The Influence of CSR on Airline Loyalty through the Mediations of Passenger Satisfaction, Airline Brand, and Airline Trust: Korean Market Focused

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Abstract: Corporate social responsibility (CSR) has become a significant factor in determining business sustainability. This trend is particularly evident in the airline industry, as airlines endeavor to navigate highly competitive market circumstances. CSR activities constitute a significant duty as one of the survival strategies and to sustain their business based on the customer loyalty in the airline industry in Korea. The purpose of this research was to explore the influence of CSR on airline loyalty through meaningful mediators within the airline industry in order to elicit important insights and provide relevant conclusions for airline experts to apply toward business sustainability. This study employed three factors—passenger satisfaction, airline brand, and airline trust—as key mediators between CSR and airline loyalty. An online survey was carried out through private SNS channels targeting airline service users, and 312 completed surveys were collected. A confirmatory factor analysis (CFA) and structural equation modeling (SEM) enabled the study to determine that CSR activities among airlines significantly impact passenger satisfaction, airline brand, and airline trust. Moreover, passenger satisfaction and airline trust have a notable influence on airline loyalty. Limitations and implications for both academia and management are also presented based on the results of this research.

Keywords: sustainability; corporate social responsibility (CSR); environmental responsibility; social responsibility; economic responsibility; passenger satisfaction; airline brand; airline trust; airline loyalty

1. Introduction

Given the increasing importance of corporate social responsibility (CSR) in facilitating business sustainability, CSR activities are becoming more predominant in corporate strategic planning. Of late, CSR has frequently been adopted as a strategic approach within corporations to overcome negative impacts derived from external environments. Now CSR is considered to be a part of business operations, and this trend affects various external factors, including the environment, society, and customer behavior [1]. Moreover, many corporations utilize CSR activities as a strategic action with the goal of increasing profits, customer satisfaction, customer loyalty, corporate reputation, and positive attitudes towards the company’s brands [2]. It is unsurprising, then, that Fortune 500 companies have spent more than USD 15 billion on communities and various other CSR activities [3].

With a greater recognition of CSR as a key issue for corporations [4], many scholars have explored the influences of CSR and its relation to performance [5]. In addition, numerous studies have attempted to identify the key determinants responsible for customer loyalty, including customer satisfaction and trust [6]. For a corporation to sustain itself successfully, it is very important to understand the various aspects of customer behavior and perspectives [7], as they have a direct impact on corporate performance. With that in mind, many researchers have explored the relationship between CSR and loyalty in
various industries, including public transportation [8], the hotel industry [9,10], the banking industry [11], and restaurant management [12].

In 2015, the United Nations General Assembly (UNGA) adopted the documentation of “Transforming our World”, which is the 2030 Agenda for sustainable development in specific areas [13]. The 2030 Agenda established a total of 17 sustainable development goals (SDGs) [14]. CSR activities, including environmental responsibility, social responsibility, and economic responsibility, will be involved in some of the SDG categories, including goal 3 (good health and well-being), goal 4 (equality education), goal 7 (affordable and clean energy), goal 8 (decent work and economic growth), and so on [15]. As CSR activities are conducted by the airline industry in Korea, SDGs are also affected by the airline industry in Korea.

The importance of CSR is equally applicable to the airline industry as a strategic tool to facilitate business sustainability. Significant research regarding CSR and customer behavior has been carried out in various fields. However, to the best of the authors’ knowledge, no studies have employed a research model that prioritizes the relationships between CSR, satisfaction, brand, trust, and loyalty. Moreover, much of the previous literature has been focused on CSR as it relates to financial performance, customer attitude, customer satisfaction, and corporate reputation. No focus has thus far been placed on the relationship between CSR and airline loyalty through the key mediators of satisfaction, brand, and trust in the airline industry in Korea.

To fill this research gap, the present research aimed to reveal the relationship between CSR and airline loyalty through the aforementioned mediators, which are importantly considered within airline industry. The rest of the paper is organized as follows. Section 2 reviews the relevant literature on CSR, brand, trust, and loyalty, and it provides six hypotheses. Section 3 presents the research model with details on methodology, including survey design, data collection, and analysis. Section 4 outlines the results of this research with detailed evidence based on a confirmatory factor analysis (CFA) that includes a goodness of fit analysis and SEM analysis. The results of each hypothesis are also provided. Section 5 offers an overall summary of this research in discussion format. Finally, conclusions and implications are listed in Section 6.

2. Literature Review
2.1. CSR and the Airline Industry

Over the last three decades, many scholars have investigated the influence, consequences, and dimensions of CSR [16–18]. Very recently, CSR has been highlighted as a key agenda within the areas of marketing, finance, strategic management, and social studies [19–21]. It is evident that CSR has become a social obligation in various business fields and industries, and this is reflected by the numerous studies that have investigated the influences of CSR on business management and performance [22]. It has been demonstrated that CSR activities constitute a significant duty for corporations as they strategize to survive and sustain themselves [23], and CSR may be directly related to the higher levels of customer loyalty [24].

