Measuring consumer perception of CSR in tourism industry: Scale development and validation

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ABSTRACT

The purpose of this study is to develop a new scale to measure consumer perception of corporate social responsibility (CSR) activities in the tourism industry. A qualitative research has been carried out to generate a pool of items. Based on the scale development procedure suggested by Churchill (1979), various reliability and validity tests have been carried out to confirm scale structure. Results show the three dimensional 18 item scale for measuring consumer perception of CSR activities in the tourism industry. This study contributes to literature by offering a comprehensive framework based on a sustainable development approach for measuring consumer perception of CSR activities.

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1. Introduction

Increasing pressure from stakeholders has forced tourism companies to adopt sustainable practices (Font, Walmsley, Cogotti, McCombes, & Häusler, 2012), and this trend is likely to only increase (Kang, Lee, & Huh, 2010). According to The European Commission (2006), CSR is a "concept whereby firms decide voluntarily to contribute to a better society and a cleaner environment" and its implementation is possible by integrating the "social and environmental aspects into business operations and their interaction with the stakeholders" (European Commission, 2006, p. 6). It also highlights, "being socially responsible means not only meeting its legal obligations which no doubt every firm has to satisfy, but going beyond this by investing more in human capital, in the environment, and in its relationships with stakeholders" (European Commission, 2006 p. 8). Thus, firms are motivated to engage in socially responsible activities not only towards achieving business objectives, but also because such activities are a reflection of stakeholder expectations from the firms (Gallardo-Vázquez & Sanchez-Hernandez, 2014).

In extant literature, CSR has commonly been measured as a one-dimensional construct (Marin & Ruiz, 2007; Lichtenstein, Drumwright, & Braig, 2004) comprising legal and philanthropic responsibilities. Only a few studies have adopted the multi-dimensional perspective to measure CSR (Decker, 2004; Gracia de Los, Crespo, & Del Bosque, 2005; Maignan, 2001) which more clearly reflects the different theoretical dimensions of the phenomenon. However, this approach is not beyond criticism. Even in studies that have followed the multi dimensional perspective, different approaches have been used to define the concept of CSR, giving mixed results (Turker, 2009). It has been expressed that CSR does not mean the same thing for all the concerned stakeholders and its conceptualization fluctuates across industries (Decker, 2004; Fatma & Rahman, 2016). Thus, a specific instrument is warranted to measure stakeholder perspective in this specific industry (e.g. tourism).

CSR is increasingly being given priority by companies the world over (Porter and Kramer 2006). Majority of research on CSR has been carried out in western nations (Maignan, 2001; Pomering & Dolnicar, 2009); there are limited studies published in an Asian context (Chapple and Moon, 2005; Fatma, Rahman, & Khan, 2014; Gracia de Los et al., 2005; Ramasamy, Yeung, & Au, 2010), and lesser remains known about the phenomenon in emerging countries. More research in different contexts is required to get a deeper understanding of CSR and its underlying mechanisms (Fatma and Rahman, 2014; Jamali and Mirshak, 2007). The present study is an attempt to fill this gap in literature and offers a scale for measuring consumer perception of CSR activities in a developing nation.

The concept of sustainable development assumed prominence among academics and practitioners in the mid-1980s. The UN report, 'Our Common Future' defines sustainable development as

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meeting the need of the present generation without compromising the ability of future generations to meet their needs and aspirations. Initially, this concept was related to environmental issues only, but in due course of time, it broadened and came to include social and economic aspects also. After the global crisis in 2008, society became more conscious about social, economic and environmental issues. Sustainable development has been widely adopted in the tourism industry (Henderson, 2007). Increased awareness among consumers towards social and environmental issues led to a demand that tourism companies protect the cultural heritage and places visited by tourists (Bigne at al., 2000). Research on CSR in tourism is still underdeveloped (Dwyer & Sheldon, 2007). The purpose of the present study is to develop a measurement scale of consumer perception of CSR in the tourism industry, specifically the hospitality segment. The scale is based on the theoretical framework of sustainable development given by Elkington (1998), known as *'Triple Bottom Line''* that comprises three dimensions - social, economic and environmental. The present study is based on the sustainable development framework and understands the concept of CSR as the degree to which the company adopts social, economic and environmental concerns in their practices or operations (Hillman & Keim, 2001).

The contribution of this study lies in providing a valid and reliable scale to measure consumer perception of CSR towards hoteliers. This scale is based on the conceptual framework of sustainable development and reflects the three dimensions of CSR (economic, social, environmental) as perceived by consumers. This paper is organized as follows: It starts with offering an understanding and meaning of the CSR concept, followed by a review of previous literature on CSR in the tourism and hospitality industry. An explanation of existing measures of CSR is given next. This is followed by the scale development process, discussion and conclusion. The article ends with highlighting the limitations and future research directions.

