purchase intentions relationship are U-shaped; that is, as perceived fit increases from low to medium, the moderation effect changes from either positive or non-significant to negative; however as perceived fit continuously increases from medium to high, the moderation effect changes from negative to non-significant. This is because when the fit

is extremely low, providing additional information would not be successfully incorporated into customers' current knowledge structure to solve the schema incongruity (Mandler, 1982, Meyers-Levy and Tybout, 1989). Moreover, communicating extremely incongruent information might trigger consumers' scepticism and sensitivity to the initial information (Aaker and Keller, 1990). As a result, the effects of perceived fit could even be heightened. When perceived fit approaches a moderate level, providing additional information could provide an avenue for customers to solve the schema incongruity so that the effect of perceived fit could be weakened (e.g. Sjödin and Törn, 2006, Dimofte et al., 2003, Lee and Schumann, 2004). However, when perceived fit approaches a high level, customers may lack the motivation to scrutinize additional information so that the negative moderation effect would not be as strong as when the fit is moderate (Petty and Cacioppo, 1986, Forgas, 1992). The results confirmed the hypotheses. It was observed that when perceived fit was high and low, the moderation effects of both customer-focused and society-focused communications in the fit – certainty relationship were not significant, while the moderation effects were significantly negative when the fit was in a moderate level. It was also observed that when perceived fit was low, the moderation effect of society-focused communications in the fit – purchase intentions relationship was positive; also, when perceived fit was moderate, the moderation effect was negative, and when perceived fit was high, the moderation effect was not significant. Hence, it can be concluded that there is a U-shaped moderation effect of both communication strategies in the fit – certainty relationship and a U-shaped moderation effect of society communication strategies in the fit – purchase intentions relationship. An interesting point to address is that, when perceived fit was low, communicating society-focused benefits could even heighten the effects of perceived fit on purchase intentions. This

may occur because, compared with customer-focused benefits, society-focused benefits are more irrelevant to the central concerns of customers at a low fit condition, which finally draws customers' scepticism and sensitivity to the information communicated (Aaker and Keller, 1990).

The differential effects of both communication strategies in conjunction with one individual cultural value factor – consumers' self-construal independence versus interdependence (Singelis, 1994) were also examined. Most firms serve a diversified customer base, yet firm managers are often unaware of how their communication strategies effectiveness may vary among different consumers. Past research has found that an array of consumer cultural factors including individualism versus collectivism (Han and Shavitt, 1994, Gudykunst et al., 1996, Gregory and Munch, 1997), uncertainty avoidance (Hoeken et al., 2003, Singh et al., 2005, Lam et al., 2009), power distance (Alden et al., 1993, Albers-Miller and Gelb, 1996, De Mooij and Hofstede, 2010) and masculinity versus femininity (Chang, 2006, Nelson et al., 2006, An and Kim, 2007) could affect the effectiveness of communication strategies. However, much of the previous literature has mainly discussed the influences of cultural values at a national level with the assumption that the differences of cultural values within a country/nation tend to be significantly smaller than those between countries/nations (Hofstede, 1983, Steenkamp and Baumgartner, 1998), while the discussions about the influences of individual cultural values on the effectiveness of marketing communications are very rare. Hence, this study examined how consumers' self-construal in terms of independence versus interdependence affects the main and moderating effects of both communication strategies. It was proposed that the self-construal independence positively moderates the main effects of customer-focused communications on customer certainty because consumers with higher self-construal interdependence are more likely

to place an emphasis on self-interest and individual benefits whilst subordinate group goals to their personal goals (Mandel, 2003, Han and Shavitt, 1994). In contrast, self-construal interdependence was expected to positively moderate the main effects of society-focused communications on customer certainty and purchase intentions because consumers with higher self-construal interdependence are more likely to emphasise group-interest and social benefits whilst subordinate personal goals to group goals (Mandel, 2003, Han and Shavitt, 1994). The research evidence provided partial support for these hypotheses. In overall, independence positively moderated the main effect of customer-focused communications on customer certainty but not on purchase intentions; similarly, interdependence positively moderated the main effect of society-focused communications on customer certainty but not on purchase intentions. It was further found that the moderation effects varied depending on the level of perceived fit. For instance, when dividing the dataset into three subsets according to the level of perceived fit, the moderation effect of self-construal independence on customer-focused communications – customer certainty relationship was not significant while the moderation effect of interdependence on society-focused communications – customer certainty relationship was significant when the fit was high. This may be because that when the fit was high, customers could expect their personal benefits or self-interests would not be affected. Therefore, providing additional information regarding customers' personal benefits would not necessarily heighten the novelty of information (Wilton and Myers, 1986), and customers, as a consequence, may not be very motivated to utilise this additional information in forming their attitudes (Moenaert and Souder, 1996). However, even in the high fit condition, customers could not normally anticipate how the social-benefits could be affected by this outsourcing decision. Therefore, providing additional information regarding the social benefits would necessarily heighten the

novelty of information, especially for those high interdependent customers, who care about the social interests more than the self-interests. The findings also showed the moderation effect of self-construal interdependence on society-focused communications – customer certainty relationship was not significant when the fit was low. This may be because, compared with customer-focused benefits, society-focused benefits are more irrelevant to the central concerns of customers at a low fit condition, which draws customers' cognitive elaboration and scepticism about the credibility of information communicated, especially for those high interdependent consumers (Foreh and Grier, 2003, Wilton and Myers, 1986).

Finally, this study examined three-way interactions between perceived fit, communication strategies, and self-construal. It was expected that as the self-construal independence (interdependence) increases, the moderation effect of customer-focused communications (society-focused communications) on the perceived fit – customer certainty and the perceived fit – purchase intentions relationships would be much stronger. Unfortunately, there was no evidence supporting a three-way interaction on both customer certainty and purchase intentions. Given the previous findings that the moderation effects of both communication strategies are only significant when perceived fit is moderate, the dataset was further divided into three subsets according to the level of perceived fit. The findings suggest that when perceived fit was at the high and medium levels, self-construal independence strengthened the moderating effect of society-focused communications on the perceived fit – customer certainty relationship, indicating that as the self-construal independence increased, the negative moderating effect of society-focused communications on the perceived fit – customer certainty relationship would be much stronger. This is consistent with the theoretical logic that highly interdependent consumers are more likely to consider group interest so that

communicating society-focused benefits would be more effective for high interdependent consumers in moderating the relationship between perceived fit and customer certainty (Mandel, 2003, Han and Shavitt, 1994). The results also showed that when perceived fit was low, self-construal independence strengthened the moderating effect of customer-focused communications on the perceived fit – customer certainty relationship, indicating that as the self-construal independence increases, the positive moderating effect of customer-focused communications would be much stronger. Therefore, communicating customer-related benefits to highly independent customers in a low perceived fit situation is a double-edged sword: on the one hand, it could positively contribute to customer certainty; on the other hand, it could also heighten customers' sensitivity to perceived fit so that a unit drop in perceived fit would lead to a more severe decrease in customer certainty. This may be because communicating contrasting information would eventually draw customers' cognitive elaboration, lead to high level of scepticism about the credibility of information and the true motives of the focal firm, thus heightening their sensitivity to the initial information (i.e. perceived fit) (Foreh and Grier, 2003, Wilton and Myers, 1986). The significance of the three-way interactions demonstrates that highly independent customers are more sceptical and hence more sensitive to the initial information than low independent customers when customer-focused benefits are communicated.

Theoretical Implications

This research contributes to the current service outsourcing literature by addressing the following research gaps. First, the findings provide conclusive evidence that perceived fit of service outsourcing has a positive effect on customers' purchase intentions toward the focal firm's products and services and that customer certainty mediates this relationship. Exploring the concept of partnership fit contributes to the current

outsourcing literature since much of the research on service offshoring suggests a strong country-of-origin (COO) effect, driven by differences between the home and host country (Thelen et al., 2010, Khan et al., 2011, Walsh et al., 2012, Bharadwaj and Roggeveen, 2008). Perceived partnership fit of service outsourcing represents an important aspect of firm partnerships, incorporating location, corporate reputation and corporate resource aspects, and looks beyond simple country-of-origin effects. By applying the fit concept in the service outsourcing context, this study also provides further empirical evidence to categorization theory and extends the applications of the fit concept from other marketing domains, such as brand extensions. It also contributes to the outsourcing literature, since most of the literature has mainly focused on direct effects (Bharadwaj and Roggeveen, 2008, Forman et al., 2015, Sharma, 2012), while indirect or mediating effects are rarely examined. By examining the relationship between perceived fit and customer certainty, this study provides further empirical evidence to both information processing theory (Forgas, 1992, Oliver, 1993, Petty and Cacioppo, 1986, Zajonc and Markus, 1982) and the attitude certainty theory (Petrocelli et al., 2007, Petty et al., 2007).

Second, this study addressed the importance of two forms of communication strategies, namely, customer-focused communications and society-focused communications, in affecting customers' certainty level and purchase intentions toward the focal firm's products and services in the context of service outsourcing. Much of the previous literature purely focused on the main effect of service outsourcing on customers' attitudes and behaviours; however, only a few have taken into account the effects of other salient information cues that can be derived from either external sources or internal memories. From an information integration perspective (Anderson, 1971, Anderson, 1965), consumers rarely rely on one single source to make an assessment but

rather rely on multiple sources to formulate their attitudes. Although a few studies have examined other cues, such as product type (Robertson et al., 2010, Whitaker et al., 2008) or quality of the services (Durvasula and Lysonski, 2008, Forman et al., 2015), these factors are inherently intrinsic to the product and cannot be changed in a short time without consistent and strong marketing effort. In practice, firms heavily rely on marketing activities, such as marketing communications, to promote the positive benefits of outsourcing, or to neutralise possible negative customer reactions to relocating services to offshore locations (Falkheimer and Heide, 2006). While communication strategies are important activities firms can use to communicate to their customers unpopular operational decisions, there is little attention on the effects of such strategies in the service outsourcing/offshoring literature. In this study, incorporating marketing communication strategies in the stream of service outsourcing study not only improved external validity, but also provided additional empirical evidence for information processing theory and schema-incongruity theory to support how consumers process multiple sources of information in forming their attitudes and behaviours.

Lastly, this study also accounted for individual-level values and the effectiveness of marketing communications in the context of service outsourcing. Given the fact that consumers within a single country may not necessarily possess similar values, scholars have urged researchers to investigate the culture and value impact from an individual level in a country (Sharma, 2010, Soares et al., 2007, Yoo et al., 2011, Donthu and Yoo, 1998). Hence, to address this call for research, this study examined an important cultural value factor, namely the self-construal independence versus interdependence, which has not been well examined in conjunction with communication strategies in the current literature. This study has provided empirical evidence as to how individual self-

construal could determine the differential effectiveness of marketing communication strategies.

Managerial Implications

As one of the most important international business strategies, service outsourcing has been widely adopted in recent years to achieve cost-efficiency and leverage global resources. Research shows that customers generally dislike service outsourcing and usually have negative attitudes toward firms that outsource services. Hence, from a strategic perspective, a firm's priority should be to minimise possible negative reactions from consumers while still enjoying the operational benefits obtained from service outsourcing. It is not unusual for multinational corporations to make announcements to the public about their outsourcing decisions to address the public's concerns (Falkheimer and Heide, 2006). This study, therefore, provides some evidence that certain communication strategies could be used to effectively reduce the negative reactions from consumers regarding service outsourcing.

First, this study found that communicating customer-related benefits and society-related benefits could effectively mitigate the negative consequences caused by service outsourcing. These communicated customer-related benefits could be in the form of quality or performance guarantee, price guarantee or information security guarantee. Also, these communicated society-related benefits could be in the form of better investment in infrastructure, local small businesses, research and development or better jobs. Communicating these benefits could effectively reduce customers' uncertainty about service outsourcing. However, these two forms of communication strategies are not universally effective; their effectiveness largely depends on the level of perceived fit of service outsourcing. The findings from this study show that when perceived fit of service outsourcing is extremely low (e.g. outsourcing services to a culturally dissimilar

country where the partner has poor reputation and technologies), focal firms should be very cautious about communicating potential benefits to customers. Communicating customer-related benefits which are directly related to customers' concerns might moderately mitigate the negative attitudes and reactions; however, communicating society-related benefits would, reversely, activate customers' scepticism about the true motives and make negative attributions, which would eventually lead to even worse attitudes and reactions. When the fit is perceived as moderate, both communications could effectively mitigate the negative effects, while society-focused communication are preferred, especially for those highly interdependent customers, since society-focused communications would mitigate not only the effect of perceived fit on their certainty level, but also the effect on customers' purchase intentions directly. Finally, if the focal firms find their customers perceive their service outsourcing as a high fit service outsourcing, it is not necessary to provide extra information in marketing communication because providing additional information would have a limited, if any, effect on customers' attitudes and reactions. If firms do choose to communicate benefits in high fit situations, it would be better if society-focused communications could be communicated as it can increase the novelty of information which generate higher customer certainty and purchase intentions.

Second, given the diverse bases of customers served by outsourcing firms, the marketing communication manager should bear in mind that a tailored marketing communication strategy would be preferable for different customers holding different cultural values, if possible. Overall, customer-focused benefits should primarily target customers who are highly independent in terms of self-construal, while society-focused benefits should primarily target with customers who are highly interdependent in terms of self-construal. However, this recommendation is not consistent across different fit

conditions. Particularly, when perceived fit is low, communicating customer-focused benefits to highly independent customers may generate limited positive attitudes and reactions but, on the other hand, heighten their cognitive elaboration and become more critical to this information. When perceived fit is high, communicating customer-related benefits to highly independent customers does not necessarily improve the overall attitudes, while communicating society-related benefits to highly interdependent customers could achieve a much better result.

To summarize, communicating potential benefits relating either to customers or society as a result from service outsourcing to customers could mitigate the negative customer evaluations and reactions of service outsourcing, but how effective the different communication strategies heavily depends on the level of fit of service outsourcing. Marketing communication managers should be very cautious in choosing a proper communication strategy by critically examining the service outsourcing partnership fit and the cultural values of their customers.

Limitations and Further Research

This study has some limitations which could be addressed through further research. First, this study only collected Australian consumer data and conducted the study in Australia. It would be very likely that different effects may be observed in other countries, given the fact that consumers in different countries or cultural zones may perceive service outsourcing differently and act differently. Hence, future research may extend the current study to other settings to discover any homogeneity and heterogeneity in terms of the consumer reactions to service outsourcing and different communication strategies. Second, although this study examined two distinct forms of communication strategies in affecting customers' attitudes and perceptions, the stimulus used over simplifies the complexity of marketing communications observed in current business practice. For

example, in terms of what should be communicated, some firms may choose a mixture approach by both communicating customer-related benefits and society-related benefits. In terms of how the messages should be communicated, some firms may communicate proactively while others may communicate reactively only after the customers have already been informed from other non-official sources, such as rumours on Twitter or Facebook. How these two forms of communication approaches would affect customers' perceptions and behaviours has not been examined. Future research could extend the current study by examining various other forms of communication strategies in affecting customers' attitudes and behaviours in the context of service outsourcing. Lastly, although this study investigated two types of self-construal (independence and interdependence), additional individual-level values and personality measures should be investigated to explore important individual-level differences affecting receptiveness to communications and perceived fit.

V EPILOGUE: SUMMARY AND CONCLUSIONS

Summary of the Rationale and Research Gaps

This thesis discussed the importance of perceived fit between the focal firms and the outsourcing partners, and the effects of this ‘fit’ on consumers’ responses to the service outsourcing. Furthermore, this study investigated the role of marketing communication strategies in mitigating possible negative responses while determining if such communications could also enhance positive responses. In recent years, competition has driven multinational firms to increasingly ‘outsource’ services to foreign locations such as India or China to cut costs and improve performance both in domestic and international markets (Contractor et al., 2010, Gilley and Rasheed, 2000, Gottfredson et al., 2005). While there is a growing body of literature examining transaction-based (or cost-reduction) characteristics of outsourcing activities, recent research suggests that firms need to look beyond a firm-perspective and investigate important customer points of view that impact on firm performance (Grappi et al., 2013). This is especially important since outsourcing operations to foreign countries evokes negative reactions from consumers based on perceptions of job loss, lower product quality, lack of communications with foreign service providers, and risk of data security. Although service outsourcing is not a traditional marketing research topic, a better understanding of consumers’ attitudes and evaluations of an outsourcing decision makes it a brand equity issue. Better knowledge of how outsourcing services affects the brand would help executive managers to balance the positive impact from cost-saving or performance improvement with the possible, if any, negative impact on brand as evaluated by consumers. Since service functions involve front-line service providers having direct contact (and impact) with consumers, it makes sense firms’ need to look

more closely at how and why consumers might react to service outsourcing, and what (if anything) firms can do to better communicate their outsourcing decisions.

Prior studies generally agreed that service outsourcing or offshoring is negatively evaluated by consumers (Grappi et al., 2013, Honeycutt et al., 2012, Sharma et al., 2009, Thelen et al., 2011). Research on factors affecting consumers' responses to service outsourcing include where the outsourced services being located (Bharadwaj and Roggeveen, 2008, Koku, 2009, Roggeveen et al., 2007, Thelen et al., 2010, Walsh et al., 2012, Khan et al., 2011), what of the services being outsourced (Whitaker et al., 2008, Robertson et al., 2010, Koku, 2009), and who is the service outsourcer (Roggeveen et al., 2007). These factors have been shown to have direct effects on customer satisfaction (Bharadwaj and Roggeveen, 2008), customer loyalty to the domestic service provider (Forman, et al., 2015), repeat purchase (Sharma, 2012), customer complaint (Sharma, et al., 2009), and attitudes toward the focal firm (Thelen, et al., 2011).