With the significant growth of the airline industry in Korea, companies and organizations have recognized the need to minimize their negative effects and increase their positive effects on society [25]. This trend has prompted an increase in CSR activities by airlines and organizations [26].

Much of the literature, both academic and managerial, has shown that a large number of airlines on the global stage have endeavored to conduct CSR activities to emphasize their commitments to being socially responsible and to appeal to current and potential customers [27]. Moreover, previous research has reviewed, discussed, and presented the influence of CSR within the airline industry [28]. Most of this research indicated that corporations should focus their CSR activities on not only environmental responsibility, but also on social and economic responsibility [29]. However, few studies have examined CSR, its influence, and commitment with respect to the airline industry [30]. This could
be because most of the previous studies on CSR in the airline industry were case studies with regional and circumstantial limitations [31]. Regrettably, most of the research on CSR activities within the airline industry has been conducted at regional levels rather than on a global level [32]. In addition, most of the previous studies were centered on the environmental improvements within the airline industry [30]. Accordingly, more research on the social and economic aspects of CSR activities, including their influence within the airline industry, should be conducted.

Recently, research has tended to focus on the wide range of CSR, spanning beyond the more conventional environmental, social, and economic domains [27]. However, researchers have also admitted that it is difficult to evaluate the effects of CSR activities on sustainable growth and the performance of corporations [33]. Thus, the present study puts a spotlight on the relationships between CSR and airline loyalty through key mediators, including passenger satisfaction, airline brand, and airline trust, all of which being related to customer behavior.

2.2. Passenger Satisfaction

A study conducted by Polonsky et al. [34] demonstrated that customers were a corporation’s key stakeholders, and that in addition to caring about economic performance, they also evaluated ethical performance. Thus, if a corporation were to involve itself in CSR activities, it could elicit greater customer satisfaction and cultivate higher levels of loyalty [35]. Another study revealed the influences of CSR on customer satisfaction [36]. In addition, it has been asserted that corporate philanthropy activities, which fall under the CSR umbrella, pave the way for customer satisfaction, eliciting positive brand recognition from customers [37]. These activities also have a positive impact on corporate image and help create more desirable customer behavior [38]. Moreover, the Fortune Global 500 wealthiest corporations recognize a direct link between CSR and customer satisfaction [39]. One 2015 study found that higher satisfaction led to increased customer loyalty [40]. In addition, studies have found that customer satisfaction is an important determinant of customer loyalty. If customers are satisfied with the services offered by a corporation, they will be inclined to make repeat purchases [41].

A 2017 study determined that customer satisfaction was directly associated with consumer loyalty [42]. Moreover, customer satisfaction influences trust and repeat purchase intention, which is related to loyalty, so satisfaction is considered the main determinant of customer loyalty [43].

2.3. Airline Brands

A brand is generally considered to be a subjective mental picture [44]. A brand’s identity typically shapes the image of the brand. As it is subjective, the brand must work on its identity to provide a clear image to numerous customers [45]. A brand’s identity can be shaped to increase customer purchase intention, and there is a high level of linkage between marketers and customers [46]. A brand influences customer preferences and levels of loyalty, and this leads to increased revenue opportunities from customers via purchasing intention [47].

Akin et al. [48] found that a brand’s identity has numerous components that directly or indirectly affect the customer’s purchase intention. One study stated that “brand identity is a unique set of brand associations that the brand strategists aspire to create or maintain. These associations represent what the brand stands for and imply a promise to customers from the organization” [49].

Based on the previous literature, it is clear that a brand’s identity plays a massive role in enhancing a customer’s satisfaction with the brand [45]. Previous research related to the airline industry has identified a significant influence between an airline’s brand and the intention of repeat purchasing, which can possibly be linked to airline loyalty [50].
2.4. Airline Trust

Society’s ethical perception of a corporation is very important in creating a trustworthy relationship [51]. Accordingly, many corporations, including airline companies, become involved in CSR activities in order to demonstrate their commitment to society [52]. Related to this, Park and Kim [53] found that CSR was one of the most effective strategies to increase trust. Trust was defined as “the expectation of ethically justifiable behavior” by Hosmer et al. [54].

Regrettably, passenger trust in airlines has been rarely examined empirically in the airline business [55]; however, one study found that passenger trust in airlines is of particular importance in developing repurchase intentions in the airline industry because of pre- and post-consumption evaluation of service characteristics, such as convenience, safety, assurance, and responsiveness [56]. As an example from another industry, in the telecom industry, customer trust also affects loyalty to service providers by affecting customer perceptions of service value [57]. One study found that CSR activities initiated by a corporation generated benefits such as customer satisfaction, customer loyalty, a high market value, and a good image in the minds of customers [6]. Conducting business operations in an ethical manner influences the overall image of the company’s offerings (products or services) and increases customer trust [58].

