





## HOTEL CORPORATE SOCIAL RESPONSIBILITY AND RESIDENTS' SUPPORT FOR TOURISM DEVELOPMENT

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### ABSTRACT

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Nowadays, a hotel's social responsibility has gained much attention in tourism literature. This research examines the impact of hotels' social responsibility (HSR) perceived by residents' on their community satisfaction and support of further tourism development (TD). Hotels' social responsibility practices are measured as a multidimensional variable including economic, social and environmental dimensions using (Gursoy, Boğan, Dedeoğlu, & Çalışkan, 2019) questionnaire. The questions measuring support for TD and residents' community satisfaction also extract from Gnji, Alikhani, Gholipour, Abcher, and Asri (2017) and Gursoy et al. (2019). The sample of 387 locals of Mashhad city, a famous tourist destination in Iran, was gathered. Questionnaires were examined by Structural Equation Modeling using Warp PLS 4 software. Findings show that perceived corporate social responsibility (CSR) practices increase residents' community satisfaction and also their support for tourism development. Moreover, the effect of residents' community satisfaction on their supportive behavior was significant. Lastly, the implication of this study for hotels and community planners are explained.

**Contribution/Originality:** This study is one of very few studies which have investigated the effect of hotel corporate social responsibility on residents' satisfaction and their support of further tourism development. This research provides in-depth knowledge about the role of corporate social responsibility in sustainable tourism of Iranian context.

### 1. INTRODUCTION

Due to the vital role of corporate social responsibility (CSR) on organizations financial performance (Ghaderi, Mirzapour, Henderson, & Richardson, 2019; Rhou, Singal, & Koh, 2016; Ribeiro, Pinto, Silva, & Woosnam, 2017) and stakeholders' attitudes and behaviors (Boğan, Çalışkan, & Dedeoğlu, 2018; Kim, Rhou, Uysal, & Kwon, 2017) many hotels have been focusing on their environmental, social and economic social responsibility in their strategy (De Grosbois, 2012; Levy & Park, 2011). One of the key stakeholder of each hotel is the local community whose perception toward hotels such as hotels social responsibility practices can affect not only their attitude and behavior but also tourists' experience. So, it is vital for tourism developers to understand the effect of residents' perception toward hotel social responsibility on residents' attitude and behavior regarding tourism development.

As tourism development may have an impact on host country in negative way (Gursoy, Ouyang, Nunkoo, & Wei, 2018) One of the predominant goal of sustainable development of tourism is to minimize tourism negative impacts and improve residents' community satisfaction (Numanoğlu & Güçer, 2018). Achievement to this goal needs the attention of all stakeholders to corporate social responsibility initiatives (Bhattacharya, Korschun, & Sen, 2009; Chin, Chin, & Wong, 2018; Yuen, Wang, Wong, & Zhou, 2018). One of these main stakeholders is private sector such as hotels which their corporate social responsibility activities are critical for success of boarder corporate social activities in a macro level (Gursoy et al., 2019; Hall, 2011).

Although corporate social responsibility concept gain attention in tourism literature (e.g. (Kim & Lee, 2018; Su, Huang, & Huang, 2018)), a few researches concentrate on the effect of hotel social responsibility on residents' attitude and behavior (Boğan et al., 2018; Su et al., 2018; Su., Wang, Law, Chen, & Fong, 2017). Social responsibility of each tourism destination is refer to the mutual principles of different contributors to attend socially responsible movements (Su et al., 2018) which can affect residents' community satisfaction in positive way (Gursoy et al., 2019; Kim & Lee, 2018; Su et al., 2018). So, hotels corporate social responsibility practices have an effect on locals' attitude and behavior regarding tourists, improving tourists experience (Gursoy et al., 2019). Although corporate social responsibility practices including economic, social and environmental CSR initiatives of all stockholders, this study concentrate on hotels' corporate social responsibility based on their importance for shaping tourists and locals' attitude regarding tourism development.

## **2. LITERATURE REVIEW AND BUILDING HYPOTHESIS**

### *2.1. Corporate Social Responsibility*

Bowen (1953) firstly announced corporate social responsibility as organizations approaches and actions that are beneficial for society. Kotler and Lee (2004) consider corporate social responsibility as an engagement on improvement of society prosperity through voluntary practices of business. Commission of the European Communities (2001) describes CSR as a company's voluntary social and environmental concerns in both business affairs and communication with different participants. World Business Council for Sustainable Development (1999) also consider CSR as the commitment of enterprise to improve economic growth as well as quality of life of employees, local community and society as a whole.

Studies focusing on CSR practices consider some different measurements based on different theories. For example, those researchers who evaluated corporate social responsibility by different dimensions including economic, legal, ethical and philanthropic responsibility based on stakeholder theory introduced by Farooq, Payaud, Merunka, and Valette-Florence (2014); Fawaz, Rahnama, and Stout (2014); Park and Levy (2014); Turker (2009). Some others consider economic, social and environmental dimensions of sustainable tourism (Cowper-Smith & de Grosbois, 2011; Martínez, Pérez, & Rodriguez del Bosque, 2013) which is considered in present study.