One noticeable aspect overlooked in the literature, however, is to whom the service is being outsourced (i.e. outsourcing partner), and the subsequent 'fit' between the focal firm and its offshoring partner. Unlike manufacturing outsourcing partnerships, from a consumers' perspective the outsourcing service partnership is crucially important because existing and potential customers will have direct experiences with these outsourcing service partners, and the general impressions of the partnership would affect their attitudes and behaviours toward the focal firms. Given the fact that service is one of the most important elements in building up focal firms' brand values (Aaker, 1996; Bolton and Drew, 1991; Keller, 1993), the central thesis of this research is that consumers perception of overall fit between the focal firm and the outsourcing partner helps explain how consumers vary in their perceptions of service outsourcing.

To examine the importance of perceived fit in determining consumers' responses to service outsourcing, this research began by assessing the antecedents of perceived fit. After preliminary qualitative research, the next step was to gather data and analyse the consequences of perceived fit in terms of consumers' attitudinal or behavioural responses, as well as examine the mediating role of customer certainty. By addressing the mediation effect of customer certainty, a more profound understanding of the way in which perceived fit affects the customers' attitudes and behaviours towards the focal firm's products and services was ascertained. Results from an online panel of national consumers in Australia confirmed the significant role of perceived fit on consumer responses. However, to gather additional information to help explain the conditions under which perceived fit has the greatest impact, other sources of information such as internal information (e.g., brand credibility) and external information (e.g. marketing communications) were considered. As a result, this thesis incorporated one external source of information – marketing communication, and one internal source of information – the focal firm's brand credibility in the model and examined their influences on the customers' attitudinal and behavioural responses in the context of service outsourcing. Incorporating these two sources of information in the stream of service outsourcing study not only improved the overall external validity as well as the relevance of the stream, but also provided additional empirical evidence for information processing and schema-incongruity theory to examine how consumers process multiple sources of information in forming their attitudes and behaviours. Finally, realizing that most firms are serving a diversified customer base with different cultural and ethnic backgrounds, consumer heterogeneity (e.g., cultural value differences) should be addressed in the model. To assess how consumers' cultural value differences explain the varying responses to service outsourcing, two different cultural value dimensions were

employed: customers' uncertainty avoidance, and the self-construal independence versus interdependence. Given the fact that consumers within a single country may not necessarily possess similar cultural values in an era of globalisation, scholars have urged researchers to investigate the culture and value impact from an ethnical or individual level in a country (Sharma, 2010, Soares et al., 2007, Yoo et al., 2011, Donthu and Yoo, 1998). Hence, to address the research appeals, this thesis examined the ethnical differences regarding uncertainty avoidance and the individual cultural value differences regarding self-construal independence versus interdependence.

Summary of the Research Objectives

To address the current research gaps and extend the current understanding of service outsourcing from a consumer's perspective, this thesis addressed the following research objectives:

- This thesis explored various characteristics of service partners that could affect the perceived partnership fit from consumers' perspective and the subsequent impact on consumers' attitudinal and behavioural intentions toward the focal firms, such as satisfaction, loyalty, and purchase.
- This thesis examined customer certainty as the key mediating factor that explains the underlying mechanism from perceived partnership fit to consumers' attitudes and behaviours.
- This thesis validated the moderating effect of focal firm's brand credibility as one of the key internal cues in this relationship.
- This thesis discussed the interaction between two communication strategies and the perceived partnership fit in affecting consumers' responses to service outsourcing.

- This thesis also introduced two constructs – uncertainty avoidance and self-construal – to measure the extent that ethnic group and individual value differences could affect the effectiveness of perceived fit and communication strategies on consumers' responses to service outsourcing.

Summary of the Key Findings

To address the research objectives, this thesis conducted a series of studies, and the results were presented from Chapter One to Chapter Three. **Error! Reference source not found.** summarised the findings from each chapter.

To examine the various antecedents of perceived fit, a two-stage approach was adopted: Stage one explored the various possible antecedents of perceived fit in the qualitative study, and Stage two validated the effects of those previous identified antecedents on perceived fit. In the qualitative study, 33 university students were interviewed with findings showing three characteristics of the outsourcing partners that effectively determined perceived fit of service outsourcing. These factors were cultural similarity between the home country and the host country, reputation of the outsourcing partner, and advanced technology owned by the outsourcing partners. These factors were consistently mentioned among three tested scenarios. In the following quantitative study, a quasi-experiment study was conducted with 491 subjects taken from the Amazon Mechanical Turk. The results from partial least square path modelling confirmed the positive effects of cultural similarity, reputation of the partners, and advanced technology owned by the partners on perceived fit of service outsourcing, although the relative importance of each characteristic varies in different tested industries. The construct validity and reliability of perceived fit were also confirmed from a confirmative factor analysis (CFA) model through AMOS. Detailed results and discussions were presented in Chapter One.

To examine the consequences of perceived fit regarding consumers' attitudinal and behavioural responses and further validate the construct of perceived fit, 420 cases from an Australian consumer panel were collected and divided into two groups: the experiment groups which were asked to read fictitious outsourcing scenarios adapted from the Phase One study and pre-tested before the Phase Two study, and the control group which was given no outsourcing scenario. Both groups were asked to rate their satisfaction, loyalty and purchase intentions of the test brands' products and services. The results from ANOVA tests confirmed the positive role of perceived partnership fit: compared to the control group, group in high fit condition revealed insignificant depreciation in terms of satisfaction, loyalty, and purchase intentions. However, groups in low and medium fit conditions showed dramatic decreases in the above three outcome variables. The results extracted from the partial least square modelling also showed a positive effect of perceived fit on the three outcome variables. Detailed results and discussions were presented in Chapter One. Moreover, the findings that perceived fit positively affect purchase intentions were replicated in the following studies which were presented in Chapter Two and Chapter Three, demonstrating this relationship was valid from two different sample testing.

To examine the mediation effect of customer certainty, a quasi-experimental approach was developed by presenting different service outsourcing scenarios that once again vary the perceptions of the partnership fit by consumers. 360 valid cases were collected from a large Australian consumer panel, and the results from the partial least square modelling confirmed a mediation role of customer certainty in the fit – perceived value and the fit – purchase intentions relationships. Specifically, results showed that perceived fit had a positive effect on customer certainty, which in turn affected perceived value of the focal firm's products and services and customers' purchase

intentions. Detailed results and discussions were presented in Chapter Two. Furthermore, these findings were also replicated in the following study (Chapter Three) which confirmed the mediation role of customer certainty on the fit – purchase intentions relationship, demonstrating this relationship was valid from two different sample testing.

In the same study, the moderation effects of the focal firms' brand credibility and customers' uncertainty avoidance as predicted by the ethnicity were also examined. Findings indicated that brand credibility of the focal firms positively moderated the relationship between the fit and customer certainty and between fit and purchase intentions, but not the relationship between fit and perceived value. While the direct moderation effect had not been supported, evidence did support an indirect moderating effect of brand credibility on perceived values via customer certainty. At the ethnic level, results showed that customers' uncertainty avoidance positively moderated customer certainty – perceived value relationship. While there was no evidence to support the same moderation effect on the customer certainty – purchase intentions relationship, it could be argued that the reason was due to a fully mediated role of perceived value. Nevertheless, an indirect positive moderation on customer certainty – purchase intentions relationship was confirmed. Finally, the interaction between perceived fit and uncertainty avoidance as presented by the ethnicity was also examined. The results confirmed a significant main effect of ethnicity on perceived values and purchase intentions. Chinese/Vietnamese subjects reported higher perceived values and purchase intentions than Australian/New Zealander subjects and Italian/Greek subjects. The results also confirmed a significant interaction effect between fit condition and ethnicity on perceived value and purchase intentions. There was an ordinal interaction between

two factors, which means the effect of perceived fit differs in magnitude depending on the ethnicity/UA. Detailed results and discussions were presented in Chapter Two.

In the final study, the effects of customer-focused and society-focused communications on customers' purchase intentions of focal firms' products and services in the context of service outsourcing was examined. A total of 542 valid cases were collected from an Australian consumer panel. The results confirmed the positive main effect of both communication strategies on customers' purchase intentions. Further, the main effects of both communication strategies were largest in the medium fit condition those in the high or low fit conditions, supporting the schema-congruity theory. Findings also showed that the moderation effects of both customer-focused and society-focused communications on the fit – customer certainty relationship were U-shaped: as perceived fit increased from low to medium, the moderation effects changed from non-significant to negative, however as perceived fit continuously increased from medium to high, the moderation effects changed from negative to non-significant. While there was no evidence to support the U-shaped moderation effect of customer-focused communications on the fit – purchase intentions relationship, findings suggest that as perceived fit increased from low to medium, the moderation effect of society-focused communication changed from positive to negative, and as perceived fit continuously increased from medium to high, the moderation effect changed from negative to non-significant. Therefore, communicating either customer-related or society-related benefits from service outsourcing could effectively mitigate the effects of perceived fit on customer certainty and purchase intentions when the fit was moderate, but had no effect or even positive moderation effect when the fit was high or low, respectively. Moreover, the main effects of marketing communications on customer certainty largely depended on the customers' self-construal; that is, customer-focused communications

could be more effective for highly independent customers while society-focused communications could be more effective for highly interdependent customers. Finally, a three-way interaction between the fit, communication strategies, and self-construal was confirmed. More specifically, a negative three-way interaction between fit, society-focused communications, and self-construal interdependence was found when the fit was at the high and medium level so that as the self-construal interdependence increased, the negative moderation effect of society-focused communications would be even stronger in affecting the fit – customer certainty relationship. A positive three-way interaction between fit, customer-focused communications, and self-construal independence was found when perceived fit was low so that as the self-construal independence increased, the positive moderation effect of customer-focused communications would be even stronger in affecting the fit – purchase intentions relationship. Detailed results and discussions were presented in Chapter Three.

Table V-1: Summary of the Findings

Tested Relationships	Chapter		
	One	Two	Three
Antecedents			
Culture → Fit	Supported (+)		
Reputation → Fit	Supported (+)		
Technology → Fit	Supported (+)		
Consequences			
Fit → Satisfaction	Supported (+)		
Fit → Loyalty	Supported (+)		
Fit → Purchase	Supported (+)	Supported (+)	Partially Supported (+)
Fit → Value		Supported (+)	
Fit → Certainty		Supported (+)	Supported (+)
Mediator			
Fit → Certainty → Value		Supported (+)	
Fit → Certainty → Purchase		Supported (+)	Supported (+)
Moderators			
BC×Fit → Certainty		Supported (+)	
BC×Fit → Value		Not Supported	
BC×Fit → Purchase		Supported (+)	
UA×Certainty → Value		Supported (+)	
UA×Certainty → Purchase		Not Supported	
CFC×Fit→Certainty			Supported (- U Shape)
SFC×Fit→Certainty			Supported (- U Shape)
CFC×Fit→Purchase			Not Supported
SFC×Fit→Purchase			Supported (- U Shape)
IND×CFC→Certainty			Supported (+)
INT×SFC→Certainty			Supported (+)
IND×CFC→Purchase			Partially Supported (+)
INT×SFC→Purchase			Not Supported
IND×CFC×Fit → Certainty			Partially Supported (+)
INT×SFC×Fit → Certainty			Partially Supported (+)
IND×CFC×Fit → Purchase			Partially Supported (+)
INT×SFC×Fit → Purchase			Not Supported

Summary of the Key Contributions

This research has contributed to the existing understanding of service outsourcing in the following areas. First and the most important, it showed that perceived fit of service outsourcing between focal firms and the outsourcing partners is an important factor that could leverage the varying consumers' evaluations and attitudes toward service outsourcing. Much of the research on service offshoring suggests a strong country-of-origin (COO) effect, driven by differences between the home and host country (Thelen et al., 2010, Khan et al., 2011, Walsh et al., 2012, Bharadwaj and Roggeveen, 2008), while partner or partnership fit that moves beyond the COO effects has not been well addressed. This study validated perceived fit of service outsourcing and determined it can be comprised of three factors: cultural similarity between the host country and the home country, reputation of the partner, and advanced technologies owned by the partner. Therefore, perceived partnership fit of service outsourcing represents an important (yet parsimonious) aspect of firm partnerships, incorporating location, corporate reputation and corporate resource aspects, and looks beyond simple country-of-origin effects.

Second, this thesis examined and confirmed the mediating role of customer certainty in this relationship. While the existing literature mainly focused on the direct effects of the service outsourcing on consumers' responses, this study provides additional evidence that the service outsourcing could both directly and indirectly affect consumers' evaluations, attitudes and behaviours via customer certainty. By examining the relationship between perceived fit and customer certainty, it provides further empirical evidence to both information processing theory (Forgas, 1992, Oliver, 1993, Petty and Cacioppo, 1986, Zajonc and Markus, 1982) and attitude certainty theory (Petrocelli et al., 2007, Petty et al., 2007).

Third, this thesis confirmed the role of other information cues, both external and internal, that could be effectively used by consumers in assessing the service outsourcing and interact with the main effects of service outsourcing on consumers' responses. From an information integration perspective (Anderson, 1971, Anderson, 1965), consumers rarely rely on one single source to make the assessment but rather rely on multiple sources to formulate their attitudes. Other sources of information could be derived from external communications, such as marketing communications, or their internal memories, such as their stored impression of the focal firm's brand. One obvious limitation of the existing literature is that most studies purely focus on only main effects of service outsourcing on customers' attitudes and behaviours; with only a few of them have taken into account the effects of other salient information cues that can be derived from either external sources or internal memories. The focal firm's brand credibility is one of the most important internal cues derived from consumers' memories, which could effectively affect the relationship between perceived fit of service outsourcing and consumers' responses. Similarly, communicating the service outsourcing benefits related to customers or societies, which have been commonly adopted by the focal firms, could also provide salient information cues for customers. These external information cues could also effectively influence customers' responses to service outsourcing. Therefore, incorporating the focal firms' brand credibility and marketing communication strategies in the stream of service outsourcing study not only improved the overall external validity as well as the relevance of the stream, but also provided additional empirical evidence for information processing and integration theory and schema-incongruity theory to examine how consumers process multiple sources of information in forming their attitudes and behaviours.

Last but not least, this study also accounted for consumer heterogeneity by examining differences among ethnic groups and individual cultural values. It is obvious that most firms are serving a diversified customer base, yet firm managers are often unaware how different customers may vary in their responses to service outsourcing and how their communication strategies effectiveness may vary among different consumers. Cultural values have been identified as one of the most promising constructs that could successfully explain variations. However, previous literature mainly focuses on cultural values at a national level with the assumption that the differences of cultural values within a country/nation tend to be significantly smaller than those between countries/nations (Hofstede, 1983, Steenkamp and Baumgartner, 1998). This assumption has been challenged recently, given the fact that consumers within a single country may not necessarily possess similar cultural values in an era of globalisation. Therefore, scholars have urged researchers to investigate the culture and value impact from an ethnical or individual level in a country (Sharma, 2010, Soares et al., 2007, Yoo et al., 2011, Donthu and Yoo, 1998). By examining uncertainty avoidance at the ethnic level, and the self-construal at the individual level, this study provided additional empirical evidence that cultural values are not identical within a single country and individual or group cultural value differences could effectively affect the effectiveness of the marketing activities.

Managerial Implications

As one of the most important international business strategies, service outsourcing has been adopted widely in recent years to achieve cost-efficiency and leverage global resources. Although firm managers usually make outsourcing decisions based on operational benefits, such as cost-savings, and performance or efficiency improving, they should be aware of the long-term impact of the decision on firm's overall brand

performance as perceived by consumers. Unlike manufacturing outsourcing, which to some extent is not directly linked to consumers' experiences, service outsourcing is directly linked to consumers' experiences. Consumer's general impressions about outsourcing and the outsourcing service partners may affect the overall brand of the focal firms. Hence, in addition to being operationally efficient, managers should also consider consumers' views when evaluating the benefits and costs of outsourcing services to a particular partner.

Overall speaking, service outsourcing is perceived negatively by consumers based on perceptions of job loss, lower product quality, lack of communications with foreign service providers, and risk of data security. From a strategic perspective, the priority for firms is to minimise the negative reactions from consumers while still enjoy the operational benefits obtained from service outsourcing. From this research, firms should strive for a high fit partnership, that is, choose partners located in a similar culture zone, have an above-the-average industry reputation, and have world-class technologies. This is because high fit partnerships enhance customers' satisfaction, loyalty and purchase intentions while low fit partnerships reduce customers' satisfaction, loyalty and purchase intentions. However, high fit partnerships usually cost firms more than lower fit partnerships, which significantly reduce the potential benefits (e.g. savings) from service outsourcing. Therefore, firm managers need to think and act from a strategic perspective by comparing the benefits with the potential losses associated with consumers' attitudes reactions and obtaining optimal net gains in the long-term. The fit index, hence, can serve as proximity to anchor firms' potential losses (gains) due to consumers' reactions and attitudes.

High credible firms must be aware that they should be very cautious in doing service outsourcing as it becomes more difficult to maintain brand reputation. Some high credible firms may think their brand will not be affected by service outsourcing. However, the results of this study find high credible firms are very vulnerable to low fit service outsourcing. When perceived fit of outsourcing is relatively low, high credible firms will suffer from reduced customers' perceived value of firms' products and services and lower purchase intentions. Hence, high credible firms should be very cautious in choosing outsourcing partners and communicating outsourcing decisions to customers in order to avoid dramatic brand dilution.