2.5. Airline Loyalty

In the airline industry, behavioral loyalty was widely used in aviation service research [59]. Behavioral loyalty represents the entire positive attitude of customers who trust an enterprise enough to purchase or use their services. Behavioral loyalty toward its service is expressed in customer action, such as the behavior of regular customers who tend to spend money on a particular company and its particular services and encourage other customers to obtain services from the same company [60]. Passenger loyalty is one of the key indicators that influence competitive advantage in the fiercely challenging airline marketplace [61]. In addition, airlines’ sustainable market share may predominantly depend on passenger loyalty [62].

In a study carried out by Mandhachitara et al. [63], the authors concluded that CSR was the best strategy to build customer loyalty. Products and services from market competitors are mostly similar, so cultivating customer loyalty can be challenging for corporations. Thus, many scholars found a significant positive relationship between CSR activities and customer behavior toward a firm’s offerings, as well as loyalty [64–66]. Additional extant literature has also found a positive relationship between CSR and customer loyalty [9,67,68].

Based on an overall view of the literature, the following research questions were posed:

RQ1. How does CSR affect passenger satisfaction and influence on airline loyalty?
RQ2. How does CSR affect airline brand and influence on airline loyalty?
RQ3. How does CSR affect airline trust and influence on airline loyalty?

With this in mind, it is expected that the present study can provide meaningful insights for airline experts to successfully plan for sustainability in the Korean airline industry. This study aimed to investigate the influence between CSR and airline loyalty through the key mediators of passenger satisfaction, airline brand, and airline trust. Therefore, based on the literature review, six hypotheses were derived.

**Hypothesis 1 (H1):** CSR has a significant effect on passenger satisfaction.

**Hypothesis 2 (H2):** CSR has a significant effect on airline brand.

**Hypothesis 3 (H3):** CSR has a significant effect on airline trust.

**Hypothesis 4 (H4):** Passenger satisfaction has a notable influence on airline loyalty.

**Hypothesis 5 (H5):** Airline brand has a notable influence on airline loyalty.
Hypothesis 6 (H6): Airline trust has a notable influence on airline loyalty.

3. Methodology

3.1. Survey Design

Based on the research model shown in Figure 1, 21 survey items were crafted for a quantitative approach \[69\]. This was achieved by revising and complementing items from previous studies spanning various industries related to CSR, customer satisfaction, corporate brand, corporate trust, and corporate loyalty, as shown in Table 1. All questionnaires were revised to fit the purpose of this study using the 5-point Likert scale and translated into the Korean language with support from three professional translators to clearly articulate the questions for the survey participants. The process of this translation was conducted as per references \[70,71\] to ensure that cultural and linguistic equivalency was applied to the scales. A convenient sampling method \[72\], which was based on the non-probabilistic and self-participation sampling method, was applied under the guidelines provided by Tarhini \[73\]. Three pilot tests were carried out by 14 volunteers, and an unspecified majority was used to modify the survey questionnaires.

![Figure 1. The Research Model.](image)