2. CSR: the concept

CSR is a concept that has been assigned several terminologies such as corporate social performance, corporate sustainability, corporate social and environmental responsibility (Blowfield & Murray, 2008; Brammer & Pavelin, 2004; Carroll & Shabana, 2010; Mirvis & Googins, 2006; Salzmann, Ionescu-Somers, & Steger, 2005). The concept has also been defined in many ways. The European Commission view on CSR is that of a 'concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis' (Commission of the European Communities, 2006, p. 5). Some of the present definitions are based on the idea that CSR is basically 'sustainable development for businesses' whereby organizations voluntarily consider, and follow up on, their natural and social gains and losses along with the financial ones. Sustainable development has also been termed the 'triple bottom line' approach (Moneva et al., 2006).

The principles of sustainable development are in line with the concept of CSR and the two have sometimes been used interchangeably (Chow & Chen, 2012). The concept of sustainable development gives equal weight to all participants in the development process (Henderson, 2007). CSR is based on the fundamental tenets of sustainability whereby companies voluntarily participate in the act of the social, economic and environmental gains (Moneva et al., 2006). Recently, United Nations called for a 'global compact' where 'the responsible corporate citizens' unite with other bodies to implement a 'more sustainable and inclusive global economy'. At the macro level, the concept of sustainable development "calls for a convergence between the three pillars of economic development, social equity, and environmental protection" (Drexhage & Murphhy, 2010, p. 2). This concept demands attention at the managerial level to align profitability and *"triple bottom line"* approach, and develop CSR strategies that are more visible and transparent to stakeholders (Oberseder et al., 2014). Thus, the CSR definition found useful for this study is, "a firm's commitment to maximize long-term economic, social and environmental well-being through business practices, policies and resources" (Du & Vieira, 2012, p. 1). This definition takes the dimensions of CSR from the sustainable development framework and operationalizes consumer perception of CSR towards economic, social and environmental dimensions (Van Marrewijk, 2003).

3. CSR in tourism and hospitality industry

CSR as a phenomenon with multiple definitions and terminologies exists in literature specific to the tourism industry also. Tourism is a service delivered by individuals which entails offering pleasurable experience, transportation, convenience and entertainment (Henderson, 2007). Tourism firms are responsible to the environment and the destinations where they operate and conduct business. Superior planning and management in the tourism industry involves not only considering purchaser tastes and stakeholder demands, but also ecological development (Henderson, 2007). Generally, CSR initiatives form part of sustainability practices adopted by firms in the hospitality segment (Houdre, 2008). Han, Hsu, and Lee (2009) stated that implementation of CSR practices, particularly the environmentally sustainable practices, can reduce cost of operations for hotels.

The hospitality segment is a sub-sector of the tourism industry (Davidson, Timo, & Wang, 2010). However, it is expanding very rapidly and globally being recognized as a separate industry in itself (Papiryan, 2008). This development in the hospitality sector is largely based on the cultural and natural resources, tourism planning and development, wide coverage of airports, low production cost and low turnover rate (Buhalis, 1999). Goldstein and Primlani (2012) have suggested that the concern for sustainability among hoteliers can be traced back to the late 1960s, and "the past several decades have seen a growing awareness amongst hoteliers and investors regarding the environmental and social impacts of hotel development and operations" (Goldstein & Primlani, 2012, p. 3). The hotels can benefit by addressing the social and environmental issues and striving towards sustainable development (Pryce, 2001). Some studies in tourism literature have shown that companies engage in sustainable and environmental practices due to stakeholder pressure (Alvarado-Herrera, Bigne, Aldas-Manzano, & Curras-Perez, 2015). These stakeholders include tour operators, customers, employees, suppliers, NGOs, government etc (Brown, 1996; Cheyne & Barnett, 2001). Amongst these, the most influential group to exert pressure on hoteliers to adopt greener practices and code of ethics is that of consumers (Ayuso, 2006). The present study focuses on the Indian tourism industry, specifically the hotel sub sector, in order to determine consumer perception towards CSR initiatives in the sector.

4. Academic proposals for measuring CSR

According to the Carroll (2000), CSR should be measured because — "*it is an important topic to business and to society, and measurement is one part dealing seriously with an important matter. The real question is whether valid and reliable measure can be developed*" (Carroll, 2000, p. 473). There is an assortment of estimation methods to measure CSR in both scholastic and business groups (Turker, 2009; Sangle, 2010; Fatma & Rahman, 2015a,