Some firms may choose to communicate service outsourcing benefits related to either customers or societies in an attempt to mitigate the negative responses from their customers. Customer-related benefits could be the quality or performance guarantee, price guarantees, or an information security guarantee, whereas society-related benefits could be a better investment in infrastructure, local small business, or research and development, or better jobs. This research suggests that whether to communicate either type of benefits or not depends on the level of the perceived partnership fit. Results of this study support a moderating effect of communications and that communicating either customer-related or society-related benefits would be most effective but only when perceived fit is moderate. Communicating these benefits could effectively reduce customers' uncertainty about service outsourcing. However, when perceived fit of service outsourcing is extremely low (e.g. outsourcing services to a culturally dissimilar country where the partner has a poor reputation), focal firms should be very cautious about what should be communicated. Communicating customer-related benefits which are directly related to customers' concerns might moderately mitigate the negative attitudes and reactions but communicating society-related benefits would, reversely,

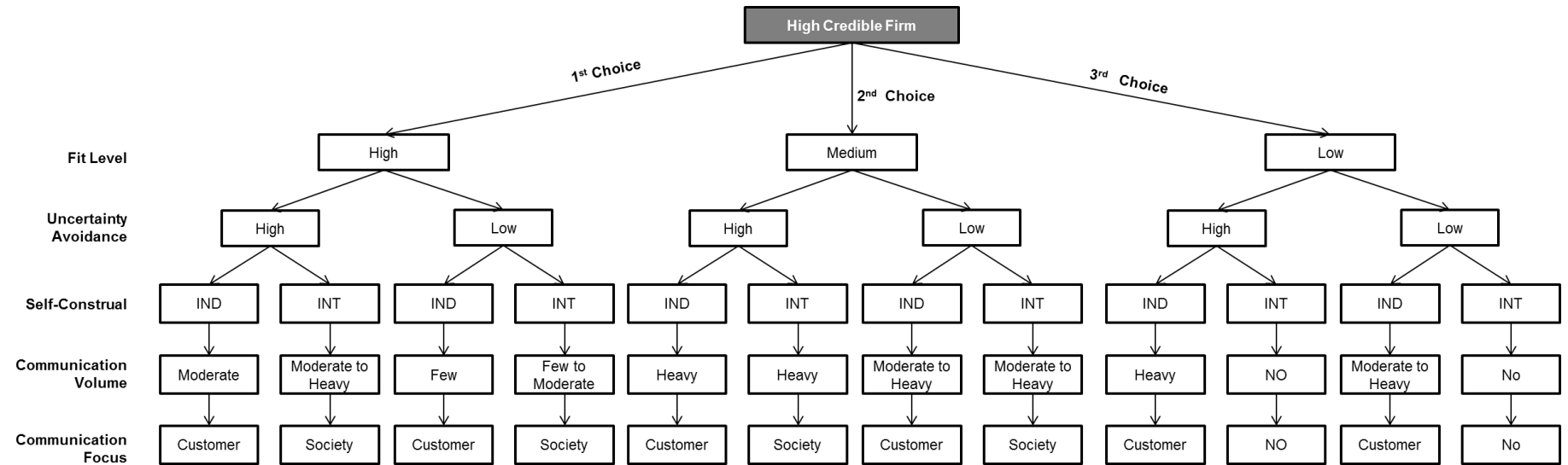
activate customers' scepticism about the true motives and make negative attributions, which would eventually lead to even worse attitudes and reactions. Finally, if focal firms find their customers perceive high fit service outsourcing, it is not necessary to provide extra information in marketing communication because providing additional information would have limited, if any, effect on customers' attitudes and reactions. Compared with customer-focused communications, it would be better if society-focused communications could be communicated in a high fit condition as it can increase the novelty of information, generating higher customer certainty and purchase intentions.

Firms should be aware that they are serving a diverse base of customers who have distinct cultural values and may react differently to their marketing activities, so that their marketing activities should be tailored to achieve maximum effectiveness. For example, for high uncertainty avoidance customers, such as customers with Italian or Greek ethnic background, outsourcing to a relatively low fit partner is more serious and uncertain than for low uncertainty avoidance customers, such as Chinese or Vietnamese. Hence, firm managers may profile the demographics of their current and potential customers in terms of ethnicity to design and communicate differently for them. For example, firm managers can concentrate their resources to communicate more to high UA customers about the benefits of outsourcing to address their concerns than to low UA customers. Another important cultural value is the customers' self-construal independence versus the interdependence. In general, customer-focused benefits should primarily target customers who are highly independent, while society-focused benefits should primarily target customers who are highly interdependent. But this recommendation does not hold true across all fit conditions. Especially when perceived fit is low, communicating customer-focused benefits to high independent customers would heighten their cognitive elaboration and become more critical to that information.

On the other hand, when perceived fit is high, communicating customer-related benefits to highly independent customers does not necessarily improve the overall attitudes, while communicating society-related benefits to highly interdependent customers could achieve a much better result.

In sum, there is no one best strategy for focal firms to mitigate their customers' negative responses to the service outsourcing. Marketing managers should be very cautious in delivering messages about service outsourcing to varying groups of customers. *Figure V-1* represents the decision tree for marketing managers when making decisions about what should be communicated about service outsourcing across different perceived fit levels and the different cultural values held by different customers.

Figure V-1: Decision Trees for Marketing Communications of Service Outsourcing



Limitations and Further Research

This research has a number of limitations which could be addressed through further research. In terms of the theoretical and empirical limitations, this study only examines perceived fit between focal firms and the outsourcing partners in the context of service outsourcing. While the service is one of the most important components in the process of delivering values to customers, there are many other forms of business processes that could be essential in delivering values to customers as well. These business processes could be the research and development, product design, and product manufacturing and assembly. It is not surprisingly that most of the worlds' leading companies today are engaging in business processing outsourcing that is not limited to services, but includes all value-creation business processes (Gottfredson et al., 2005). For example, Apple outsourced most of its components design and manufacturing to other well-known partners who specialised in designing and producing certain components, such as the screen. From an international business perspective, strategic outsourcing could leverage the resources globally and deliver better values to the customers with lower costs (Gottfredson et al., 2005, Holcomb and Hitt, 2007). Scholars also call for research on how consumers would react and respond to bi-national or multi-national products resulting from the strategic outsourcing and global cooperation (Chao, 2001, Han and Terpstra, 1988). However, the existing literature mainly focused on the country effects to explain the varying responses from consumers regarding the bi-national or multi-national products (Chao, 1993, Hamzaoui and Merunka, 2006, Magnusson et al., 2011). The country effects could effectively account for some variation in consumers' responses but do not necessarily account all. Another important factor that could account for variations of the consumers' responses is the partner. Thanks to advances in technology and communication, nowadays the partners are no longer sitting "behind the

scene”, but they are intensively engaging in building brand awareness among the publics. For example, the recent rumour that Apple is going to use the OLED screen from LG for its new series of iPhone has delighted its current and potential customers (Broussard, 2017). How the partners’ reputation, expertise, or brand image could affect the consumers’ responses to the products and services from the focal firms would be an interesting and urgent research question for investigation.

Another theoretical and empirical limitation is the scope of the study. Specifically, this study only examines the concept of perceived fit of service outsourcing in Australia. While it is argued that Australia is multi-cultural society with people originated from different countries or ethnic regions, there are potential country differences that would require further investigation. It would be highly likely that the concept of perceived fit would vary in a cross-cultural context, given the fact that consumers in different countries or cultural zones may perceive fit differently and act differently. One noticeable aspect is service or product outsourcing in emerging economies. Firms located in emerging economies sometimes outsource part of the research design and manufacturing to developed countries in order to improve overall product quality perceptions and subsequent brand image (Hitt et al., 2000). Research in offshoring rely on the ‘country-of-origin’ effects to explain observed phenomenon and argue that consumers in developing countries generally hold a positive image of products designed or manufactured in developed countries. However, what is unknown, yet, is how the image or reputation of the partner located in the developed countries would interact with the country-of-origin effects on consumers’ evaluations of the products from firms in developing countries. Will customers in developing countries still hold a general positive attitude towards the products which are designed in a developed country by,

however, a partner with poor reputation? Further research could investigate all forms of perceived fit between developing and developed countries.

The last theoretical and empirical limitation in the research model is lack of inclusion of competitive dynamics in the marketplace. That is, how consumers' evaluations and responses would change if not only the focal firm but also its direct competitors in the industry sector had outsourced the services. In strategic management literature, firms usually follow other major competitors' strategies, which is called the follow-the-leader strategy, to mitigate the competitive disparity or limit rivalry (Haveman, 1993, Lieberman and Asaba, 2006). It is very common that if one leading company in the telecommunication industries, for example, outsourced its call centres to offshore locations, other competitors would follow as well. However, if most of the leading companies in the telecommunication industry outsourced their call centres and the focal firm intended to follow its competitors' outsourcing strategy, would customers react and evaluate the services negatively because of service outsourcing? Or would evaluations be unaffected by service outsourcing because all firms in the industry are doing it? Further research could incorporate competitive dynamics and investigate the interactions.

Finally, regarding the methodological limitations, all the data were collected at a single point in time, and it is not possible to detect change that occurs over time. From a dynamic perspective, it is possible that consumers' evaluations and responses would evolve. For example, it may have more negative responses and evaluations at the very beginning but this negative responses and evaluations would probably dilute after a period of time. This may due to the fact that customers would gradually adjust their expectations along with time. Therefore, longitudinal study should be conducted in the

future to picture the relationships in a more dynamic perspective. Moreover, this research only employed one single key informant and measured the outcome variables by self-reported consumer responses. This survey and interview data may not be as accurate as other forms of data, such as firm's sales records, complaint records, or customers switch rates, to reflect the true performance of focal firms. By employing these forms of data, the research model can better examine and predict how service outsourcing affects firms' performance directly. Future research could use those performance-related records to generate more accurate predictions and improve the external validity of the model. Furthermore, the examination of the data in this thesis mainly relied on PLS, which a variance-based method for structural equation is modelling. Recently scholars questioned the appropriateness of using PLS modelling by addressing several serious issues with PLS modelling, such as inconsistent and biased estimation, capitalisation on chance, and problems in assessing measurement quality, and proposed researchers should adopt a more reliable method, such as maximum likelihood method, for testing models (Rönkkö et al., 2016). Therefore, future studies may use other methods to test the models in order to increase the robustness of the findings. Finally, due to time and financial constraints, this research only focused on Australian samples across two industries, namely the telecommunication industry and the mobile phone industry, which, to a certain extent, limit the generalisability of the findings. Future research may extend this research by testing the model in other countries and other industries.

VI REFERENCES LIST

- AAKER, D. A. (1996). Measuring brand equity across products and markets. *California management review*, 38(3), 103.
- AAKER, D. A. (2012). Brand extensions: the good, the bad and the ugly. *Sloan management review*, 31(4).
- AAKER, D. A. & KELLER, K. L. (1990). Consumer evaluations of brand extensions. *Journal of Marketing*, 54(1), 27-41.
- AAKER, J. & SCHMITT, B. (2001). Culture-dependent assimilation and differentiation of the self preferences for consumption symbols in the United States and China. *Journal of Cross-Cultural Psychology*, 32(5), 561-76.
- AAKER, J. L. & LEE, A. Y. (2001). "I" seek pleasures and "we" avoid pains: The role of self-regulatory goals in information processing and persuasion. *Journal of Consumer Research*, 28(1), 33-49.
- AGARWAL, S. & TEAS, R. K. (2001). Perceived value: mediating role of perceived risk. *Journal of Marketing Theory and Practice*, 9(4), 1-14.
- AGARWAL, S. & TEAS, R. K. (2004). Cross-national applicability of a perceived risk-value model. *Journal of Product & Brand Management*, 13(4), 242-56.
- AGRAWAL, J. & KAMAKURA, W. A. (1999). Country of origin: A competitive advantage? *International Journal of Research in Marketing*, 16(4), 255-67.
- AGRAWAL, N. & MAHESWARAN, D. (2005). *The Effects of Self-Construal and Commitment on Persuasion* [Online]. [Accessed 4 31].
- AHMED, Z. U., JOHNSON, J. P., YANG, X., KHENG FATT, C., SACK TENG, H. & CHEE BOON, L. (2004). Does country of origin matter for low-involvement products? *International Marketing Review*, 21(1), 102-20.
- AIKEN, L. S., WEST, S. G. & RENO, R. R. (1991). *Multiple Regression: Testing and Interpreting Interactions*, Thousand Oaks, California Sage.
- ALBERS-MILLER, N. D. & GELB, B. D. (1996). Business advertising appeals as a mirror of cultural dimensions: A study of eleven countries. *Journal of Advertising*, 25(4), 57-70.
- ALDEN, D. L., HOYER, W. D. & LEE, C. (1993). Identifying global and culture-specific dimensions of humor in advertising: A multinational analysis. *Journal of Marketing*, 57(2), 64-75.
- ALLEN, R. L., DAWSON, M. C. & BROWN, R. E. (1989). A schema-based approach to modeling an african-american racial belief system. *American Political Science Review*, 83(2), 421-41.
- AN, D. & KIM, S. (2007). Relating Hofstede's masculinity dimension to gender role portrayals in advertising: A cross-cultural comparison of web advertisements. *International Marketing Review*, 24(2), 181-207.
- ANDERSON, E. W. & SULLIVAN, M. W. (1993). The antecedents and consequences of customer satisfaction for firms. *Marketing Science*, 12(2), 125-43.
- ANDERSON, J. C. & GERBING, D. W. (1988). Structural equation modeling in practice: A review and recommended two-step approach. *Psychological Bulletin*, 103(3), 411.
- ANDERSON, N. H. (1965). Averaging versus adding as a stimulus-combination rule in impression formation. *Journal of Experimental Psychology*, 70(4), 394.
- ANDERSON, N. H. (1971). Integration theory and attitude change. *Psychological Review*, 78(3), 171.

- ARNOLD, U. (2000). New dimensions of outsourcing: a combination of transaction cost economics and the core competencies concept. *European Journal of Purchasing & Supply Management*, 6(1), 23-9.
- ASHTON, W. B., JOHNSON, A. H. & STACEY, G. S. (1994). Monitoring science and technology for competitive advantage. *Competitive Intelligence Review*, 5(1), 5-16.
- AUERBACH, C. & SILVERSTEIN, L. B. (2003). *Qualitative Data: An Introduction to Coding and Analysis*, New York, NYU press.
- BAIRI, J. & MANOHAR, B. M. (2011). Critical success factors in gaining user customer satisfaction in outsourced IT services. *Journal of Enterprise Information Management*, 24(6), 475-93.
- BALABANIS, G. & DIAMANTOPOULOS, A. (2004). Domestic country bias, country-of-origin effects, and consumer ethnocentrism: a multidimensional unfolding approach. *Journal of the Academy of Marketing Science*, 32(1), 80-95.
- BALMER, J. M. & BROMLEY, D. B. (2001). Relationships between personal and corporate reputation. *European Journal of Marketing*, 35(3/4), 316-34.
- BARNEY, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99-120.
- BARTHELEMY, J. (2003). The seven deadly sins of outsourcing. *The Academy of Management Executive*, 17(2), 87-98.
- BENEKE, J., FLYNN, R., GREIG, T. & MUKAIWA, M. (2013). The influence of perceived product quality, relative price and risk on customer value and willingness to buy: a study of private label merchandise. *Journal of Product & Brand Management*, 22(3), 218-28.
- BERGER, I. E. & MITCHELL, A. A. (1989). The Effect of Advertising on Attitude Accessibility, Attitude Confidence, and the Attitude-Behavior Relationship. *Journal of Consumer Research*, 16(3), 269-79.
- BHARADWAJ, A. S. (2000). A resource-based perspective on information technology capability and firm performance: an empirical investigation. *MIS quarterly*, 169-96.
- BHARADWAJ, N. & ROGGEVEEN, A. L. (2008). The impact of offshored and outsourced call service centers on customer appraisals. *Marketing Letters*, 19(1), 13-23.
- BLINDER, A. S. (2009). How many US jobs might be offshorable? *World Economics*, 10(2), 41.
- BOKSBERGER, P. E. & MELSEN, L. (2011). Perceived value: a critical examination of definitions, concepts and measures for the service industry. *Journal of Services Marketing*, 25(3), 229-40.
- BOLTON, R. N. & DREW, J. H. (1991). A multistage model of customers' assessments of service quality and value. *Journal of Consumer Research*, 17(4), 375-84.
- BOULDING, W. & KIRMANI, A. (1993). A consumer-side experimental examination of signaling theory: Do consumers perceive warranties as signals of quality? *Journal of Consumer Research*, 20(1), 111-23.
- BREHM, J. W. & COHEN, A. R. (1962). *Explorations in Cognitive Dissonance*, Hoboken, New Jersey, Wiley.
- BRIDGES, S., KELLER, K. L. & SOOD, S. (2000). Communication strategies for brand extensions: Enhancing perceived fit by establishing explanatory links. *Journal of Advertising*, 29(4), 1-11.
- BRONIARCZYK, S. M. & ALBA, J. W. (1994). The importance of the brand in brand extension. *Journal of Marketing Research*, 31(2), 214-28.

- BYRNE, B. M. (2001). Structural equation modeling: Perspectives on the present and the future. *International Journal of Testing*, 1(3-4), 327-34.
- CABLE, D. M. & GRAHAM, M. E. (2000). The determinants of job seekers' reputation perceptions. *Journal of Organizational Behavior*, 21(8), 929-47.
- CAMPBELL, MARGARET C. & GOODSTEIN, RONALD C. (2001). The moderating effect of perceived risk on consumers' evaluations of product incongruity: preference for the norm. *Journal of Consumer Research*, 28(3), 439-49.
- CASSEL, C., HACKL, P. & WESTLUND, A. H. (1999). Robustness of partial least-squares method for estimating latent variable quality structures. *Journal of Applied Statistics*, 26(4), 435-46.
- CASTAÑO, R., SUJAN, M., KACKER, M. & SUJAN, H. (2008). Managing consumer uncertainty in the adoption of new products: temporal distance and mental simulation. *Journal of Marketing Research*, 45(3), 320-36.
- CAVUSGIL, S. T. (1998). International partnering: A systematic framework for collaborating with foreign business partners. *Journal of International Marketing*, 91-107.
- CHANG, C. (2006). Cultural masculinity/femininity influences on advertising appeals. *Journal of Advertising Research*, 46(3), 315-23.
- CHANG, E.-C. & TSENG, Y.-F. (2013). Research note: E-store image, perceived value and perceived risk. *Journal of Business Research*, 66(7), 864-70.
- CHANG, T.-Z. & WILDT, A. R. (1994). Price, product information, and purchase intention: An empirical study. *Journal of the Academy of Marketing Science*, 22(1), 16-27.
- CHAO, P. (1993). Partitioning Country of Origin Effects: Consumer Evaluations of a Hybrid Product. *Journal of International Business Studies*, 24(2), 291-306.
- CHAO, P. (2001). The moderating effects of country of assembly, country of parts, and country of design on hybrid product evaluations. *Journal of Advertising*, 30(4), 67-81.
- CHATTALAS, M., KRAMER, T. & TAKADA, H. (2008). The impact of national stereotypes on the country of origin effect. *International Marketing Review*, 25(1), 54-74.
- CHAUDHURI, A. & HOLBROOK, M. B. (2001). The chain of effects from brand trust and brand affect to brand performance: The role of brand loyalty. *Journal of Marketing*, 65(2), 81-93.
- CHEN & DUBINSKY, A. J. (2003). A conceptual model of perceived customer value in e - commerce: A preliminary investigation. *Psychology & Marketing*, 20(4), 323-47.
- CHEN, S. C. & DHILLON, G. S. (2003). Interpreting dimensions of consumer trust in e-commerce. *Information Technology and Management*, 4(2-3), 303-18.
- COHEN, J. B. & BASU, K. (1987). Alternative models of categorization: toward a contingent processing framework. *Journal of Consumer Research*, 455-72.
- CONTRACTOR, F. J., KUMAR, V., KUNDU, S. K. & PEDERSEN, T. (2010). Reconceptualizing the firm in a world of outsourcing and offshoring: The organizational and geographical relocation of high - value company functions. *Journal of Management Studies*, 47(8), 1417-33.
- COX, D. F. & RICH, S. U. (1964). Perceived risk and consumer decision-making: The case of telephone shopping. *Journal of Marketing Research*, 1 (4), 32-9.
- CRONIN, J. J., BRADY, M. K. & HULT, G. T. M. (2000). Assessing the effects of quality, value, and customer satisfaction on consumer behavioral intentions in service environments. *Journal of Retailing*, 76(2), 193-218.