Table 1. Survey Items.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Descriptions</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR_EC1</td>
<td>Korean national flag carriers make an effort to participate in environmental campaigns.</td>
<td>Park et al. [74]</td>
</tr>
<tr>
<td>CSR_EC2</td>
<td>Korean national flag carriers make an effort to reduce waste and use eco-friendly products.</td>
<td>Zhu et al. [75]</td>
</tr>
<tr>
<td>CSR_EC3</td>
<td>Korean national flag carriers use energy and resources efficiently.</td>
<td></td>
</tr>
<tr>
<td>CSR_SC1</td>
<td>The companies of Korean national flag carriers encourage their employees to participate in local communities as volunteers.</td>
<td></td>
</tr>
<tr>
<td>CSR_SC2</td>
<td>The companies of Korean national flag carriers make an effort to raise funds for social causes.</td>
<td></td>
</tr>
<tr>
<td>CSR_SC3</td>
<td>The companies of Korean national flag carriers support sporting and cultural events.</td>
<td></td>
</tr>
<tr>
<td>CSR_EV1</td>
<td>The companies of Korean national flag carriers make an effort to contribute to society and the economy by investing and generating profits.</td>
<td></td>
</tr>
<tr>
<td>CSR_EV2</td>
<td>The companies of Korean national flag carriers make an effort to create new jobs.</td>
<td></td>
</tr>
<tr>
<td>CSR_EV3</td>
<td>The companies of Korean national flag carriers make an effort to contribute to national economic development by creating more value.</td>
<td></td>
</tr>
</tbody>
</table>
Table 1. Cont.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Descriptions</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger</td>
<td>Pax-STF1 I feel happy after flying with a Korean national flag carrier.</td>
<td>Kim and Kim [76]</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>Pax-STF2 My choice to fly with a Korean national flag carrier is a wise one.</td>
<td>Akamavi et al. [77]</td>
</tr>
<tr>
<td></td>
<td>Pax-STF3 Korean national flag carriers entirely fulfill my needs.</td>
<td>Park and Kim [78]</td>
</tr>
<tr>
<td>Airline Brand</td>
<td>BRD1 I think that Korean national flag carriers have an excellent brand</td>
<td>Bel’en Ruiz, Juan A. García [79]</td>
</tr>
<tr>
<td></td>
<td>reputation.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>BRD2 The general public in Korea thinks that the brand reputations of Korean</td>
<td></td>
</tr>
<tr>
<td></td>
<td>national flag carriers are excellent.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>BRD3 In my opinion, the brand reputations of Korean national flag carriers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>are better than those of foreign carriers.</td>
<td></td>
</tr>
<tr>
<td>Airline Trust</td>
<td>TRS1 I trust that Korean national flag carriers are sincere in dealing with</td>
<td>Bowden-Everson, Dragger, Elliott [80]</td>
</tr>
<tr>
<td></td>
<td>passengers.</td>
<td>Stanaland et al. [81]</td>
</tr>
<tr>
<td></td>
<td>TRS2 I trust that Korean national flag carriers are very responsive.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TRS3 I think Korean national flag carriers provide reliable information to</td>
<td></td>
</tr>
<tr>
<td></td>
<td>passengers.</td>
<td></td>
</tr>
<tr>
<td>Airline Loyalty</td>
<td>LYT1 I consider Korean national flag carriers as my first choice when flying.</td>
<td>Blut, Beatty, Evanschitzky, and Brock [82]</td>
</tr>
<tr>
<td></td>
<td>LYT2 I always say positive things about Korean national flag carriers to</td>
<td>Homburg, Stierl, and Bornemann [83]</td>
</tr>
<tr>
<td></td>
<td>other people.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LYT3 I intend to purchase a flight ticket from a Korean national flag carrier</td>
<td></td>
</tr>
<tr>
<td></td>
<td>for my next flight.</td>
<td></td>
</tr>
</tbody>
</table>

3.2. Data Collection and Analysis

The format of the main survey was constructed using a Google survey program. The survey link was then released to men and women of various ages via a popular Korean social networking service called Kakao Talk. In three weeks (21 days), 312 completed responses were collected. We used SPSS version 25 for conducting various analyses, including descriptive statistics and internal reliability (Cronbach alpha), and also used AMOS 23 for conducting analyses of CFA, including convergent reliability, discriminant reliability, model fit analysis, and SEM path analysis, and to validate the hypotheses [84,85]. A correlation analysis was also carried out to assess the multi-collinearity of the independent variables among the factors and confirm that they were suitable for the SEM analysis [86], which was conducted using AMOS version 23.

4. Results

4.1. Descriptive Statistics

Table 2 presents the demographic profile of the 312 individuals, of which 52.6% were female and 47.4% were male. By age, 40.7% were in the 41–50 age range, which composed the largest group. A total of 24.7% were in the 31–40 range, 18.6% were in the 51–60 range, and 16% fell into the 20–30 and 61-and-above range. In terms of education, 73.1% attended university at either the bachelor’s or graduate level; the majority of the participants in the study had attained high levels of education. In addition, more than 83% of the participants listed leisure as their purpose for travel. Interestingly, despite the emphasis on leisure travel, the bulk of the survey respondents opted for full-service carriers rather than low-cost carriers. When reporting flight frequency, 39.4% reported that they flew two to four times per year, while 41.0% flew fewer than twice per year.
Table 2. Demographic profile. [n: 312].