### *2.2. Corporate Social Responsibility and Community Satisfaction*

Community satisfaction refer to overall residents' quality of life and satisfaction with the community at whole (Grzeskowiak, Sirgy, & Widgery, 2003; Sirgy, Rahtz, Cicic, & Underwood, 2000). Studies show that positive perception of residents toward tourism development predicts residents' wellbeing, quality of life, attitude and behavior (Gholami, Khaky, Sadeghian, & Ghasempour, 2019; Gnji et al., 2017; Kafashpor, Ghasempour Ganji, Sadeghian, & Johnson, 2018). Tourism can influence the quality of community in terms of environmental, social and economic aspect Which improve their satisfaction (Grzeskowiak et al., 2003; Sirgy et al., 2000). Hanafiah, Azman, Jamaluddin, and Aminuddin (2016) found that responsible tourism practices positively affect the destination residents' quality of life. Regarding to hotel industry, hotels send CSR messages demonstrate their stockholders moral value including fairness and integrity, leading to residents' community satisfaction (Gursoy et al., 2019). According to the previous notions, the hypotheses is:

*H1. Perceived hotel social responsibility has positive and direct impact on residents' community satisfaction.*

### *2.3. Community Satisfaction and Support for Tourism Development*

Previous research found that locals' overall satisfaction from their community is a prominent antecedent of their attitudes and behaviors (Gnji et al., 2017; Nunkoo & Ramkissoon, 2011; Su et al., 2018). Homsud and Promsaard (2015) also shown that the residents satisfaction positively predicts their support for tourism development. Gursoy et al. (2019) also found that residents' community satisfaction affects their support of tourism development. So, this study proposes that:

*H2. Residents' community satisfaction has positive and direct impact on their support for tourism development.*

### *2.4. Corporate Social Responsibility and Support for Tourism Development*

Different studies have investigated on factors influencing support of tourism development. These studies reported that different variables such as residents' perceptions of tourism impacts (Bakhsh, Potwarka, Nunkoo, & Sunnassee, 2018; McGehee & Kim, 2004) destination social responsibility (Su et al., 2018) and residents' quality of life (Woo, Kim, & Uysal, 2015) affect residents' attitude and behavior toward tourism development. According to the definition of CSR by Kotler and Lee (2004) and World Business Council for Sustainable Development (1999) the goal of corporate social responsibility practices are to improve different stakeholders like residents' quality of life. Social exchange theory (Ap, 1992) show that residents decide to support tourism development if they consider the benefits of hotel corporate social responsibility, such as improved quality of life, more than probable costs. According to the preceding literature, this hypothesis is formulated:

*H3: Residents' corporate social responsibility has a direct and positive impact on supporting tourism development.*

## **3. METHODOLOGY**

### *3.1. Measurement Scales*

The quantitative method based on the questionnaire was applied in this study to test hypothesis. This study attempts to investigate the effects of hotel social responsibility on residents' community satisfaction and support of tourism development. To examine corporate social responsibility, we consider three dimension including economic with six item, social with 10 items and environmental dimension with 7 items extracted from Gursoy et al. (2019) and Martínez et al. (2013). To evaluate support for TD, we adopted to Gnji et al. (2017) questionnaire. Moreover, the questions measuring community satisfaction extracted from Gursoy et al. (2019).

### *3.2. Research Population and Sample*

Mashhad is the most important religious city in Iran attracting a huge number of tourists each year. Residents living in center of the city surrounded by hotels and restaurants considered as the statistical population. The sample size is estimated 384 individuals according to Cocaran formula for indefinite population. A total of 425 responses were received by available sampling. Those questionnaires with "straight-lining" problem or having more than five percent missing value were discarded. Finally, 387 complete questionnaires were analyzed.

## **4. DATA ANALYSIS AND RESULTS**

In this study, to test three hypotheses, structural equation modeling was used. So, Warp PLS 4 was utilized to show the relationship between variables.

### *4.1. Measurement of Demographics*

The demographic characteristics of the 387 respondents participate in this survey are provided in Table 1.

Table-1. Sample demographic characteristic.

| Demographic characteristics | Frequency | Percentage |
|-----------------------------|-----------|------------|
| <b>Sex</b>                  |           |            |
| Male                        | 212       | 55%        |
| Female                      | 175       | 45%        |
| <b>Age</b>                  |           |            |
| 25 or younger               | 89        | 23%        |
| 26-35                       | 95        | 24%        |
| 36-45                       | 83        | 21%        |
| 46-55                       | 64        | 17%        |
| More than 56                | 56        | 15%        |
| <b>Education</b>            |           |            |
| Diploma/School student      | 117       | 30%        |
| Bachelor                    | 175       | 44%        |
| Master                      | 83        | 21%        |
| Ph.D.                       | 12        | 5%         |