- CROSS, S. E., BACON, P. L. & MORRIS, M. L. (2000). The relational-interdependent self-construal and relationships. *Journal of Personality and Social Psychology*, 78(4), 791.
- CUMMINGS, W. H. & VENKATESAN, M. (1976). Cognitive dissonance and consumer behavior: A review of the evidence. *Journal of Marketing Research*, 13(3), 303-8.
- DE MOOIJ, M. & HOFSTEDE, G. (2010). The Hofstede model: Applications to global branding and advertising strategy and research. *International Journal of Advertising*, 29(1), 85-110.
- DESHPANDE, R., HOYER, W. D. & DONTU, N. (1986). The intensity of ethnic affiliation: A study of the sociology of Hispanic consumption. *Journal of Consumer Research*, 13(2), 214-20.
- DIAMANTOPOULOS, A., SCHLEGELMILCH, B. & PALIHAWADANA, D. (2011). The relationship between country - of - origin image and brand image as drivers of purchase intentions. *International Marketing Review*, 28(5), 508-24.
- DIMOFTE, C. V., FOREHAND, M. R. & DESHPANDE, R. (2003). Ad schema incongruity as elicitor of ethnic self-awareness and differential advertising response. *Journal of Advertising*, 32(4), 7-17.
- DODDS, W. B. (1991). In search of value: how price and store name information influence buyers' product perceptions. *Journal of Consumer Marketing*, 8(2), 15-24.
- DODDS, W. B. & MONROE, K. B. (1985). The effect of brand and price information on subjective product evaluations. *NA-Advances in Consumer Research Volume 12*.
- DODDS, W. B., MONROE, K. B. & GREWAL, D. (1991). Effects of price, brand, and store information on buyers' product evaluations. *Journal of Marketing Research*, 307-19.
- DONEY, P. M. & CANNON, J. P. (1997). An examination of the nature of trust in buyer-seller relationships. *Journal of Marketing*, 61(2), 35-51.
- DONTU, N. & YOO, B. (1998). Cultural influences on service quality expectations. *Journal of Service Research*, 1(2), 178-86.
- DOUGLAS, S. P. & CRAIG, C. S. (1997). The changing dynamic of consumer behavior: implications for cross-cultural research. *International Journal of Research in Marketing*, 14(4), 379-95.
- DOWLING, G. R. (1986). Perceived risk: The concept and its measurement. *Psychology & Marketing*, 3(3), 193-210.
- DURVASULA, S. & LYSONSKI, S. (2008). How offshore outsourcing is perceived: Why do some consumers feel more threatened? *Journal of International Consumer Marketing*, 21(1), 17-33.
- ELLEN, P. S., WEBB, D. J. & MOHR, L. A. (2006). Building corporate associations: Consumer attributions for corporate socially responsible programs. *Journal of the Academy of Marketing Science*, 34(2), 147-57.
- ELLRAM, L. & BILLINGTON, C. (2001). Purchasing leverage considerations in the outsourcing decision. *European Journal of Purchasing & Supply Management*, 7(1), 15-27.
- ERDEM, T. & SWAIT, J. (1998). Brand equity as a signaling phenomenon. *Journal of Consumer Psychology*, 7(2), 131-57.
- ERDEM, T. & SWAIT, J. (2004). Brand credibility, brand consideration, and choice. *Journal of Consumer Research*, 31(1), 191-8.

- ERDEM, T., SWAIT, J. & LOUVIERE, J. (2002). The impact of brand credibility on consumer price sensitivity. *International Journal of Research in Marketing*, 19(1), 1-19.
- ERDEM, T., SWAIT, J. & VALENZUELA, A. (2006). Brands as signals: a cross-country validation study. *Journal of Marketing*, 70(1), 34-49.
- ERRAMILLI, M. K. & RAO, C. P. (1993). Service firms' international entry-mode choice: A modified transaction-cost analysis approach. *Journal of Marketing*, 57(3), 19-38.
- ESCALAS, J. E. & BETTMAN, J. R. (2005). Self-construal, reference groups, and brand meaning. *Journal of Consumer Research*, 32(3), 378-89.
- ESSOUSSI, L. H. & MERUNKA, D. (2007). Consumers' product evaluations in emerging markets. *International Marketing Review*, 24(4), 409-26.
- EVERS, N., ANDERSSON, S. & HANNIBAL, M. (2012). Stakeholders and marketing capabilities in international new ventures: evidence from Ireland, Sweden and Denmark. *Journal of International Marketing*, 20(4), 46-71.
- FALKHEIMER, J. & HEIDE, M. (2006). Multicultural crisis communication: Towards a social constructionist perspective. *Journal of Contingencies and Crisis Management*, 14(4), 180-9.
- FARBER, H. S. (2005). What do we know about job loss in the United States: Evidence from the displaced workers survey, 1984-2004. *Economic Perspectives*, 29(2).
- FEDORIKHIN, A., PARK, C. W. & THOMSON, M. (2008). Beyond fit and attitude: The effect of emotional attachment on consumer responses to brand extensions. *Journal of Consumer Psychology*, 18(4), 281-91.
- FELDMAN, J. M. & LYNCH, J. G. (1988). Self-generated validity and other effects of measurement on belief, attitude, intention, and behavior. *Journal of Applied Psychology*, 73(3), 421.
- FESTINGER, L. (1962). *A Theory of Cognitive Dissonance*, Stanford, California, Stanford university press.
- FISHBEIN, M. & AJZEN, I. (1977). Belief, attitude, intention, and behavior: An introduction to theory and research.
- FISKE, S. T., CLARK, M. & FISKE, S. Schema-triggered affect: Applications to social perception. Affect and Cognition: 17th Annual Carnegie Mellon Symposium on Cognition, 1982. Hillsdale: Lawrence Erlbaum, 55-78.
- FISKE, S. T., NEUBERG, S. L., BEATTIE, A. E. & MILBERG, S. J. (1987). Category-based and attribute-based reactions to others: Some informational conditions of stereotyping and individuating processes. *Journal of Experimental Social Psychology*, 23(5), 399-427.
- FOREH, M. R. & GRIER, S. (2003). When is honesty the best policy? The effect of stated company intent on consumer skepticism. *Journal of Consumer Psychology*, 13(3), 349-56.
- FORGAS, J. P. (1992). Affect in social judgments and decisions: A multiprocess model. *Advances in Experimental Social Psychology*, 25, 227-75.
- FORMAN, A. M., THELEN, S. & SHAPIRO, T. (2015). Domestic versus offshore service providers: The impact of cost, time, and quality sacrifices on consumer choice. *Journal of Service Management*, 26(4), 608-24.
- FORNELL, C. & LARCKER, D. F. (1981). Structural equation models with unobservable variables and measurement error: Algebra and statistics. *Journal of Marketing Research*, 18(3), 382-8.

- GARDNER, W. L., GABRIEL, S. & LEE, A. Y. (1999). "I" value freedom, but "we" value relationships: Self-construal priming mirrors cultural differences in judgment. *Psychological Science*, 10(4), 321-6.
- GILLEY, K. M. & RASHEED, A. (2000). Making more by doing less: an analysis of outsourcing and its effects on firm performance. *Journal of Management*, 26(4), 763-90.
- GLENN, E. S., WITMEYER, D. & STEVENSON, K. (1977). Cultural styles of persuasion. *International Journal of Intercultural Relations*, 1(3), 52-66.
- GOTTFREDSON, M., PURYEAR, R. & PHILLIPS, S. (2005). Strategic sourcing. *Harvard Business Review*, 83(2), 132-9.
- GRAPPI, S., ROMANI, S. & BAGOZZI, R. P. (2013). The effects of company offshoring strategies on consumer responses. *Journal of Academy of Marketing Science*, 41(6), 683-704.
- GRAPPI, S., ROMANI, S. & BAGOZZI, R. P. (2015a). Consumer stakeholder responses to reshoring strategies. *Journal of the Academy of Marketing Science*, 43(4), 453-71.
- GRAPPI, S., SIMONA, R. & RICHARD, P. B. (2015b). Consumer responses to corporate offshoring practices. *Management Decision*, 53(3), 698-712.
- GREGORY, G. D. & MUNCH, J. M. (1997). Cultural values in international advertising: An examination of familial norms and roles in Mexico. *Psychology & Marketing*, 14(2), 99-119.
- GREWAL, D., MONROE, K. B. & KRISHNAN, R. (1998). The effects of price-comparison advertising on buyers' perceptions of acquisition value, transaction value, and behavioral intentions. *Journal of Marketing*, 62(2), 46-59.
- GRIME, I., DIAMANTOPOULOS, A. & SMITH, G. (2002). Consumer evaluations of extensions and their effects on the core brand: Key issues and research propositions. *European Journal of Marketing*, 36(11/12), 1415-38.
- GUDYKUNST, W. B., MATSUMOTO, Y., TING - TOOMEY, S., NISHIDA, T., KIM, K. & HEYMAN, S. (1996). The influence of cultural individualism - collectivism, self construals, and individual values on communication styles across cultures. *Human Communication Research*, 22(4), 510-43.
- GURHAN-CANLI, Z. & MAHESWARAN, D. (1998). The Effects of Extensions on Brand Name Dilution and Enhancement. *Journal of Marketing Research*, 35(4), 464-73.
- GÜRHAN-CANLI, Z. & MAHESWARAN, D. (2000). Cultural variations in country of origin effects. *Journal of Marketing Research*, 37(3), 309-17.
- HAIR, J. F., BLACK, W. C., BABIN, B. J. & ANDERSON, R. E. (2013). *Multivariate Data Analysis: Pearson New International Edition*, New York, Pearson Education Limited.
- HAIR, J. F., BLACK, W. C., BABIN, B. J., ANDERSON, R. E. & TATHAM, R. L. (2006). *Multivariate Data Analysis*, Upper Saddle River, NJ, Pearson Prentice Hall
- HAIR JR, J. F. & HULT, G. T. M. (2016). *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)*, Thousand Oaks, California Sage Publications.
- HAMZAOUI, L. & MERUNKA, D. (2006). The impact of country of design and country of manufacture on consumer perceptions of bi - national products' quality: an empirical model based on the concept of fit. *Journal of Consumer Marketing*, 23(3), 145-55.

- HAN, C. M. (1989). Country image: Halo or summary construct. *Journal of Marketing Research*, 26(2), 222-9.
- HAN, C. M. & TERPSTRA, V. (1988). Country-of-Origin Effects for Uni-National and Bi-National Products. *Journal of International Business Studies*, 19(2), 235-55.
- HAN, S.-P. & SHAVITT, S. (1994). Persuasion and culture: Advertising appeals in individualistic and collectivistic societies. *Journal of Experimental Social Psychology*, 30(4), 326-50.
- HÄTÖNEN, J. & ERIKSSON, T. (2009). 30+ years of research and practice of outsourcing – Exploring the past and anticipating the future. *Journal of International Management*, 15(2), 142-55.
- HAUGTVEDT, C. P. & WEGENER, D. T. (1994). Message order effects in persuasion: An attitude strength perspective. *Journal of Consumer Research*, 21(1), 205-18.
- HAVEMAN, H. A. (1993). Follow the leader: Mimetic isomorphism and entry into new markets. *Administrative Science Quarterly*, 38(4), 593-627.
- HAWTHORNE, M. W. M. 2012. Offshoring: high price of low cost. *Sydney Morning Herald*.
- HENSELER, J., RINGLE, C. M. & SARSTEDT, M. (2015). A new criterion for assessing discriminant validity in variance-based structural equation modeling. *Journal of the Academy of Marketing Science*, 43(1), 115-35.
- HERR, P. M., KARDES, F. R. & KIM, J. (1991). Effects of word-of-mouth and product-attribute information on persuasion: An accessibility-diagnostics perspective. *Journal of Consumer Research*, 17(4), 454-62.
- HIRA, R. & HIRA, A. (2005). *Outsourcing America: What's Behind our National Crisis and How We can Reclaim American Jobs*, Broadway, NY, American Management Association.
- HIRSCHMAN, E. C. (1981). American Jewish ethnicity: Its relationship to some selected aspects of consumer behavior. *Journal of Marketing*, 45(3), 102-10.
- HITT, M. A., DACIN, M. T., LEVITAS, E., ARREGLE, J.-L. & BORZA, A. (2000). Partner selection in emerging and developed market contexts: Resource-based and organizational learning perspectives. *The Academy of Management Journal*, 43(3), 449-67.
- HOECHT, A. & TROTT, P. (2006). Innovation risks of strategic outsourcing. *Technovation*, 26(5), 672-81.
- HOEKEN, H., VAN DEN BRANDT, C., CRIJNS, R., DOMÍNGUEZ, N., HENDRIKS, B., PLANKEN, B. & STARREN, M. (2003). International advertising in Western Europe: Should differences in uncertainty avoidance be considered when advertising in Belgium, France, the Netherlands and Spain? *Journal of Business Communication* (1973), 40(3), 195-216.
- HOFSTEDE, G. (1980). Motivation, leadership, and organization: Do American theories apply abroad? *Organizational Dynamics*, 9(1), 42-63.
- HOFSTEDE, G. (1983). National cultures in four dimensions: A research-based theory of cultural differences among nations. *International Studies of Management & Organization*, 13(1/2), 46-74.
- HOFSTEDE, G., HOFSTEDE, G. J. & MINKOV, M. (1991). *Cultures and Organizations: Software of the Mind*, Maidenhead, UK, Citeseer.
- HOLCOMB, T. R. & HITT, M. A. (2007). Toward a model of strategic outsourcing. *Journal of Operations Management*, 25(2), 464-81.
- HOMBURG, C., KLARMANN, M. & STARITZ, S. (2012). Customer uncertainty following downsizing: The effects of extent of downsizing and open communication. *Journal of Marketing*, 76(3), 112-30.

- HONEYCUTT, E. D., MAGNINI, V. P. & THELEN, S. T. (2012). Solutions for customer complaints about offshoring and outsourcing services. *Business Horizons*, 55(1), 33-42.
- HONG, S.-T. & WYER, R. S., JR. (1990). Determinants of Product Evaluation: Effects of the Time Interval between Knowledge of a Product's Country of Origin and Information about Its Specific Attributes. *Journal of Consumer Research*, 17(3), 277-88.
- HOPPE, M. H. (1990). *A Comparative Study of Country Elites: International Differences in Work-Related Values and Learning and their Implications for Management Training and Development*. University of North Carolina at Chapel Hill.
- HSIEH, Y.-C., CHIU, H.-C. & CHIANG, M.-Y. (2005). Maintaining a committed online customer: a study across search-experience-credence products. *Journal of Retailing*, 81(1), 75-82.
- INSCH, G. S. & MCBRIDE, J. B. (2004). The impact of country-of-origin cues on consumer perceptions of product quality: A binational test of the decomposed country-of-origin construct. *Journal of Business Research*, 57(3), 256-65.
- INSIDEHR. (2015). *Offshoring Call Centres: A Balancing Act?* [Online]. Available: <http://www.insidehr.com.au/offshoring-call-centres-a-balancing-act/> [Accessed 7/10/2015].
- ITNEWS. (2012). *Australian Firms Spend more on IT Outsourcing*. [Online]. Available: <http://www.itnews.com.au/news/australian-firms-spend-more-on-it-outsourcing-311422> [Accessed 7/10/2015].
- JACOBY, J. & KAPLAN, L. B. The components of perceived risk. In: VENKATESAN, M., ed. *Sv - Proceedings of the Third Annual Conference of the Association for Consumer Research*, 1972 Chicago, IL. Association for Consumer Research, 382-93.
- JUNG, J. M. & KELLARIS, J. J. (2004). Cross - national differences in proneness to scarcity effects: The moderating roles of familiarity, uncertainty avoidance, and need for cognitive closure. *Psychology & Marketing*, 21(9), 739-53.
- KARDES, F. R., POSAVAC, S. S. & CRONLEY, M. L. (2004). Consumer inference: A review of processes, bases, and judgment contexts. *Journal of Consumer Psychology*, 14(3), 230-56.
- KAYNAK, E. & KARA, A. (2002). Consumer perceptions of foreign products: an analysis of product-country images and ethnocentrism. *European Journal of Marketing*, 36(7/8), 928-49.
- KEDIA, B. L. & LAHIRI, S. (2007). International outsourcing of services: A partnership model. *Journal of International Management*, 13(1), 22-37.
- KEH, H. T. & XIE, Y. (2009). Corporate reputation and customer behavioral intentions: The roles of trust, identification and commitment. *Industrial Marketing Management*, 38(7), 732-42.
- KELLER, K. L. (1993). Conceptualizing, measuring, and managing customer-based brand equity. *Journal of Marketing*, 57(1), 1-22.
- KELLER, K. L. & AAKER, D. A. (1992). The effects of sequential introduction of brand extensions. *Journal of Marketing Research*, 29(1), 35-50.
- KHAN, H., RODRIGO, P. & KOKU, P. S. (Year) Published. Serving global consumers with a local mind set: an investigation of customers' perception of offshore call centres' services. ICSB World Conference Proceedings, 2011 Stockholm, Sweden. International Council for Small business (ICSB), 1.