<table>
<thead>
<tr>
<th>Gender</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>148</td>
<td>47.4</td>
</tr>
<tr>
<td>Female</td>
<td>164</td>
<td>52.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Occupation</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Own Business</td>
<td>31</td>
<td>9.9</td>
</tr>
<tr>
<td>Professional/Researcher</td>
<td>35</td>
<td>11.2</td>
</tr>
<tr>
<td>Inside Sales/Service Industry</td>
<td>54</td>
<td>17.3</td>
</tr>
<tr>
<td>Field Sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office Work (Company/Bank, etc.)</td>
<td>82</td>
<td>26.3</td>
</tr>
<tr>
<td>Government Official</td>
<td>12</td>
<td>3.8</td>
</tr>
<tr>
<td>Student</td>
<td>17</td>
<td>5.4</td>
</tr>
<tr>
<td>Freelancer</td>
<td>18</td>
<td>5.8</td>
</tr>
<tr>
<td>Housewife</td>
<td>31</td>
<td>9.9</td>
</tr>
<tr>
<td>Others</td>
<td>32</td>
<td>10.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>20–30</td>
<td>39</td>
<td>12.5</td>
</tr>
<tr>
<td>31–40</td>
<td>77</td>
<td>24.7</td>
</tr>
<tr>
<td>41–50</td>
<td>127</td>
<td>40.7</td>
</tr>
<tr>
<td>51–60</td>
<td>58</td>
<td>18.6</td>
</tr>
<tr>
<td>61 and above</td>
<td>11</td>
<td>3.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Education</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>High School</td>
<td>38</td>
<td>12.2</td>
</tr>
<tr>
<td>College</td>
<td>40</td>
<td>12.8</td>
</tr>
<tr>
<td>University</td>
<td>185</td>
<td>59.3</td>
</tr>
<tr>
<td>Graduate School</td>
<td>43</td>
<td>13.8</td>
</tr>
<tr>
<td>Others</td>
<td>6</td>
<td>1.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Frequency of Flight/Year</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fewer than twice</td>
<td>128</td>
<td>41.0</td>
</tr>
<tr>
<td>2–4 times</td>
<td>123</td>
<td>39.4</td>
</tr>
<tr>
<td>5–7 times</td>
<td>44</td>
<td>14.1</td>
</tr>
<tr>
<td>8–10 times</td>
<td>7</td>
<td>2.2</td>
</tr>
<tr>
<td>More than 10 times</td>
<td>10</td>
<td>3.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Purpose of Travel</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holidays/Leisure</td>
<td>260</td>
<td>83.3</td>
</tr>
<tr>
<td>Business Trip</td>
<td>38</td>
<td>12.2</td>
</tr>
<tr>
<td>Visit Family</td>
<td>5</td>
<td>1.6</td>
</tr>
<tr>
<td>Relocation</td>
<td>2</td>
<td>0.6</td>
</tr>
<tr>
<td>Study Abroad</td>
<td>2</td>
<td>0.6</td>
</tr>
<tr>
<td>Others</td>
<td>5</td>
<td>1.6</td>
</tr>
</tbody>
</table>

4.2. Confirmatory Factor Analysis (CFA)

Before testing the hypotheses, the measurement model was validated via CFA. While SMC value screening each questionnaire item, an item from the CSR category (CSR_SC3) produced a value of 0.395, which is lower than the recommended SMC level of 0.4. It was accordingly decided to remove ‘CSR_SC3’ and continue the study with 20 rather than 21 items. To satisfy other internal consistency concerns and maintain reliability, Cronbach’s alpha analysis was conducted [87]. All items exceeded the recommended level of 0.7 [46], as shown in Table 3.

Table 3. Confirmatory Factor Analysis (CFA).

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Items</th>
<th>SMC</th>
<th>Cronbach-α</th>
<th>Factor Loading (SE)</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger</td>
<td>Pax-STF3</td>
<td>0.485</td>
<td>0.696</td>
<td>0.756</td>
<td>0.508</td>
<td></td>
</tr>
<tr>
<td>Satisfaction</td>
<td>Pax-STF2</td>
<td>0.554</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pax-STF1</td>
<td>0.488</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>BRD3</td>
<td>0.542</td>
<td>0.726</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Airline Brand</td>
<td>BRD2</td>
<td>0.702</td>
<td>0.838</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>BRD1</td>
<td>0.804</td>
<td>0.896</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Airline Trust</td>
<td>TRS3</td>
<td>0.536</td>
<td>0.732</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TRS2</td>
<td>0.568</td>
<td>0.754</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TRS1</td>
<td>0.715</td>
<td>0.846</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Airline Loyalty</td>
<td>LYT3</td>
<td>0.579</td>
<td>0.761</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>LYT2</td>
<td>0.589</td>
<td>0.767</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>LYT1</td>
<td>0.609</td>
<td>0.813</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSR</td>
<td>CRS_EC3</td>
<td>0.444</td>
<td>0.666</td>
<td>0.897</td>
<td>0.493</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CSR_EC2</td>
<td>0.419</td>
<td>0.647</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CRS_EC1</td>
<td>0.649</td>
<td>0.806</td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>CSR_SC2</td>
<td>0.430</td>
<td>0.656</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>CSR_SC1</td>
<td>0.486</td>
<td>0.697</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CSR_EV3</td>
<td>0.524</td>
<td>0.724</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CSR_EV2</td>
<td>0.484</td>
<td>0.695</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CSR_EV1</td>
<td>0.523</td>
<td>0.723</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

To analyze correlations within given variables, average variance extracted (AVE) and composite reliability (CR) checks were carried out, as shown in Table 3, if they exceeded
0.5 and 0.7, respectively [88]. The following CR and AVE value pairs were calculated: [0.756 (CR), 0.508 (AVE)] for passenger satisfaction, [0.865 (CR), 0.682 (AVE)] for airline brand, [0.822 (CR), 0.607 (AVE)] for airline trust, and [0.813 (CR), 0.592 (AVE)] for airline loyalty. The independent variable of the research model (i.e., CSR) showed a CR of 0.897, but the AVE value was 0.493, which was beneath the satisfaction level of 0.5. Nevertheless, was pointed out that an “AVE of 0.4 is acceptable due to condition that if AVE value is less than 0.5, but composite reliability is higher than 0.6, the convergent validity of the construct is acceptable” [89]. Accordingly, this result was retained.

