

Chapter 4

The Impact of CSR on Consumer Responses in the Hospitality Industry: CSR and Consumer Responses

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ABSTRACT

In recent years, increasing attention has been given to the concept of corporate social responsibility (CSR) and there is a legitimate pressure on business from the stakeholders to behave in a socially responsible manner. Growing complexity of business, increasing concern for sustainable development, need for managing of natural resources and call for enhanced transparency have not only magnified the significance of CSR but also heightened the inclination towards integration of CSR principles in the corporate activities. The purpose of this study is to understand how CSR initiatives influence the consumer responses in the hospitality industry. Findings suggest that corporate ability has a strong effect on customer purchase intention while CSR activities were found to exert influence on customer purchase intention in cases where the customer was aware of such activities being conducted.

INTRODUCTION

In the last two decades corporate social responsibility (CSR) has emerged as an important construct in academic literature as well as in business practices. CSR is not a new idea or fad (Wu, 2002), companies are backing CSR initiatives in the form of philanthropy and socially responsible programs (Brown & Dacin, 1997). The literature on the area of CSR has emerged from two perspectives (Berger et al., 2007). One stream of research has come from the management literature. The focus here is on normative question of whether a company's should engage in CSR activities or not, and does these activities have any influence the financial performance.

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Another stream of research is from marketing literature and has focused on how consumers perceive the CSR activities at an individual level. Both the marketing and management literature have addressed this topic for many decades. This research has contributed in our understanding of CSR as a concept and its relative effect on the consumer's attitude, perception and behavior (Fatma & Rahman, 2015). From the 1990's and especially in this decade, research on consumer related CSR has been increasing (Brown & Dacin, 1997; Sen & Bhattacharya, 2001; Mohr & Webb, 2005; Ramasamy & Yeung, 2009). The reason for this increasing interest in CSR is its significant influence on consumer responses to the situation where consumers are demanding more from companies rather a quality product at a lower price (Bhattacharya & Sen, 2004). Despite a fact, as a number of studies analyzing the influence of CSR on consumer behavior (Marin & Ruiz, 2007; Sen & Bhattacharya, 2001; Tian et al., 2011), the results are contradictory (Marquina & Vasquez-Parraga, (2013). Many studies have confirmed the positive influence of social responsibility on consumer behavior (Creyer & Ross, 1997; Brown & Dacin, 1997) while in other cases this notion has been rejected (Cardigan & Attalla, 2001; Bouldstridge & Carrigan, 2000), as CSR is far from the traditional criteria of purchasing as price and quality etc. (Bouldstridge & Carrigan, 2000). Customer buys for the personal reason rather for a societal reason (Beckmann et al., 2001).

Our study is in line with Brown and Dacin, (1997), call for research, "how socially oriented activities might bring about positive outcomes for the firm" (p. 80). Following a Brown and Dacin (1997), we use the term corporate association, refers to all the information that a person's holds about a company and its products. For instance, consumers hold the information about a company that generates a huge knowledge network. In other words, consumer that holds positive association about a company is likely to generate a favorable outcome with the focal company. The concept of purchase intention is the central concept in the consumer behavior studies, however, has not been studied in analyzing the role of corporate association. Taking this into account, this study explores the in depth role of corporate association in relation to purchase intention. However, the available literature on this area shows a lack of homogeneous conceptualization of CSR from the consumer perspective (Green & Peloza, 2011).

The objectives of this study are: 1) to understand the ways in which hotels conduct CSR activities, 2) to determine consumer awareness of these initiatives, 3) to measure the effect of consumer awareness of CSR activities on consumer purchase intentions, and 4) to understand how consumers tradeoff between traditional criteria and socially responsible practices. The paper is structured as follows: It starts with review of literature and further develops the hypothesis. Next, it explains the research methodology adopted for the study followed by analysis, results and discussion. The paper closes with conclusions and implications of the study.

LITERATURE REVIEW

Corporate Social Responsibility

Corporate social responsibility (CSR) is a broad concept consisting of many dimensions (Carroll, 1979, 1991). It has been defined differently by different author and has added many meanings on its terminology like corporate citizenship, corporate social responsiveness and corporate sustainability. Garriga and Mele (2004) have categorized the dimension of CSR in four theories i.e. instrumental, ethical, political, and integrative. It may refer to the "the voluntary integration of social and environmental concerns into business operations and into their interaction with stakeholders" (European commission, 2002). CSR has

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