- KIRMANI, A. & ZEITHAML, V. (1993). *Advertising, Perceived Quality, and Brand Image*, Hillsdale, NJ: Lawrence Erlbaum Associates.
- KLEIN, J. G., ETTENSON, R. & MORRIS, M. D. (1998). The animosity model of foreign product purchase: An empirical test in the People's Republic of China. *Journal of Marketing*, 89-100.
- KLETZER, L. G. (2005). Globalization and job loss, from manufacturing to services. *Economic Perspectives*, 29(2), 38-46.
- KOELLINGER, P. (2008). The relationship between technology, innovation, and firm performance—Empirical evidence from e-business in Europe. *Research Policy*, 37(8), 1317-28.
- KOGUT, B. & SINGH, H. (1988). The effect of national culture on the choice of entry mode. *Journal of International Business Studies*, 19(3), 411-32.
- KOKU, P. S. (2009). Consumer attitude toward outsourcing of technical support services: An exploratory study. *Services Marketing Quarterly*, 30(4), 315.
- KOTABE, M., MURRAY, J. Y. & JAVALGI, R. G. (1998). Global sourcing of services and market performance: An empirical investigation. *Journal of International Marketing*, 10-31.
- LAM, D., LEE, A. & MIZERSKI, R. (2009). The effects of cultural values in word-of-mouth communication. *Journal of International Marketing*, 17(3), 55-70.
- LAROCHE, F., PAPADOPOULOS, N., HESLOP, L. & BERGERON, J. (2003). Effects of subcultural differences on country and product evaluations. *Journal of Consumer Behaviour*, 2(3), 232-47.
- LAROCHE, M., PAPADOPOULOS, N., HESLOP, L. A. & MOURALI, M. (2005). The influence of country image structure on consumer evaluations of foreign products. *International Marketing Review*, 22(1), 96-115.
- LEE, D. & GANESH, G. (1999). Effects of partitioned country image in the context of brand image and familiarity: A categorization theory perspective. *International Marketing Review*, 16(1), 18-41.
- LEE, E.-J. & SCHUMANN, D. W. (2004). Explaining the special case of incongruity in advertising: Combining classic theoretical approaches. *Marketing Theory*, 4(1-2), 59-90.
- LEE, E. M., PARK, S.-Y., RAPERT, M. I. & NEWMAN, C. L. (2012). Does perceived consumer fit matter in corporate social responsibility issues? *Journal of Business Research*, 65(11), 1558-64.
- LEVINE, L. (2012). *Offshoring (or Offshore Outsourcing) and Job Loss among US Workers* [Online]. Washington, DC: Congressional Research Service. Available: <https://fas.org/sgp/crs/misc/RL32292.pdf>.
- LIEBERMAN, M. B. & ASABA, S. (2006). Why do firms imitate each other? *Academy of Management Review*, 31(2), 366-85.
- LINDELL, M. K. & WHITNEY, D. J. (2001). Accounting for common method variance in cross-sectional research designs. *Journal of Applied Psychology*, 86(1), 114.
- LIU, B. S.-C., FURRER, O. & SUDHARSHAN, D. (2001). The relationships between culture and behavioral intentions toward services. *Journal of Service Research*, 4(2), 118-29.
- LOKEN, B., BARSALOU, L. W. & JOINER, C. (2008). Categorization theory and research in consumer psychology. In: HAUGTVEDT, C. P., HERR, P. M. & KARDES, F. R. (eds.) *Handbook of consumer psychology*. New York: Psychology Press.

- LOKEN, B. & JOHN, D. R. (1993). Diluting brand beliefs: When do brand extensions have a negative impact? *Journal of Marketing*, 57(3), 71-84.
- LORD, C. G., ROSS, L. & LEPPER, M. R. (1979). Biased assimilation and attitude polarization: The effects of prior theories on subsequently considered evidence. *Journal of Personality and Social Psychology*, 37(11), 2098.
- LUTZ, R. J. & REILLY, P. J. (1974). An exploration of the effects of perceived social and performance risk on consumer information acquisition. *NA-Advances in Consumer Research Volume 01*.
- MACRAE, C. N., MITCHELL, J. P. & PENDRY, L. F. (2002). What's in a forename? Cue familiarity and stereotypical thinking. *Journal of Experimental Social Psychology*, 38(2), 186-93.
- MADHAVARAM, S., BADRINARAYANAN, V. & MCDONALD, R. E. (2005). Integrated marketing communication (imc) and brand identity as critical components of brand equity strategy: a conceptual framework and research propositions. *Journal of Advertising*, 34(4), 69-80.
- MAGNUSSON, P., WESTJOHN, S. A. & ZDRAVKOVIC, S. (2011). "What? I thought Samsung was Japanese": accurate or not, perceived country of origin matters. *International Marketing Review*, 28(5), 454-72.
- MAIER, E., WILKEN, R. & DOST, F. (2014). The double benefits of consumer certainty: combining risk and range effects. *Marketing Letters*, 26(4), 1-16.
- MANDEL, N. (2003). Shifting selves and decision making: The effects of self-construal priming on consumer risk-taking. *Journal of Consumer Research*, 30(1), 30-40.
- MANDLER, G. (1982). *The Structure of Value: Accounting for Taste*, San Diego, Center for Human Information Processing, Department of Psychology, University of California.
- MARKUS, H. & OYSERMAN, D. (1989). Gender and thought: the role of the self-concept. In: CRAWFORD, M. & GENTRY, M. (eds.) *Gender and Thought: Psychological Perspectives*. New York, NY: Springer New York.
- MARKUS, H. R. & KITAYAMA, S. (1991). Culture and the self: Implications for cognition, emotion, and motivation. *Psychological Review*, 98(2), 224.
- MASON, M. (Year) Published. Sample size and saturation in PhD studies using qualitative interviews. Forum Qualitative Sozialforschung/Forum: Qualitative Social Research, 2010.
- MELEWAR, T., SMALL, J., ANNE LEE, J., GARBARINO, E. & LERMAN, D. (2007). How cultural differences in uncertainty avoidance affect product perceptions. *International Marketing Review*, 24(3), 330-49.
- MERRIAM, S. B. (2009). *Qualitative Research: A Guide to Design and Implementation*, John Wiley & Sons.
- MERVIS, C. B. & ROSCH, E. (1981). Categorization of natural objects. *Annual review of psychology*, 32(1), 89-115.
- MEYERS-LEVY, J. & TYBOUT, A. M. (1989). Schema congruity as a basis for product evaluation. *Journal of Consumer Research*, 16(1), 39-54.
- MILBERG, S. J., SINN, F. & GOODSTEIN, R. C. (2010). Consumer reactions to brand extensions in a competitive context: does fit still matter? *Journal of Consumer Research*, 37(3), 543-53.
- MILBERG, S. J., WHAN PARK, C. & MCCARTHY, M. S. (1997). Managing negative feedback effects associated with brand extensions: The impact of alternative branding strategies. *Journal of Consumer Psychology*, 6(2), 119-40.
- MILES, M. B. & HUBERMAN, A. M. (1985). *Qualitative Data Analysis*, Sage Newbury Park,, CA.

- MILLIKEN, F. J. (1987). Three types of perceived uncertainty about the environment: State, effect, and response uncertainty. *Academy of Management Review*, 12(1), 133-43.
- MITSUHASHI, H. & GREVE, H. R. (2009). A matching theory of alliance formation and organizational success: Complementarity and compatibility. *Academy of Management Journal*, 52(5), 975-95.
- MIYAZAKI, ANTHONY D., GREWAL, D. & GOODSTEIN, RONALD C. (2005). The effect of multiple extrinsic cues on quality perceptions: A matter of consistency. *Journal of Consumer Research*, 32(1), 146-53.
- MOELLER, S. (2010). Characteristics of services—a new approach uncovers their value. *Journal of Services Marketing*, 24(5), 359-68.
- MOENAERT, R. K. & SOUDER, W. E. (1996). Context and antecedents of information utility at the R&D/marketing interface. *Management Science*, 42(11), 1592-610.
- MULEJ, M., REBERNIK, M. & BRADAC, B. (2006). Cooperation and opportunistic behaviour in transformational outsourcing. *Kybernetes*, 35(7/8), 1005-13.
- MUNRO, G. D. & DITTO, P. H. (1997). Biased assimilation, attitude polarization, and affect in reactions to stereotype-relevant scientific information. *Personality and Social Psychology Bulletin*, 23(6), 636-53.
- MURPHY, P. E. & ENIS, B. M. (1986). Classifying products strategically. *Journal of Marketing*, 50(3), 24-42.
- MURRAY, K. B. (1991). A test of services marketing theory: consumer information acquisition activities. *Journal of Marketing*, 55(1), 10-25.
- NAN, X. & HEO, K. (2007). Consumer responses to corporate social responsibility (CSR) initiatives: Examining the role of brand-cause fit in cause-related marketing. *Journal of Advertising*, 36(2), 63-74.
- NELSON, M. R., BRUNEL, F. F., SUPPHELLEN, M. & MANCHANDA, R. V. (2006). Effects of culture, gender, and moral obligations on responses to charity advertising across masculine and feminine cultures. *Journal of Consumer Psychology*, 16(1), 45-56.
- NELSON, P. (1970). Information and Consumer Behavior. *Journal of Political Economy*, 78(2), 311-29.
- NETEMEYER, R. G., KRISHNAN, B., PULLIG, C., WANG, G., YAGCI, M., DEAN, D., RICKS, J. & WIRTH, F. (2004). Developing and validating measures of facets of customer-based brand equity. *Journal of Business Research*, 57(2), 209-24.
- NG, S. I., LEE, J. A. & SOUTAR, G. N. (2007). Tourists' intention to visit a country: The impact of cultural distance. *Tourism Management*, 28(6), 1497-506.
- NGUYEN, N. & LEBLANC, G. (2001). Corporate image and corporate reputation in customers' retention decisions in services. *Journal of retailing and Consumer Services*, 8(4), 227-36.
- OKADA, E. M. (2010). Uncertainty, risk aversion, and WTA vs. WTP. *Marketing Science*, 29(1), 75-84.
- OLIVER, R. L. (1993). Cognitive, affective, and attribute bases of the satisfaction response. *Journal of Consumer Research*, 20(3), 418-30.
- OYSERMAN, D., COON, H. M. & KEMMELMEIER, M. (2002). Rethinking individualism and collectivism: evaluation of theoretical assumptions and meta-analyses. *Psychological Bulletin*, 128(1), 3.

- PARK, C. W., MILBERG, S. & LAWSON, R. (1991). Evaluation of brand extensions: the role of product feature similarity and brand concept consistency. *Journal of Consumer Research*, 18(2), 185-93.
- PATTERSON, P. G., COWLEY, E. & PRASONGSUKARN, K. (2006). Service failure recovery: the moderating impact of individual-level cultural value orientation on perceptions of justice. *International Journal of Research in Marketing*, 23(3), 263-77.
- PATTERSON, P. G. & SPRENG, R. A. (1997). Modelling the relationship between perceived value, satisfaction and repurchase intentions in a business-to-business, services context: an empirical examination. *International Journal of service Industry management*, 8(5), 414-34.
- PETROCELLI, J. V., TORMALA, Z. L. & RUCKER, D. D. (2007). Unpacking attitude certainty: attitude clarity and attitude correctness. *Journal of Personality and Social Psychology*, 92(1), 30.
- PETTY, R. E., BRIÑOL, P., TORMALA, Z. L. & WEGENER, D. T. (2007). The role of metacognition in social judgment. *Social Psychology: Handbook of Basic Principles*, 2, 254-84.
- PETTY, R. E. & CACIOPPO, J. T. (1986). The elaboration likelihood model of persuasion. *Advances in Experimental Social Psychology*, 19, 123-205.
- PHINNEY, J. S. (1992). The multigroup ethnic identity measure a new scale for use with diverse groups. *Journal of Adolescent Research*, 7(2), 156-76.
- PODSAKOFF, P. M., MACKENZIE, S. B., LEE, J.-Y. & PODSAKOFF, N. P. (2003). Common method biases in behavioral research: a critical review of the literature and recommended remedies. *Journal of Applied Psychology*, 88(5), 879.
- PUROHIT, D. & SRIVASTAVA, J. (2001). Effect of manufacturer reputation, retailer reputation, and product warranty on consumer judgments of product quality: A cue diagnosticity framework. *Journal of Consumer Psychology*, 10(3), 123-34.
- QUIGGIN, J. (1982). A theory of anticipated utility. *Journal of Economic Behavior & Organization*, 3(4), 323-43.
- REIMANN, M., LÜNEMANN, U. F. & CHASE, R. B. (2008). Uncertainty avoidance as a moderator of the relationship between perceived service quality and customer satisfaction. *Journal of Service Research*, 11(1), 63-73.
- RINDOVA, V. P., WILLIAMSON, I. O., PETKOVA, A. P. & SEVER, J. M. (2005). Being good or being known: An empirical examination of the dimensions, antecedents, and consequences of organizational reputation. *Academy of Management Journal*, 48(6), 1033-49.
- ROBERTSON, C. J., LAMIN, A. & LIVANIS, G. (2010). Stakeholder perceptions of offshoring and outsourcing: The role of embedded issues. *Journal of business Ethics*, 95(2), 167-89.
- ROGGEVEEN, A. L., BHARADWAJ, N. & HOYER, W. D. (2007). How call center location impacts expectations of service from reputable versus lesser known firms. *Journal of Retailing*, 83(4), 403-10.
- RÖNKKÖ, M., MCINTOSH, C. N., ANTONAKIS, J. & EDWARDS, J. R. (2016). Partial least squares path modeling: Time for some serious second thoughts. *Journal of Operations Management*, 47, 9-27.
- ROTH, K. P. & DIAMANTOPOULOS, A. (2009). Advancing the country image construct. *Journal of Business Research*, 62(7), 726-40.
- ROTH, M. S. & ROMEO, J. B. (1992). Matching product category and country image perceptions: A framework for managing country-of-origin effects. *Journal of International Business Studies*, 23(3), 477-97.

- RUCKER, D. D. & PETTY, R. E. (2004). When resistance is futile: Consequences of failed counterarguing for attitude certainty. *Journal of Personality and Social Psychology*, 86(2), 219-35.
- RUCKER, D. D., TORMALA, Z. L., PETTY, R. E. & BRIÑOL TURNES, P. (2014). Consumer conviction and commitment: An appraisal-based framework for attitude certainty. *Journal of Consumer Psychology*, 24(1), 119-36.
- RUNDQUIST, J. & HALILA, F. (2010). Outsourcing of NPD activities: a best practice approach. *European Journal of Innovation Management*, 13(1), 5-23.
- SAMUELSON, W. & ZECKHAUSER, R. (1988). Status quo bias in decision making. *Journal of Risk and Uncertainty*, 1(1), 7-59.
- SANBONMATSU, D. M., SANSONE, C. & KARDES, F. R. (1991). Remembering less and inferring more - effects of time of judgment on inferences about unknown attributes. *Journal of Personality and Social Psychology*, 61(4), 546-54.
- SANDELOWSKI, M. (1995). Sample size in qualitative research. *Research in Nursing & Health*, 18(2), 179-83.
- SARKAR, M. B., ECHAMBADI, R., CAVUSGIL, S. T. & AULAKH, P. (2001). The influence of complementarity, compatibility, and relationship capital on alliance performance. *Journal of the Academy of Marketing Science*, 29(4), 358-73.
- SCHMITZ, C. & GANESAN, S. (2014). Managing customer and organizational complexity in sales organizations. *Journal of Marketing*, 78(6), 59-77.
- SHARMA, P. (2010). Measuring personal cultural orientations: scale development and validation. *Journal of the Academy of Marketing Science*, 38(6), 787-806.
- SHARMA, P. (2012). Offshore outsourcing of customer services - boon or bane? *Journal of Services Marketing*, 26(5), 352-64.
- SHARMA, P., MATHUR, R. & DHAWAN, A. (2009). Exploring customer reactions to offshore call centers: toward a comprehensive conceptual framework. *Journal of Services Marketing*, 23(5), 289-300.
- SHIMP, T. A. & BEARDEN, W. O. (1982). Warranty and other extrinsic cue effects on consumers' risk perceptions. *Journal of Consumer Research*, 9(1), 38-46.
- SHIMP, T. A., SAMIEE, S. & MADDEN, T. J. (1993). Countries and their products: A cognitive structure perspective. *Journal of the Academy of Marketing Science*, 21(4), 323-30.
- SHIMP, T. A. & SHARMA, S. (1987). Consumer ethnocentrism: Construction and validation of the CETSCALE. *Journal of Marketing Research*, 24(3), 280-9.
- SHIU, E. M., WALSH, G., HASSAN, L. M. & SHAW, D. (2011). Consumer uncertainty, revisited. *Psychology & Marketing*, 28(6), 584-607.
- SHWEDER, R. A. & BOURNE, E. J. (1982). Does the concept of the person vary cross-culturally? In *Cultural Conceptions of Mental Health and Therapy*. (pp. 97-137). Springer, Dordrecht.
- SIMONIN, B. L. & RUTH, J. A. (1998). Is a company known by the company it keeps? Assessing the spillover effects of brand alliances on consumer brand attitudes. *Journal of Marketing Research*, 35(1), 30-42.
- SINGELIS, T. M. (1994). The measurement of independent and interdependent self-construals. *Personality and Social Psychology Bulletin*, 20(5), 580-91.
- SINGH, N., ZHAO, H. & HU, X. (2005). Analyzing the cultural content of web sites: A cross-national comparison of China, India, Japan, and US. *International Marketing Review*, 22(2), 129-46.