Moreover, a discriminant validity check was conducted as shown in Table 4, where a correlation between two specific factors had to be lower than the square root level of the AVE value [90]. A possible explanation for the result of a lower correlation of CSR compared to other factors of passenger satisfaction, airline brand, airline trust, and airline loyalty, is that within publics in Korean society, there is still a lack of understanding about CSR, even though CSR is an important issue within airline industries. In addition, this is related to the lack of advertising by airlines or airlines not revealing their CSR activities in a proper way. With these possible reasons, a correlation of CSR resulted lower than other factors, which are generally familiar or better understood within publics.

### Table 4. Discriminant Validity.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Passenger Satisfaction</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. Airline Brand</td>
<td>0.961</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C. Airline Trust</td>
<td>0.878</td>
<td>0.764</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D. Airline Loyalty</td>
<td>0.896</td>
<td>0.761</td>
<td>0.710</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>E. Corporate Social Responsibility</td>
<td>0.472</td>
<td>0.409</td>
<td>0.433</td>
<td>0.412</td>
<td>1</td>
</tr>
</tbody>
</table>

### Fit Indices

As presented in Table 5, fit indices were computed to maintain the suitability of this model. It was found that most of the items of the fit indices for this model were at acceptable levels or close to the acceptable levels. Using CFA, the factors in the absolute fit index reached and exceeded the recommended thresholds with a result of \( x^2 = 404.478, \) CMIN/DF = 2.770, RMR = 0.050, GFI = 0.886, AGFI = 0.835, and RMSEA = 0.075. The factors in the incremental fit index nearly reached the acceptable levels, presenting NFI = 0.894 and CFI = 0.928. The results of the goodness of fit analysis via the CFA process were at the acceptable levels with a high level of accuracy. The conclusion of the path analysis for this research model was also universally accepted, with a result of \( x^2 = 324.369, \) CMIN/DF = 2.120, RMR = 0.046, GFI = 0.909, AGFI = 0.875, and RMSEA = 0.060, as well as NFI = 0.915 and CFI = 0.953. These results indicated that no problems existed in terms of satisfying the acceptance levels of the goodness of fit for both CFA and the path analysis.

### Table 5. Model Fit Results.

<table>
<thead>
<tr>
<th>Division</th>
<th>Result</th>
<th>Good Fit</th>
<th>Acceptable Fit</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute fit index</td>
<td>CMIN/DF 2.770</td>
<td>( 0 \leq x^2/df \leq 2 )</td>
<td>( 2 \leq x^2/df \leq 3 )</td>
<td>Karin Schermelleh-Engel (2003) [91]</td>
</tr>
<tr>
<td></td>
<td>RMR 0.050</td>
<td>( 0 \leq SRMR \leq 0.05 )</td>
<td>( 0.05 \leq SRMR \leq 0.10 )</td>
<td></td>
</tr>
<tr>
<td></td>
<td>GFI 0.886</td>
<td>( 0.95 \leq GFI \leq 1.00 )</td>
<td>( 0.90 \leq GFI \leq 0.95 )</td>
<td></td>
</tr>
<tr>
<td></td>
<td>AGFI 0.835</td>
<td>( 0.90 \leq AGFI \leq 1.00 )</td>
<td>( 0.85 \leq AGFI \leq 0.90 )</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RMSEA 0.075</td>
<td>( 0 \leq RMSEA \leq 0.05 )</td>
<td>( 0.05 \leq RMSEA \leq 0.08 )</td>
<td></td>
</tr>
<tr>
<td></td>
<td>NFI 0.894</td>
<td>( 0.95 \leq NFI \leq 1.00 )</td>
<td>( 0.90 \leq NFI \leq 0.95 )</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CFI 0.928</td>
<td>( 0.95 \leq CFI \leq 1.00 )</td>
<td>( 0.95 \leq CFI \leq 0.97 )</td>
<td></td>
</tr>
<tr>
<td>Incremental fit index</td>
<td>CMIN/DF 2.120</td>
<td></td>
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<tr>
<td></td>
<td>RMR 0.046</td>
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<tr>
<td></td>
<td>GFI 0.909</td>
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</tr>
<tr>
<td></td>
<td>AGFI 0.875</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RMSEA 0.060</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>NFI 0.915</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CFI 0.953</td>
<td></td>
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<td></td>
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</tbody>
</table>