4.2. Validity and Reliability

Seven tourism management professors as an expert panel confirmed the face validity of questionnaire. We also used Cronbach’s alpha, Composite reliability, the average variance extracted (AVE) for assessing questionnaire’s validity and reliability, shown in Table 2:

Table-2. Validity and reliability test.

| Variables                       | AVE   | Composite Reliability | Cronbach’s Alpha |
|---------------------------------|-------|-----------------------|------------------|
| CSR                             | 0.683 | 0.826                 | 0.796            |
| Community satisfaction          | 0.729 | 0.921                 | 0.814            |
| Support for tourism development | 0.704 | 0.893                 | 0.852            |

According to Table 1, Cronbach’s Alpha values, Composite Reliability (CR) values and average variance extracted (AVE) values of all constructs are higher than 0.7, 0.8 and 0.5 respectively, that meet the criterion of strong reliability (Chin & Gopal, 1995; Fornell & Larcker, 1981).

4.3. Hypothesis Testing

Hypothesis test by using Warp PLS software. The results are available in Figure 1:

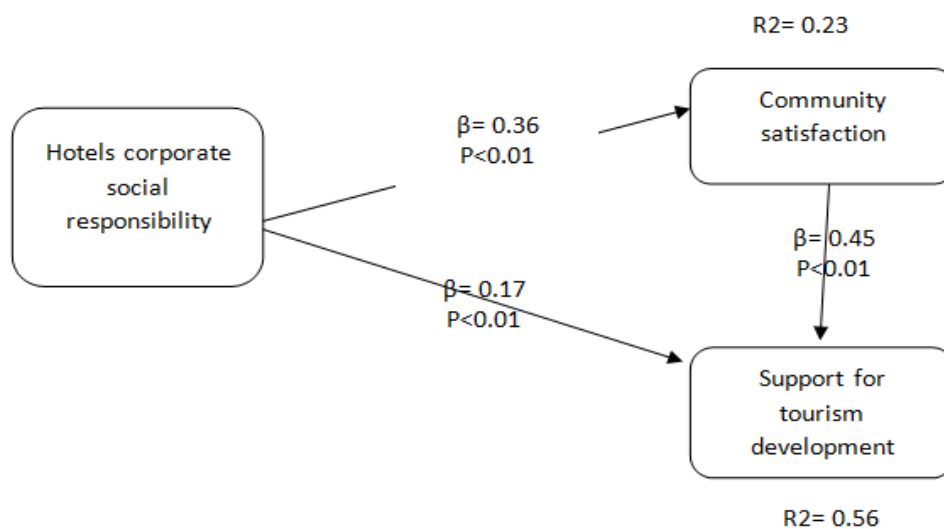


Figure-1. Conceptual model testing.

According to Figure 1, the R<sup>2</sup> value implies that 23% of changes in residents' community satisfaction can be explained by hotel social responsibility. It means that conducting corporate social responsibility practices by hotels is one of the key predictable in changes of community satisfaction. The results also show that 56% of changes in residents support for tourism development can be predicted by hotel social responsibility and community satisfaction. The results of hypothesis testing provided in Table 3.

Table-3. Hypothesis testing.

| Hypothesis  | $\beta$ | Status   | P- value | Result    |
|---|---------|----------|----------|-----------|
| H1. CSR -> Community satisfaction                             | 0.36    | moderate | P<0.01   | Supported |
| H2. CSR -> Support for tourism development                    | 0.17    | week     | P<0.01   | Supported |
| H3. Community satisfaction -> Support for tourism development | 0.45    | strong   | P<0.01   | Supported |

## 5. DISCUSSION

The results show that establishment of corporate social responsibility practices of hotels such as environmental, social and economic initiatives increase the community satisfaction (Hypothesis 1). This result was supported by previous research like Gursoy et al. (2019). Hanafiah et al. (2016) It also shows that responsible tourism practices increase the residents' quality of life. The second hypothesis was also confirmed ( $\beta = 0.17$ ,  $P < 0.01$ ) which means hotel social responsibility has a positive and weak effect on residents support of tourism development. Lee, Kim, and Kim (2018) also show that corporate social responsibility including legal, ethical, philanthropic and environmental corporate social responsibility have a positive effect on residents support for tourism development. Finally, the third hypothesis of this research was confirmed ( $\beta = 0.45$ ,  $P < 0.01$ ). This means that residents' community satisfaction strongly affects support for TD. This result was supported by previous research like Gursoy et al. (2019) and Woo et al. (2015). Lee et al. (2018) also show that quality of life can determine residents' support for TD.

## 6. CONCLUSION

The aim of the research is to examine the impact of HSR practices on residents' community satisfaction and support for further TD. The results show that hotel social responsibility can predict community satisfaction of residents. Based on the result, conducting and persuading hotel social responsibility initiatives affect residents' support for tourism development as well. So, authorities can improve both residents' satisfaction and quality of life and further TD by motivating hotels and tourism holders to peruse their corporate social responsibility in terms of economic, social and environmental responsibility.

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