- SJÖDIN, H. & TÖRN, F. (2006). When communication challenges brand associations: a framework for understanding consumer responses to brand image incongruity. *Journal of Consumer Behaviour*, 5(1), 32-42.
- SKOWRONSKI, J. J. & CARLSTON, D. E. (1987). Social judgment and social memory: The role of cue diagnosticity in negativity, positivity, and extremity biases. *Journal of Personality and Social Psychology*, 52(4), 689-99.
- SKOWRONSKI, J. J. & CARLSTON, D. E. (1989). Negativity and extremity biases in impression formation: A review of explanations. *Psychological Bulletin*, 105(1), 131.
- SLOVIC, P. & LICHTENSTEIN, S. (1971). Comparison of Bayesian and regression approaches to the study of information processing in judgment. *Organizational Behavior and Human Performance*, 6(6), 649-744.
- SMITH, D. C. & ANDREWS, J. (1995). Rethinking the effects of perceived fit on customers' evaluations of new products. *Journal of the Academy of Marketing Science*, 23(1), 4-14.
- SMITH, R. E. & SWINYARD, W. R. (1983). Attitude-behavior consistency: The impact of product trial versus advertising. *Journal of Marketing Research*, 20(3), 257-67.
- SMITH, S. M., FABRIGAR, L. R., MACDOUGALL, B. L. & WIESENTHAL, N. L. (2008). The role of amount, cognitive elaboration, and structural consistency of attitude - relevant knowledge in the formation of attitude certainty. *European Journal of Social Psychology*, 38(2), 280-95.
- SNOJ, B., PISNIK KORDA, A. & MUMEL, D. (2004). The relationships among perceived quality, perceived risk and perceived product value. *Journal of Product & Brand Management*, 13(3), 156-67.
- SOARES, A. M., FARHANGMEHR, M. & SHOHAM, A. (2007). Hofstede's dimensions of culture in international marketing studies. *Journal of Business Research*, 60(3), 277-84.
- SPECTOR, P. E., COOPER, C. L. & SPARKS, K. (2001). An international study of the psychometric properties of the Hofstede Values Survey Module 1994: A comparison of individual and country/province level results. *Applied Psychology*, 50(2), 269-81.
- STEENKAMP, J.-B. E., BATRA, R. & ALDEN, D. L. (2003). How perceived brand globalness creates brand value. *Journal of International Business Studies*, 34(1), 53-65.
- STEENKAMP, J.-B. E. & BAUMGARTNER, H. (1998). Assessing measurement invariance in cross-national consumer research. *Journal of Consumer Research*, 25(1), 78-107.
- STONE, M. (1974). Cross-validatory choice and assessment of statistical predictions. *Journal of the Royal Statistical Society. Series B (Methodological)*, 111-47.
- STONE, R. N. & GRØNHAUG, K. (1993). Perceived risk: Further considerations for the marketing discipline. *European Journal of Marketing*, 27(3), 39-50.
- STORY, J. W. (2005). The effects of perceived technological incongruence on perceptions of fit between countries, products, and attributes. *Journal of Business Research*, 58(10), 1310-9.
- SWAMINATHAN, V., PAGE, K. L. & GÜRHAN-CANLI, Z. (2007). "My" brand or "our" brand: The effects of brand relationship dimensions and self-construal on brand evaluations. *Journal of Consumer Research*, 34(2), 248-59.

- SWEENEY, J. C., SOUTAR, G. N. & JOHNSON, L. W. (1999). The role of perceived risk in the quality-value relationship: A study in a retail environment. *Journal of Retailing*, 75(1), 77-105.
- SZYBILLO, G. J. & JACOBY, J. (1974). Intrinsic versus extrinsic cues as determinants of perceived product quality. *Journal of applied Psychology*, 59(1), 74-8.
- TAYLOR, J. W. (1974). The role of risk in consumer behavior. *Journal of Marketing*, 38(2), 54-60.
- TAYLOR, S. A. & BAKER, T. L. (1994). An assessment of the relationship between service quality and customer satisfaction in the formation of consumers' purchase intentions. *Journal of Retailing*, 70(2), 163-78.
- TEAS, R. K. & AGARWAL, S. (2000). The effects of extrinsic product cues on consumers' perceptions of quality, sacrifice, and value. *Journal of the Academy of Marketing Science*, 28(2), 278-90.
- THELEN, S., YOO, B. & MAGNINI, V. (2011). An examination of consumer sentiment toward offshored services. *Journal of the Academy of Marketing Science*, 39(2), 270-89.
- THELEN, S. T., HONEYCUTT, E. D., JR. & MURPHY, T. P. (2010). Services offshoring. *Managing Service Quality*, 20(3), 196-212.
- THELEN, S. T. & SHAPIRO, T. (2012). Predicting negative consumer reactions to services offshoring. *Journal of Services Marketing*, 26(3), 181-93.
- THOMAS, R. M. (2003). *Blending Qualitative and Quantitative Research Methods in Theses and Dissertations*, Corwin Press.
- TOMBS, A. & HILL, S. R. (2014). The effect of service employees' accent on customer reactions. *European Journal of Marketing*, 48(11/12), 2051-70.
- TORMALA, Z. L. & RUCKER, D. D. (2007). Attitude certainty: A review of past findings and emerging perspectives. *Social and Personality Psychology Compass*, 1(1), 469-92.
- TRIANDIS, H. C. (1989). The self and social behavior in differing cultural contexts. *Psychological Review*, 96(3), 506.
- TSAI, C. I., KLAYMAN, J. & HASTIE, R. (2008). Effects of amount of information on judgment accuracy and confidence. *Organizational Behavior and Human Decision Processes*, 107(2), 97-105.
- ULAGA, W. & CHACOUR, S. (2001). Measuring customer-perceived value in business markets: a prerequisite for marketing strategy development and implementation. *Industrial Marketing Management*, 30(6), 525-40.
- VAIDYANATHAN, R., AGGARWAL, P. & KOZŁOWSKI, W. (2013). Interdependent self-construal in collectivist cultures: Effects on compliance in a cause-related marketing context. *Journal of Marketing Communications*, 19(1), 44-57.
- VLACHOS, P. A. & TSAMAKOS, A. (2011). Corporate social responsibility: attributions, loyalty and the mediating role of trust. *Journal of the Academy of Marketing Science*, 37(2), 170-80.
- WAGNER, T., LUTZ, R. J. & BARTON, A. W. (2009). Corporate hypocrisy: overcoming the threat of inconsistent corporate social responsibility perceptions. *Journal of Marketing*, 73(6), 77-91.
- WALSH, G. & BEATTY, S. (2007). Customer-based corporate reputation of a service firm: scale development and validation. *Journal of the Academy of Marketing Science*, 35(1), 127-43.

- WALSH, G., GOUTHIER, M., GREMLER, D. D. & BRACH, S. (2012). What the eye does not see, the mind cannot reject: Can call center location explain differences in customer evaluations? *International Business Review*, 21(5), 957-67.
- WANG, C.-K. & LAMB JR, C. W. (1983). The impact of selected environmental forces upon consumers' willingness to buy foreign products. *Journal of the Academy of Marketing Science*, 11(1), 71-84.
- WEATHERS, D., SHARMA, S. & WOOD, S. L. (2007). Effects of online communication practices on consumer perceptions of performance uncertainty for search and experience goods. *Journal of Retailing*, 83(4), 393-401.
- WHITAKER, J., KRISHNAN, M. S. & FORNELL, C. (Year) Published. Does offshoring impact customer satisfaction? *AMCIS 2006*, 2008 Acapulco, Mexico.
- WILTON, P. C. & MYERS, J. G. (1986). Task, expectancy, and information assessment effects in information utilization processes. *Journal of Consumer Research*, 12(4), 469-86.
- WINKLER, J. K., DIBBERN, J. & HEINZL, A. (2008). The impact of cultural differences in offshore outsourcing—Case study results from German–Indian application development projects. *Information Systems Frontiers*, 10(2), 243-58.
- WOOD, C. M. & SCHEER, L. K. (1996). Incorporating perceived risk into models of consumer deal assessment and purchase intent. *NA-Advances in Consumer Research Volume 23*.
- YAO, Z., YANG, Z., FISHER, G. J., MA, C. & FANG, E. (2013). Knowledge complementarity, knowledge absorption effectiveness, and new product performance: The exploration of international joint ventures in China. *International Business Review*, 22(1), 216-27.
- YI, Y. & JEON, H. (2003). Effects of loyalty programs on value perception, program loyalty, and brand loyalty. *Journal of the Academy of Marketing Science*, 31(3), 229-40.
- YOO, B., DONTU, N. & LENARTOWICZ, T. (2011). Measuring Hofstede's five dimensions of cultural values at the individual level: Development and validation of CVSCALE. *Journal of International Consumer Marketing*, 23(3-4), 193-210.
- ZAJONC, R. B. & MARKUS, H. (1982). Affective and Cognitive Factors in Preferences. *Journal of Consumer Research*, 9(2), 123-31.
- ZDRAVKOVIC, S., MAGNUSSON, P. & STANLEY, S. M. (2010). Dimensions of fit between a brand and a social cause and their influence on attitudes. *International Journal of Research in Marketing*, 27(2), 151-60.
- ZEITHAML, V. A. (1988). Consumer perceptions of price, quality, and value: a means-end model and synthesis of evidence. *Journal of Marketing*, 52(3), 2-22.

VII APPENDICES

Appendix 1: Scenarios Used in the Qualitative Study (Chapter One)

Telecommunication Company:

A leading telecomm company provides mobile phone network, internet, and telephone services in Australia. Recently, it announced its decision to outsource its customer service call centre. Media only reported this outsourcing decision but no other information was provided. As a customer of this leading telecomm company what information would you want to know to assess the fit between this focal company and its outsourcing partner?

Mobile Phone Company:

A leading producer of mobile phone is one of the largest mobile phone producer/brand in Australia. Recently it announced its decision to outsource its mobile phone hardware repair service. Media only reported this outsourcing decision but no other information was provided. As a customer of this mobile phone producer, what information would you want to know to assess the fit between this company and its outsourcing partner?

Printing Company:

A leading printing solution company provides photo editing and printing, document editing and printing, and photocopying services in Australia. Recently, it announced its decision to outsource its photocopying service. Media only reported this outsourcing decision but no other information was provided. As a customer of this leading printing company, what information would you want to know to assess the fit between this focal company and its outsourcing partner?

Appendix 2: Sample Scenario Used in the First Quantitative Study (Chapter One)

Below is recent story published in *The Australian Financial Review*. The name of the company has been removed for confidential reasons. Please read this media story and answer the questions that follow.

Scenario 1A:

AUSTRALIAN FIRM DECIDES TO OUTSOURCE ITS CUSTOMER SERVICE CALL CENTRE

By Tony Lu 12/12/2016

A leading Australian telecommunication company which provides mobile phone network, internet, and telephone services, has decided to outsource its customer service call centre to an Irish partner located in Dublin, Ireland.

According to a recent rating from Fortune's Most Admired Corporations in 2016, this Irish partner firm is rated 8.5 out of 10 in the customer service sector, while the average rating for the customer service sector in Ireland is 5.6. In another independent product and service review site, this Irish partner firm is rated 4.2 out of 5 stars by customers, well above industry averages.

The business record of this Irish partner firm shows it has successfully operated in the customer service sector for more than 10 years and it has many successful partnerships with other telecommunication companies from the U.S., Europe and Australia.

Before the announcement of this outsourcing decision, this Irish partner firm had upgraded their information system to the latest generation of software (third-generation), which reduces the possibility of customer information leakage by an increased 20 per cent, compared to second generation software used by most other outsourcing firms.

Customers of this Australian telecommunications company expressed some concerns about this outsourcing decision. However, the international operations manager assured that "*this outsourcing will not affect the average service speed . . . Customers will continue to receive the same service quality they currently are receiving and that response times will not change. Moreover, no extra cost will be paid by customers even though they have chosen an Irish partner.*" The customer service is still toll-free, and the current number will remain the same. While the Australian firm realizes that this decision won't be popular with everyone, they are optimistic about this outsourcing decision.

Appendix 3: Measurement Scales (Chapter One)

Construct	Items	Sources
Reputation	<ul style="list-style-type: none"> This partner has an excellent reputation. This partner is very reputable. 	Cable & Graham (2000)
Cultural gap	<ul style="list-style-type: none"> How large are the cultural differences between Australia and XXX? How similar are the culture between Australia and XXX (Reversed)? 	<u>Ng, Lee and Soutar (2007)</u>
Technology	<ul style="list-style-type: none"> This XXX partner firm has world-class technology. The technology used by this XXX partner firm is out-of-date (Reversed). 	Rundquist & Halila (2010)
Perceived fit	<ul style="list-style-type: none"> It is appropriate for these firms to partner up This partnership is logical It is suitable for these firms to form a partnership <u>Overall Fit</u> of this partnership is strong 	Keller and Aaker (1990)
Purchase Intentions	<ul style="list-style-type: none"> As an existing customer I will continue to use services from this brand. 	(Chang and Wildt (1994)
Customer satisfaction	<ul style="list-style-type: none"> I would still be satisfied with this brand's services after the outsourcing I would likely have a satisfying experience with this brand's services after the outsourcing. 	(Taylor and Baker (1994)
Customer Loyalty	<ul style="list-style-type: none"> I would continue to have a strong preference for this brand. I believe that I would stick to this brand in the future. I would recommend this brand to others (family and friends). I would continue to be committed to this brand. 	Chaudhuri and Holbrook (2001); Yi and Jeon (2003)

Appendix 4: ANOVA and Post Hoc Test for Reputation, Cultural Similarities, and Technologies – The Second Quantitative Study (Chapter One)

Perceived Fit:

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	665.014 ^a	2	332.507	396.943	.000
Intercept	5284.252	1	5284.252	6308.290	.000
Fit_Condition	665.014	2	332.507	396.943	.000
Error	299.047	357	.838		
Total	6248.313	360			
Corrected Total	964.061	359			

a. R Squared =.690 (Adjusted R Squared =.688)

(I) Fit	(J) Fit	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
High	Low	3.3292	.11816	.000	3.0511	3.6073
	Medium	1.6521	.11816	.000	1.3740	1.9302
Low	High	-3.3292	.11816	.000	-3.6073	-3.0511
	Medium	-1.6771	.11816	.000	-1.9552	-1.3990
Medium	High	-1.6521	.11816	.000	-1.9302	-1.3740
	Low	1.6771	.11816	.000	1.3990	1.9552

Reputation:

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	501.617 ^a	2	250.808	131.799	.000
Intercept	5040.025	1	5040.025	2648.512	.000
Reputation	501.617	2	250.808	131.799	.000
Error	679.358	357	1.903		
Total	6221.000	360			
Corrected Total	1180.975	359			

a. R Squared =.425 (Adjusted R Squared =.422)

(I) Reputation (J) Reputation		Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
High	Low	2.84	.178	.000	2.42	3.26
	Medium	1.88	.178	.000	1.46	2.30
Low	High	-2.84	.178	.000	-3.26	-2.42
	Medium	-.96	.178	.000	-1.38	-.54
Medium	High	-1.88	.178	.000	-2.30	-1.46
	Low	.96	.178	.000	.54	1.38

Technology:

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	417.772 ^a	2	208.886	105.803	.000
Intercept	5328.403	1	5328.403	2698.882	.000
Tech	417.772	2	208.886	105.803	.000
Error	704.825	357	1.974		
Total	6451.000	360			
Corrected Total	1122.597	359			

a. R Squared =.372 (Adjusted R Squared =.369)

(I) Tech (J) Tech		Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
High	Low	2.61	.181	.000	2.18	3.04
	Medium	1.65	.181	.000	1.22	2.08
Low	High	-2.61	.181	.000	-3.04	-2.18
	Medium	-.96	.181	.000	-1.39	-.53
Medium	High	-1.65	.181	.000	-2.08	-1.22
	Low	.96	.181	.000	.53	1.39

Culture:

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	311.739 ^a	2	155.869	122.464	.000
Intercept	9465.878	1	9465.878	7437.153	.000
Culture	311.739	2	155.869	122.464	.000
Error	454.383	357	1.273		
Total	10232.000	360			
Corrected Total	766.122	359			

a. R Squared = .407 (Adjusted R Squared = .404)

(I) Culture	(J) Culture	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
High	Low	-2.27	.146	.000	-2.61	-1.92
	Medium	-1.34	.146	.000	-1.68	-1.00
Low	High	2.27	.146	.000	1.92	2.61
	Medium	.92	.146	.000	.58	1.27
Medium	High	1.34	.146	.000	1.00	1.68
	Low	-.92	.146	.000	-1.27	-.58

Appendix 5: ANOVA and Post Hoc Test for Customer Satisfaction, Customer Loyalty, and Customer Purchase Intentions – The Second Quantitative Study (Chapter One)

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	CS	491.906 ^a	3	163.969	126.729	.000
	CL	450.535 ^b	3	150.178	111.546	.000
	Purchase	539.292 ^c	3	179.764	154.510	.000
Intercept	CS	6817.510	1	6817.510	5269.145	.000
	CL	7072.667	1	7072.667	5253.258	.000
	Purchase	7301.082	1	7301.082	6275.418	.000
Fit_Condition	CS	491.906	3	163.969	126.729	.000
	CL	450.535	3	150.178	111.546	.000
	Purchase	539.292	3	179.764	154.510	.000
Error	CS	538.244	416	1.294		
	CL	560.077	416	1.346		
	Purchase	483.992	416	1.163		
Total	CS	8143.750	420			
	CL	8333.563	420			
	Purchase	8491.000	420			
Corrected Total	CS	1030.149	419			
	CL	1010.612	419			
	Purchase	1023.283	419			

(I) Fit	(J) Fit	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Control	High	-.4792	.19574	.075	-.9911	.0328
	Medium	2.2542	.20513	.000	1.7190	2.7893
	Low	.9708	.19711	.000	.4555	1.4861

Dependent Variable: CS

(I) Fit	(J) Fit	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Control	High	-.1854	.20165	.794	-.7127	.3418
	Medium	2.3646	.20844	.000	1.8205	2.9086
	Low	1.0708	.20236	.000	.5418	1.5998

Dependent Variable: CL

(I) Fit	(J) Fit	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Control	High	-.13	.177	.875	-.59	.33
	Medium	2.56	.184	.000	2.08	3.04
	Low	1.60	.167	.000	1.16	2.04

Dependent Variable: Purchase

Appendix 6: Scenarios for Manipulating perceived fit

Used in

- Chapter one – Second Quantitative Study
- Chapter two
- Chapter Three

Scenario 1A:

[Q0: BRAND NAME] DECIDES TO OUTSOURCE ITS CUSTOMER SERVICE CALL CENTRE

By Tony Lu 12/04/2016

A leading Australian telecommunication company – [Q0: Brand Name] - which provides mobile phone network, internet, and telephone services, has decided to outsource its customer service call centre to an Irish partner located in Dublin, Ireland.