### 4.3. Structural Equation Modelling Analysis

Figure 2 and Table 6 present the summary of the proposed research model with the results from the path analysis. Although the hypothesis connecting airline brand to airline
As Figure 2 demonstrates, the results of the analysis with respect to H5 have very interesting implications, showing that airline brand has a significant influence on airline loyalty. By extension, this is evidence that perceptions among airline passengers around an airline’s brand do not have an impact on airline loyalty. This is a marked difference from the results in other industries. One possible explanation for this result is that airlines create loyalty from their passengers using other strategies. This could include strategies to exceed passenger expectations through a wide range of FFP benefits, high quality service levels, competitive in-flight services, and various routes in operation.

5. Discussion

Over the last three decades, as CSR has been highlighted as a key agenda in various business fields and industries, CSR has become a social obligation; this is reflected by numerous studies for business management and performance. In addition, CSR activities constitute a significant duty for corporations as one of the survival strategies and to sustain their business based on customer loyalty. According to the He et al., (2011) [35], if a corporation were to involve itself in CSR activities, it could elicit greater customer satisfaction and cultivate higher levels of loyalty. Park and Kim [54] found that CSR is one of the most effective strategies to increase trust, and trust also affects loyalty [57]. This study investigated the influence of CSR (which includes environmental activities, social activities, and economic activities) on airline loyalty through the parameters of passenger satisfaction,
airline brand, and airline trust in the Korean market. It incorporated statistical evidence of the structural formation from CSR to airline loyalty via passenger satisfaction, airline brand, and airline trust (CSR → passenger satisfaction, airline brand, airline trust → airline loyalty) by using CFA and SEM. The results showed that there were significant connections between CSR and airline loyalty through passenger satisfaction and airline trust. Based on the literature reviews, a brand’s identity plays a massive role in enhancing a customer’s satisfaction, and it reflects on repeat purchasing [45]; however, it still lacks influence on a strong level of loyalty, as shown by this research. However, there was no notable influence between airline brand and airline loyalty, despite the significant relationship between CSR and airline brand.

These results have significant and meaningful academic and managerial implications. It is evident that CSR is a strong motivator for airline loyalty via the influence of passenger satisfaction and airline trust. However, CSR was not a strong motivator for airline loyalty via airline brand (H5), due to the specific circumstances in the airline industry in Korea.

When looking for explanations behind the resulting relationship between CSR → airline brand → airline loyalty, one could point out that Korean flag carriers in Korea tend to invest significant effort to develop and secure lifetime customers (i.e., passengers with high levels of loyalty) through wide ranges of FFP benefits, as well as various promotions and events by utilizing the commercial channels of bank and/or credit card companies in joint activities. The CSR activities of the airlines could elicit a positive image from the public. However, there may still exist a lack of influence on the relationship between brand and loyalty. This can be explained in that Korean airline passengers have a greater interest in value and beneficial offers than in airline brand. This also suggests that passenger loyalty can be influenced by altering the value offered by the airline. From the perspective of the airline, this represents a low-cost effective strategy in terms of revenue creation as well as brand awareness, which has less market influence than airline brand activity. Joint activities with commercial partners can create a greater number of commercial messages than a strategy centered on the single purpose of enhancing airline brands. In addition, the airline industry in Korea is under strong cost-saving pressure due to external and internal factors, such as the global financial crisis, high fuel costs, lower yields with strong competition, and increasing labor costs. Accordingly, many airlines in Korea are reducing variable costs, including marketing and branding costs. This is reflected in the results of this research.

Passenger satisfaction is dependent on multiple factors, including CSR activities, product value offers, the level of service quality, flight frequency, the number of routes in service, convenient schedules, and so on. All of these factors can create passenger satisfaction, and they also elicit enhanced loyalty for a preferred airline. Research by Raphael K. (2015) aimed to gain a comprehensive understanding of passenger airline loyalty with some mediators, including passenger satisfaction in low-cost airline industries, and it found that the airlines should attain a high level of passenger satisfaction for becoming a successful airline based on passenger airline loyalty [77]. The present study also found a significant relationship between CSR and airline loyalty through passenger satisfaction. This demonstrated that CSR is a strong motivator for passenger satisfaction to improve the level of airline loyalty. As mentioned, CSR activities can evoke positive emotions among passengers, and at the same time, these activities have the potential to elicit a strong sense of loyalty, particularly among passengers with a strong interest in CSR.

Another notable connection existed between CSR and airline loyalty through airline trust. This perhaps suggests that the CSR activities of an airline is a strong vehicle to transform airline trust into enhanced airline loyalty. Generally, the level of trust in an airline is built over time via numerous activities to enhance areas such as safety and commercial strategies. In terms of airline operations, trust is related to factors such as flight schedules, which is related to the on-time performance of arrivals and departures, as well as overall flight safety. These considerations are key. In the present study, 83.3% of the respondents indicated that they were traveling primarily for leisure. As such, they would
have created their own specific flight plans. If an airline was unable to maintain on-time arrivals and departures, and if it was unable to operate in a safe manner, significant damage to trust levels would be incurred, which would have a knock-on effect for loyalty. With all of that in mind, CSR activities offer an extra synergy effect with airline trust, thereby influencing airline loyalty, as shown in the results of this research.

6. Conclusions and Implications

Corporations have a strong interest in CSR, as it relates to developing successful business strategies [92]. Previous studies have attended to the importance of CSR, demonstrating that it has become a general activity within corporations, with Fortune 500 companies spending more than USD 15 billion for their communities through various activities [3]. Via this strong wave of CSR within corporations, it has become essential to determine the influence of CSR on customer behavioral loyalty, which is directly related to corporate financial performance [93]. This study investigated the influence of CSR on airline loyalty through the various mediators focused on the airline industry in Korea. The results given from various analyses of descriptive statistics, internal reliability (Cronbach alpha), and CFA, containing of convergent reliability, discriminant reliability, model fit analysis, and SEM path analysis, showed that there were significant connections between CSR and airline loyalty through passenger satisfaction and airline trust. However, there was no notable influence between airline brand and airline loyalty, despite the significant relationship between CSR and airline brand.

Previous studies on the airline industry have focused on the influence of CSR on customer attitude, customer satisfaction, and corporate reputation, with the limitation of only incorporating full-service carriers in Korea [25]. There are three key differences between these previous studies and the present study. First, the present study incorporated both low-cost carriers and full-service carriers. Second, it included more mediators with new factors—passenger satisfaction, airline brand, and airline trust—which are important considerations within the airline industry. Third, it adopted a new dependent variable, which is key, as airlines have placed greater importance on achieving robust business sustainability.

This research revealed the influence of CSR on airline loyalty by utilizing the key mediators of passenger satisfaction, airline brand, and airline trust, and as such, it offers several academic and managerial implications.

In terms of academic implications, this study contributes to the literature in a meaningful way by analyzing the connections between CSR and airline loyalty through passenger satisfaction, airline brand, and airline trust. Although the connections following the framework of CSR \( \rightarrow \) satisfaction or brand or trust, satisfaction or brand or trust \( \rightarrow \) corporate loyalty, were tested and validated in previous studies, few researchers employed the connections between CSR and airline loyalty through the key parameters of passenger satisfaction, airline brand, and airline trust, particularly in Korea. The findings from the given results from the SEM analysis demonstrated that the mediation roles of passenger satisfaction and airline trust were of considerable importance for airline loyalty. However, airline brand was revealed to be less important than other key mediators in the airline industry, despite corporate reputation being an important vehicle for corporate loyalty [94].

In terms of managerial implications, this research and its results offer meaningful insights for the airline industry in Korea. The specific results for each connection represent points of discussion that should be incorporated into both current and future strategy planning within the Korean airline industry. As Korean airlines seek sustainability in an intensely competitive market, strategic planning becomes a key tool. In an effort to navigate the significant challenges looming in the airline industry, one key strategy would be to generate, secure, and extend a customer base with a strong sense of loyalty. The present study asserts that airline CSR activities affect airline loyalty through the interaction with passenger satisfaction and airline trust. Many corporations place a great deal of effort on shifting current and potential customers into the ‘lifetime customer’ category to achieve lower cost inputs with greater revenue outputs [95].
This research had several notable limitations. First, it was a challenge to find previous and current studies on the relationship between CSR and airline loyalty through various key mediators in Korea. This could be an indication that CSR activities within the Korean airline industry is still deemed as less important than other commercial and operational activities. To overcome this limitation, the present study relied on studies from non-Korean markets and a variety of industries, rather than depending on the scant literature from Korea. Second, during both the pilot and main survey, it became apparent that the general public in Korea, including well-educated participants and participants who flew frequently, did not possess a strong awareness of CSR and CSR activities. This explained why only 312 completed surveys were collected in three weeks, despite the survey being released through fast, widely available channels. This was also a strong indication that CSR is not a significant interest area within the country, and/or corporations do not invest significant energy on bolstering CSR awareness in society. Rather, CSR seems to be a quieter movement in Korea.

For further research, it should be re-examined or extended with additional key mediators closely related to the airline industry that could affect the relationship between CSR and airline loyalty. This would provide airline experts with a keener awareness of the importance of CSR in business sustainability. Moreover, this research should also be extended to the various service industries directly related to the relationship between customer behavior and business performance. This could include the areas of hotels, resorts, restaurants, and travel agents, and this would again deepen consideration for business sustainability.

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