According to a recent rating from Fortune's Most Admired Corporations in 2015, this Irish partner firm is rated 8.5 out of 10 in the customer service sector, while the average rating for the customer service sector in Ireland is 5.6. In another independent product and service review site, this Irish partner firm is rated 4.2 out of 5 stars by customers, well above industry averages.

The business record of this Irish partner firm shows it has successfully operated in the customer service sector for more than 10 years and it has many successful partnerships with other telecommunication companies from the U.S., Europe and Australia.

Before the announcement of this outsourcing decision, this Irish partner firm had upgraded their information system to the latest generation of software (third-generation), which reduces the possibility of customer information leakage by an increased 20 per cent, compared to second generation software used by most other outsourcing firms.

Customers of [Q0: Brand Name] expressed some concerns about this outsourcing decision. However, the international operations manager assured that *"this outsourcing will not affect the average service speed . . . Customers will continue to receive the same service quality they currently are receiving and that response times will not change. Moreover, no extra cost will be paid by customers even though they have chosen an Irish partner."* The customer service is still toll-free, and the current number will remain the same. While [Q0: Brand Name] realises that this decision won't be popular with everyone, they are optimistic about this outsourcing decision.

Scenario 1B:

[Q0: BRAND NAME] DECIDES TO OUTSOURCE ITS CUSTOMER SERVICE CALL CENTRE

By Tony Lu 12/04/2016

A leading Australian telecommunication company – [Q0: Brand Name] - which provides mobile phone network, internet, and telephone services, has decided to outsource its customer service call centre to an Indonesian partner located in Jakarta, Indonesia.

According to a recent rating from Fortune’s Most Admired Corporations in 2015, this Indonesian partner firm is rated 2.7 out of 10 in the customer service sector, while the average rating for the customer service sector in Indonesia is 5.6. In another independent product and service review site, this Indonesian partner firm is rated 1.2 out of 5 stars by customers, well below industry average.

The business record of this Indonesian partner firm shows it was recently established in 2014 and this partnership is the first business partnership for them as well.

Currently, this Indonesian partner firm is using the first-generation information system, which has been replaced by second- or third-generation information system in many other companies. IT experts told us compared to second-or third-generation software. The first generation information system may have 20 per cent higher possibility for the information leakage.

Customers of [Q0: Brand Name] expressed some concerns about this outsourcing decision. However, the international operations manager assured that *“this outsourcing will not affect the average service speed . . . Customers will continue to receive the same service quality they currently are receiving and that response times will not change. Moreover, no extra cost will be paid by customers even though they have chosen an Indonesian partner.”* The customer service is still toll-free, and the current number will remain the same. While [Q0: Brand Name] realises that this decision won’t be popular with everyone, they are optimistic about this outsourcing decision.

Scenario 1C:

[Q0: BRAND NAME] DECIDES TO OUTSOURCE ITS CUSTOMER SERVICE CALL CENTRE

By Tony Lu 12/04/2016

A leading Australian telecommunication company – [Q0: Brand Name] - which provides mobile phone network, internet, and telephone services, has decided to outsource its customer service call centre to an Indian partner located in New Delhi, India.

According to a recent rating from Fortune’s Most Admired Corporations in 2015, this Indian partner firm is rated 5.6 out of 10 in the customer service sector, while the average rating for the customer service sector in India is 5.6. In another independent product and service review site, this Indian partner firm is rated 2.6 out of 5 stars by customers, on par with industry averages.

The business record of the Indian partner firm shows it has successfully operated in the customer service sector for 5 years and it has a few successful partnerships with other telecommunication companies from the U.S., Europe and Australia.

Before the announcement of this outsourcing decision, this Indian partner firm had upgraded their information system to the standard second generation software, which reduces information leakage compared to the first generation software used by some outsourcing firms; however, it still has a higher possibility of information leakage than the third generation of information systems used by firms with the latest advanced technology.

Customers of [Q0: Brand Name] company expressed some concerns about this outsourcing decision. However, the international operations manager assured that “*this outsourcing will not affect the average service speed . . . Customers will continue to receive the same service quality they currently are receiving and that response times will not change. Moreover, no extra cost will be paid by customers even though they have chosen an Indian partner.*” The customer service is still toll-free, and the current number will remain the same. While [Q0: Brand Name] realises that this decision won’t be popular with everyone, they are optimistic about this outsourcing decision.

Scenario 2A:

[Q0: BRAND NAME] AUSTRALIA DECIDES TO OUTSOURCE ITS HARDWARE REPAIR SERVICE

By Tony Lu 12/04/2016

A leading producer of mobile phones – [Q0: Brand Name] Australia - has decided to outsource its hardware repair service to an Irish partner located in Dublin, Ireland.

According to a recent rating from Fortune’s Most Admired Corporations in 2015, this Irish partner firm is rated 8.5 out of 10 in the electronic products & parts sector, while the average rating for the electronic products & parts sector in Ireland is 5.6. In another independent product and service review site, this Irish partner firm is rated 4.2 out of 5 stars by customers, well above industry averages.

The business record of this Irish partner firm shows it has successfully operated in the electronic products & parts sector for more than 10 years and it has many successful partnerships with other mobile phone producers from the U.S., Europe and Australia.

Before the announcement of this outsourcing decision, this Irish partner firm had upgraded their repair platform to the latest generation (third-generation), which reduces the defect rate by an increased 20 per cent, compared to second generation platform used by most other outsourcing firms.

Customers of [Q0: Brand Name] expressed some concerns about this outsourcing decision. However, the international operations manager assured that “*this outsourcing will not affect the average service speed. . . Customers will continue to receive the same service quality they currently are receiving and that cycle times will not change. Moreover, no extra cost will be paid by customers even though they have chosen an Irish partner.*” While the [Q0: Brand Name] realises that this decision won’t be popular with everyone, they are optimistic about this outsourcing decision.

Scenario 2B:

[Q0: BRAND NAME] AUSTRALIA DECIDES TO OUTSOURCE ITS HARDWARE REPAIR SERVICE

By Tony Lu 12/04/2016

A leading producer of mobile phones – [Q0: Brand Name] Australia - has decided to outsource its hardware repair service to an Indonesian partner located in Jakarta, Indonesia.

According to a recent rating from Fortune’s Most Admired Corporations in 2015, this Indonesian partner firm is rated 2.7 out of 10 in the electronic products & parts sector, while the average rating for the electronic products & parts sector in Indonesia is 5.6. In another independent product and service review site, this Indonesian partner firm is rated 1.2 out of 5 stars by customers, well below industry average.

The business record of this Indonesian partner firm shows it was recently established in 2014 and this partnership is the first business partnership for them as well.

Currently, this Indonesian partner firm is using the first-generation repair platform, which has been replaced by second- or third-generation platform in many other companies. Technology experts told us compared to second-or third-generation repair platforms, the first generation platform may result in 20 per cent higher defect rate.

Customers of [Q0: Brand Name] expressed some concerns about this outsourcing decision. However, the international operations manager assured that *“this outsourcing will not affect the average service speed. . . Customers will continue to receive the same service quality they currently are receiving and that cycle times will not change. Moreover, no extra cost will be paid by customers even though they have chosen an Indonesian partner.”* While [Q0: Brand Name] realises that this decision won’t be popular with everyone, they are optimistic about this outsourcing decision.

Scenario 2C:

[Q0: BRAND NAME] AUSTRALIA FIRM DECIDES TO OUTSOURCE ITS HARDWARE REPAIR SERVICE

By Tony Lu 12/04/2016

A leading producer of mobile phones – [Q0: Brand Name] Australia - has decided to outsource its hardware repair service to an Indian partner located in New Delhi, India.

According to a recent rating from Fortune’s Most Admired Corporations in 2015, this Indian partner firm is rated 5.6 out of 10 in the electronic products & parts sector, while the average rating for the electronic products & parts sector in India is 5.6. In another independent product and service review site, this Indian partner firm is rated 2.6 out of 5 by customers, on par with industry averages.

The business record of the Indian partner firm shows it has successfully operated in the electronic products & parts for 5 years and it has a few successful partnerships with other mobile phone producers from the U.S., Europe and Australia.

Before the announcement of this outsourcing decision, this Indian partner firm had upgraded their repair platform to the second generation platform, which reduces the defect rate compared to the first generation platform used by some outsourcing firms; however, it still has a higher defect rate than the latest generation (third generation) of repair platform used by firms with the latest advanced technology.

Customers of [Q0: Brand Name] expressed some concerns about this outsourcing decision. However, the international operations manager assured that *“this outsourcing will not affect the average service speed. . . Customers will continue to receive the same service quality they currently are receiving and that cycle times will not change. Moreover, no extra cost will be paid by customers even though they have chosen an Indian partner.”* While [Q0: Brand Name] realises that this decision won’t be popular with everyone, they are optimistic about this outsourcing decision.

Appendix 7: Constructs Measurements (Chapter Two)

1. Perceived Fit (Keller and Aaker, 1992)

- FIT1: It is appropriate for these firms to partner up
- FIT2: This partnership is logical
- FIT3: It is suitable for these firms to form a partnership
- FIT4: Overall Fit of this partnership is strong

2. Customer Certainty (Weathers et al., 2007)

- CC1: I am certain the outsourcing decision made by [Brand Name] is a good decision.
- CC2: I am sure outsourcing decision made by [Brand Name] should be viewed positively.
- CC3: I am not worried about the outsourcing decision made by [Brand Name].

3. Perceived Values (Netemeyer et al, 2004; Dhruv et al., 1998)

- PV1: I think it is worthwhile to continue to use services from this brand in the future.
- PV2: I think services from this brand are still good value for the money.
- PV3: If I use a service from this brand in the future, I will continue to feel I will get my money's worth.

4. Purchase Intentions (Taylor & Baker, 1994)

- PI: As an existing customer I will continue to use services from this brand.

5. Customer Satisfaction (Taylor & Baker, 1994)

- CS1: I would still be satisfied with this brand's services after the outsourcing
- CS2: I would likely have a satisfying experience with this brand's services after the outsourcing.

6. Customer Loyalty (Chaudhuri & Holbrook, 2001; Yi et al., 2003)

- CL1: I would continue to have a strong preference for this brand.
- CL2: I believe that I would stick to this brand in the future.
- CL3: I would recommend this brand to others (family and friends).
- CL4: I would continue to be committed to this brand.

7. Brand Credibility (Erdem, Swait and Valenzuela, 2006)

- BC1: This brand delivers what it promise;
- BC2: This brand's product claims are believable;
- BC3: This brand has the ability to deliver what it promises.

8. Uncertainty Avoidance (Sharma, 2010; Jung and Kellaris, 2004)

- UA1: I prefer structured situations to unstructured situations.

- UA2: I prefer specific instructions to broad guidelines.
- UA3: I tend to get anxious easily when I don't know an outcome.
- UA4: I feel stressful when I cannot predict consequences.
- UA5: I would not take risks when an outcome cannot be predicted.
- UA6: I prefer a routine way of life to an unpredictable one full of change.
- UA7: I would describe myself as one who tries to avoid taking risks.

9. Control Factors: Brand Familiarity (Steenkamp et al., 2003)

- BF1: This brand is very familiar to me
- BF2: Everybody here has heard of this brand
- BF3: I have seen/heard many advertisements of this brand.

10. Marker: Variety of telecommunication/mobile phone brands in Australia

- There are many different brands of telecommunication services/mobile phone brands available in Australia.

Appendix 8: Identification Strength with Ethnic Groups (Chapter Two)

Test Variable: Strength of Identification

Test Value: 4 (neutral point)

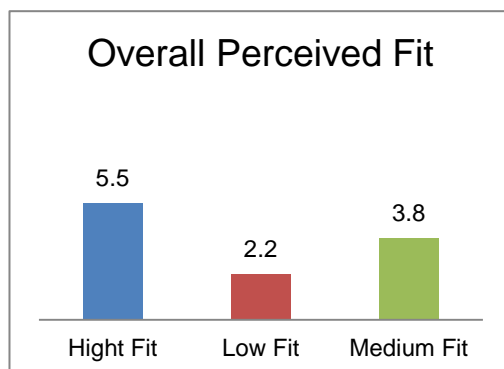
Ethnics	N	Mean	S.D.	t-value	p-value
Overall	360	5.64	1.47	21.18	.00
Australian	89	6.57	.81	29.96	.00
New Zealander	31	5.94	1.12	9.59	.00
Italian	84	5.01	1.64	5.66	.00
Greek	36	5.42	1.48	5.74	.00
Chinese	99	5.48	1.42	10.43	.00
Vietnamese	21	4.90	1.67	2.48	.02

Appendix 9: Post Hoc Test for Perceived Fit, Cultural Similarity, Reputation and Technologies (Chapter Two)

Overall Fit:

The manipulations were successful. Overall speaking, the one-way ANOVA test confirmed there is a significant difference among three groups in terms of the scores of perceived fit, $F(2, 359) = 396.9$ ($p < 0.05$). A further *post hoc* analysis confirmed subjects' perceived fit for three different fit conditions are significantly different at a 95% confidence level. Specifically, subjects assigned to the high fit condition reported highest mean scores (mean=5.49, s.d.=1.02) for perceived fit of service offshoring, while subjects assigned to the low fit condition reported the lowest score (mean=2.16, s.d.=0.94). The mean score (mean=3.84, s.d.=.77) reported by the subjects in the medium fit condition is higher than the mean score of low fit condition but lower than that of high fit condition. These significant differences were also observed in both of the service offshoring types.

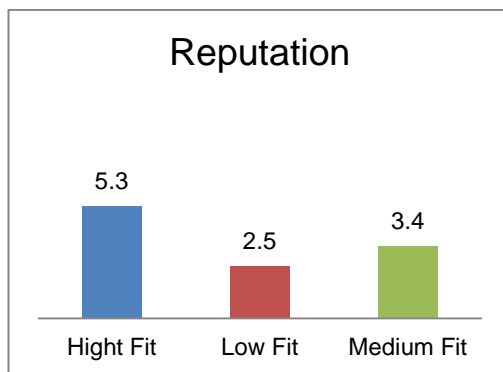
Overall Fit		Mean Difference	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
High Fit	Low Fit	3.32917	.11816	.000	3.0511	3.6073
High Fit	Medium Fit	1.65208	.11816	.000	1.3740	1.9302
Medium Fit	Low Fit	1.67708	.11816	.000	1.3990	1.9552



Reputations:

The manipulations were successful. Overall speaking, the one-way ANOVA test confirmed there is a significant difference among three groups in terms of the scores of reputation, $F(2, 359) = 131.8$ ($p < .05$). A further *post hoc* analysis confirmed the perceived reputation for three different fit conditions are significantly different at a 95% confidence level. Specifically, subjects assigned to the high fit condition reported highest mean scores (mean=5.32, s.d.=1.17) for the reputation of outsourcing partners, while subjects assigned to the low fit condition reported the lowest score (mean=2.48, s.d.=1.62). The mean score (mean=3.43, s.d.=1.31) reported by the subjects in the medium fit condition is higher than the mean score of low fit condition but lower than that of high fit condition. These significant differences were also observed in both of the service offshoring types.

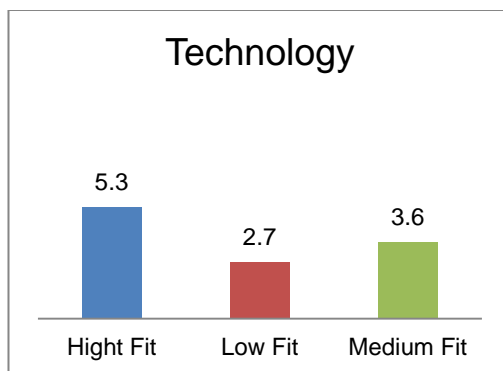
Reputation		Mean Difference	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
High Fit	Low Fit	2.842	.178	.000	2.42	3.26
High Fit	Medium Fit	1.883	.178	.000	1.46	2.30
Medium Fit	Low Fit	.958	.178	.000	.54	1.38



Technology:

The manipulations were successful. Overall speaking, the one-way ANOVA test confirmed there is a significant difference among three groups in terms of the scores of technology, $F(2, 359) = 105.8$ ($p < .05$). A further *post hoc* analysis the technology for three different fit conditions is significantly different at a 95% confidence level. Specifically, subjects assigned to the high fit condition reported highest mean scores (mean=5.27, s.d.=1.13) for the reputation of outsourcing partners, while subjects assigned to the low fit condition reported the lowest score (mean=2.66, s.d.=1.64). The mean score (mean=3.62, s.d.=1.40) reported by the subjects in the medium fit condition is higher than the mean score of low fit condition but lower than that of high fit condition. These significant differences were also observed in both of the service offshoring types.

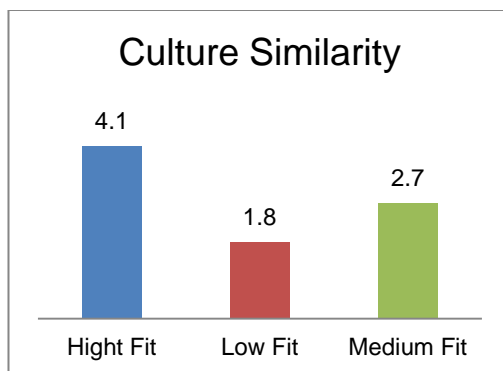
Technology		Mean Difference	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
High Fit	Low Fit	2.608	.181	.000	2.18	3.04
High Fit	Medium Fit	1.650	.181	.000	1.22	2.08
Medium Fit	Low Fit	.958	.181	.000	.53	1.39



Culture:

The manipulations were successful. Overall speaking, the one-way ANOVA test confirmed there is a significant difference among three groups in terms of the scores of culture similarities, $F(2, 359) = 122.5$ ($p < .05$). A further *post hoc* analysis confirmed the perceived culture similarities for three different fit conditions are significantly different at a 95% confidence level. Specifically, subjects assigned to the high fit condition reported highest mean scores (mean=4.08, s.d.=1.36) for the reputation of outsourcing partners, while subjects assigned to the low fit condition reported the lowest score (mean=1.81, s.d.=.92). The mean score (mean=2.73, s.d.=1.06) reported by the subjects in the medium fit condition is higher than the mean score of low fit condition but lower than that of high fit condition. These significant differences were also observed in both of the service offshoring types.

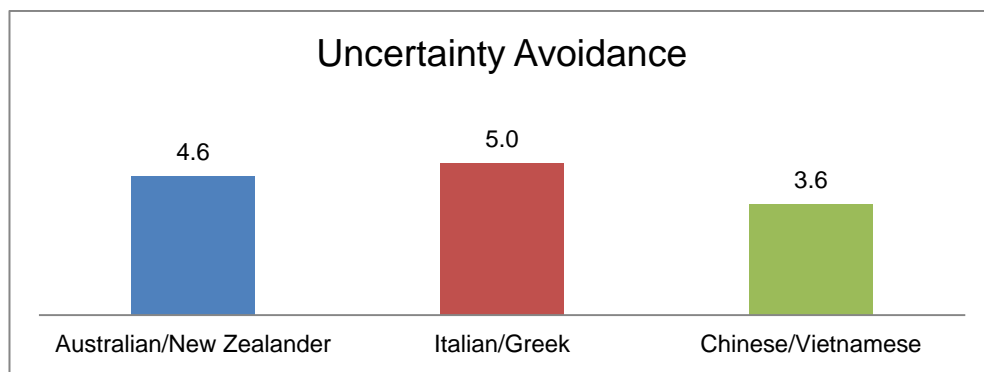
Culture		Mean Difference	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
High Fit	Low Fit	2.26667	.14565	.000	1.9239	2.6095
High Fit	Medium Fit	1.34167	.14565	.000	.9989	1.6845
Medium Fit	Low Fit	.92500	.14565	.000	.5822	1.2678



Appendix 10: Post Hoc Test for Uncertainty Avoidance as Predicted by Ethnicity (Chapter Two)

The one-way ANOVA test confirmed there is a significant difference among three ethnic groups in terms of the uncertainty avoidance index, $F(2, 359) = 68.2$ ($p < .05$). A further *post hoc* analysis confirmed the UA index for three different ethnic groups are significantly different at a 95% confidence level. Specifically, Italian/Greek subjects reported highest UA scores (mean=4.99, s.d.=1.08), while Chinese/Vietnamese subjects reported lowest UA scores (mean=3.63, s.d.=.49). Australian/New Zealander reported higher UA scores (mean=4.56, s.d.=1.06) than Chinese/Vietnamese subjects but lower UA scores than Italian/Greek subjects. These results further confirmed the national cultural differences in terms of UA reported by Hofstede, who found that Italian and Greek are highest in terms of UA, Chinese/Vietnamese are lowest, while Australian/New Zealander are in the medium level of UA.

Ethnicity		Mean Difference	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Italian/Greek	Australian/New Zealander	.42857	.11837	.001	.1500	.7072
Italian/Greek	Chinese/Vietnamese	1.35238	.11837	.000	1.0738	1.6310
Australian/New Zealander	Chinese/Vietnamese	.92381	.11837	.000	.6452	1.2024



Appendix 11: Customer-Focused and Society-Focused Communication Scenarios (Chapter Three)

Customer-Focused Communications in Telecommunication Industry

Dear customers,

I understand that you may have concerns about [Q0: Brand Name]'s recent decision to outsource its local call centre to [location]. [Q0: Brand Name] has been operating in the sector for decades and we have always kept our promise of providing excellent service and competitive prices for our customers. As the cost of operating a call centre hub in Australia has risen drastically in recent years, it is the right time for us to proactively consider an alternative solution. I believe with this decision, your experiences with our brand will not be affected and we will be able to pass on our cost savings to benefit you, our customer, in the following ways:

- **[Low Price Guarantee]** Savings from our outsourcing will allow us to remain cost competitive and continue to provide you with our low price guarantee. This outsourcing decision will assure that our prices will remain the lowest and that there will be no increases in our rates to our customers in the immediate future.
- **[Improved Quality Customer Service]** Your calls will be answered and your requests will be processed much quicker. The [location] call centre hub has twice the size of the current Australian hub, making the turnaround and response time much shorter. Our [location] hub is a 24 hour operating hub, so that you can call any time 24/7. The newly recruited staff are well trained in both communication and customer service and will have fluency in English. They are all experienced in dealing with customer enquiries, complaints, and support.
- **[Security of Personal Information]** Your personal information will be kept securely and no one can get access to it. Our [location] partner we will always put your information security as first priority.

Although we know our decision won't be popular with everyone, we are very optimistic about this decision in allowing us to SHARE THE BENEFITS WITH OUR LOYAL CUSTOMERS.

Oliver Goodman

Chief Marketing and Public Relation Director

[Q0: Brand Name]

Society-Focused Communications in Telecommunication Industry

Dear customers,

I understand that you may have concerns about [Q0: Brand Name]'s recent decision to outsource its local call centre to [location]. [Q0: Brand Name] has been operating in the sector for decades and we always keep our promise of contributing to and improving the welfare of society. As the cost of operating a call centre hub in Australia has risen drastically in recent years, it is the right time for us to proactively consider an alternative solution. I believe with this decision, your experiences with our brand will not be affected and we will be able to pass on our cost savings to benefit Australian society in the following ways:

- **[Support for Start-ups and Small Businesses]** Savings from outsourcing will be used to invest in providing continuous support for Australian start-ups and small businesses. Strong support for them will not only help them to grow, but also strengthen the national economy and contribute to societal wellbeing.
- **[National Infrastructure Investment]** We will keep building mobile base stations in remote areas using the savings from outsourcing. We aim to cover the majority of remote areas by 2020, allowing Australians living in remote areas to enjoy the conveniences of being connected.
- **[Better Jobs]** More retraining and up-skilling of high-salary jobs will provide opportunities for call centre employees in Australia to learn new skills and retain their positions with [Q0: Brand Name].

Although we know our decision won't be popular with everyone, we are very optimistic about this decision in allowing us to **SHARE THE BENEFITS WITH AUSTRALIAN SOCIETY**.

Oliver Goodman

Chief Marketing and Public Relation Director

[Q0: Brand Name]

Customer-Focused Communications in Mobile Phone Industry

Dear customers,

I understand that you may have concerns about [Q0: Brand Name]'s recent decision to outsource its local phone repair hub to [location]. [Q0: Brand Name] has been operating in the sector for decades and we have always kept our promise of providing excellent service and competitive prices for our customers. As the cost of operating a phone repair hub in Australia has risen drastically in recent years, it is the right time for us to proactively consider an alternative solution. I believe with this decision, your experiences with our brand will not be affected and we will be able to pass on our cost savings to benefit you, our customer, in the following ways:

- **[Low Price Guarantee]** Savings from our outsourcing will allow us to remain cost competitive and continue to provide you with our low price guarantee. This outsourcing decision will assure that our repair prices will remain the lowest and that there will be no increases in our rates to our customers in the immediate future.
- **[Improved Quality Customer Service]** Your phones will be fixed and returned much quicker. The [location] repair hub has twice the size of the current Australian hub and operates in 24 hours, making the turnaround time much shorter. We also partnered with one of the largest international logistic company to get your fixed phone back within 2 working days. The newly recruited staff at the [location] repair hub are well trained and experienced in phone repair.
- **[Security of Personal Information]** Your personal information will be kept securely and no one can get access to it. Our [location] partner and we will always put your information security as first priority.

Although we know our decision won't be popular with everyone, we are very optimistic about this decision in allowing us to SHARE THE BENEFITS WITH OUR LOYAL CUSTOMERS.

Oliver Goodman

Chief Marketing and Public Relation Director

[Q0: Brand Name]

Society-Focused Communications in Mobile Phone Industry

Dear customers,

I understand that you may have concerns about [Q0: Brand Name]'s recent decision to outsource its local phone repair hub to [location]. [Q0: Brand Name] has been operating in the sector for decades and we always keep our promise of contributing to and improving the welfare of society. As the cost of operating a phone repair hub in Australia has risen drastically in recent years, it is the right time for us to proactively consider an alternative solution. I believe with this decision, your experiences with our brand will not be affected and we will be able to pass on our cost savings to benefit Australian society in the following ways:

- **[Support for Start-ups and Small Businesses]** Savings from outsourcing will be used to invest in providing continuous support for Australian start-ups and small businesses. Strong support for them will not only help them to grow, but also strengthen the national economy and contribute to societal wellbeing.
- **[R&D Technology Investment]** We have partnered with major universities and R&D institutions in Australia and we will continuously increase our funding for research and development of next generation communication technologies.
- **[Better Jobs]** More retraining and up-skilling of high-salary jobs will provide opportunities for phone repair centre employees in Australia to learn new skills and retain their positions with [Q0: Brand Name].

Although we know our decision won't be popular with everyone, we are very optimistic about this decision in allowing us to SHARE THE BENEFITS WITH AUSTRALIAN SOCIETY.

Oliver Goodman

Chief Marketing and Public Relation Director

[Q0: Brand Name]

Appendix 12: Constructs Measurements (Chapter Three)

Predictor Variables:

Perceived Fit/Partnership Fit (Keller and Aaker, 1992):

- It is appropriate for these firms to partner up
- This partnership is logical
- It is suitable for these firms to form a partnership
- Overall Fit of this partnership is strong

Mediator:

Customer Certainty (Weathers et al., 2007):

- CC1: I am certain the outsourcing decision made by [Brand Name] is a good decision.
- CC2: I am sure outsourcing decision made by [Brand Name] should be viewed positively.
- CC3: I am not worried about the outsourcing decision made by [Brand Name].

Outcome Variables:

Purchase Intentions (Taylor & Baker, 1994):

- PI: As an existing customer I will continue to use services from [Brand Name].

Moderator:

Customer's Self-Construal (interdependent) (Singelis, 1994):

- INT1: I often have the feeling that my relationships with others are more important than my own accomplishments.
- INT2: I will sacrifice my self-interest for the benefit of the group I am in.
- INT3: It is important for me to respect decisions made by the group.
- INT4: It is important for me to maintain harmony within my group.
- INT5: I will stay in a group if they need me, even when I'm not happy with the group.

Customer's Self-Construal (independent) (Singelis, 1994):

- IND1: I enjoy being unique and different from others in many aspects.

- IND2: My personal identity independent of others is very important to me.
- IND3: I prefer to be direct and forthright when dealing with people I've just met.
- IND4: I'd rather say "No" directly, than risk being misunderstood.
- IND5: I act the same way no matter who I am with.

Control Variable:

Brand Familiarity (Steemkamp et al., 2003):

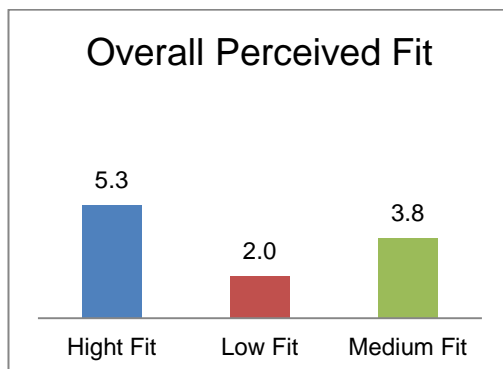
- BF1: This brand is very familiar to me
- BF2: Everybody here has heard of this brand
- BF3: I have seen/heard many advertisements of this brand.

Appendix 13: Post Hoc Test for Perceived Fit, Cultural Similarity, Reputation and Technologies (Chapter Three)

Overall Fit:

The manipulations were successful. Overall speaking, the one-way ANOVA test confirmed there is a significant difference among three groups in terms of the scores of perceived fit, $F(2, 541) = 784.03$ ($p < .01$). A further *post hoc* analysis confirmed subjects' perceived fit for three different fit conditions are significantly different at a 99 per cent confidence level. Specifically, subjects assigned to the high fit condition reported highest mean scores (mean=5.32, s.d.=.65) for perceived fit of service outsourcing, while subjects assigned to the low fit condition reported the lowest score (mean=2.00, s.d.=.97). The mean score (mean=3.79, s.d.=.74) reported by the subjects in the medium fit condition is higher than the mean score of low fit condition but lower than that of high fit condition (See Appendix 13). These significant differences were also observed in both of the tested industry sectors.

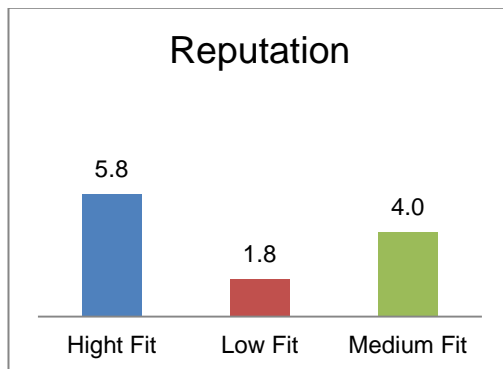
Overall Fit		Mean Difference	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
High Fit	Low Fit	3.33	.08	.00	3.16	3.49
High Fit	Medium Fit	1.53	.08	.00	1.37	1.70
Medium Fit	Low Fit	1.80	.08	.00	1.63	1.96



Reputations:

The manipulations were successful. Overall speaking, the one-way ANOVA test confirmed there is a significant difference among three groups in terms of the scores of reputation, $F(2, 541) = 986.39$ ($p < .01$). A further *post hoc* analysis confirmed the perceived reputation for three different fit conditions are significantly different at a 95% confidence level. Specifically, subjects assigned to the high fit condition reported highest mean scores (mean=5.78, s.d.=.67) for the reputation of outsourcing partners, while subjects assigned to the low fit condition reported the lowest score (mean=1.77, s.d.=1.00). The mean score (mean=3.97, s.d.=.88) reported by the subjects in the medium fit condition is higher than the mean score of low fit condition but lower than that of high fit condition. These significant differences were also observed in both of the service offshoring types.

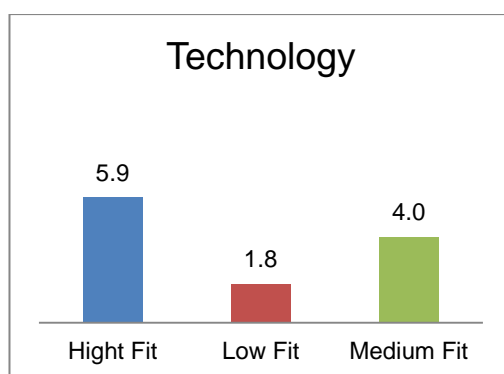
Reputation		Mean Difference	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
High Fit	Low Fit	4.01	.09	.00	3.83	4.19
High Fit	Medium Fit	1.82	.09	.00	1.64	2.00
Medium Fit	Low Fit	2.19	.09	.00	2.02	2.37



Technology:

The manipulations were successful. Overall speaking, the one-way ANOVA test confirmed there is a significant difference among three groups in terms of the scores of technology, $F(2, 541) = 992.71$ ($p < .01$). A further *post hoc* analysis the technology for three different fit conditions is significantly different at a 95% confidence level. Specifically, subjects assigned to the high fit condition reported highest mean scores (mean=5.90, s.d.=.70) for the reputation of outsourcing partners, while subjects assigned to the low fit condition reported the lowest score (mean=1.82, s.d.=1.02). The mean score (mean=4.02, s.d.=.86) reported by the subjects in the medium fit condition is higher than the mean score of low fit condition but lower than that of high fit condition. These significant differences were also observed in both of the service offshoring types.

Technology		Mean Difference	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
High Fit	Low Fit	4.07	.09	.00	3.89	4.25
High Fit	Medium Fit	1.87	.09	.00	1.69	2.05
Medium Fit	Low Fit	2.20	.09	.00	2.02	2.38



Culture:

The manipulations were successful. Overall speaking, the one-way ANOVA test confirmed there is a significant difference among three groups in terms of the scores of culture similarities, $F(2, 541) = 1141.32$ ($p < .01$). A further *post hoc* analysis confirmed the perceived culture similarities for three different fit conditions are significantly different at a 95% confidence level. Specifically, subjects assigned to the high fit condition reported highest mean scores (mean=5.61, s.d.=.78) for the reputation of outsourcing partners, while subjects assigned to the low fit condition reported the lowest score (mean=1.61, s.d.=.88). The mean score (mean=3.27, s.d.=.74) reported by the subjects in the medium fit condition is higher than the mean score of low fit condition but lower than that of high fit condition. These significant differences were also observed in both of the service offshoring types.

Culture		Mean Difference	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
High Fit	Low Fit	4.01	.08	.00	3.84	4.17
High Fit	Medium Fit	2.34	.08	.00	2.18	2.51
Medium Fit	Low Fit	1.67	.08	.00	1.50	1.83

