



Review Article

A conceptual model of corporate social responsibility dimensions, brand image, and customer satisfaction in Malaysian hotel industry

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ABSTRACT

Corporate social responsibility (CSR) has become a core concept in the context of the hotel industry where it is considered as a significant factor in competition and a firms' survival, primarily because CSR influences customer satisfaction. However, there are still few studies examining the relationship between the dimensions of CSR (economic, philanthropic, legal, and ethical) and customer satisfaction, particularly in the Malaysian hotel sector. Additionally, some studies have contended that CSR activities may indirectly affect customer satisfaction, and some factors may potentially mediate the effects of CSR activities on satisfaction. Hence, the present study developed a conceptual model to explain the relationship between the dimensions of CSR, brand image and customer satisfaction. According to the proposed model, CSR dimensions may positively influence customer satisfaction, with brand image mediating the relationship.

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Introduction

The Malaysian tourism industry makes a significant contribution to national gross domestic product (Yen & Othman, 2011; Zailiani, Omar, & Kopong, 2011); added to this, Malaysia has seen a steady growth in its hotel industry, with revenue from tourism showing a steady increase over the years. More specifically, according to statistics, tourists' arrivals increased from 2008 (22.05 million) to 2015 (25.70 million), with receipts adding up to RM 69.1 billion (Tourism Malaysia, 2016).

Therefore, income from tourism has become a core source of economic growth in Malaysia, with the hotel industry showing a significant profit. It is, therefore,

important to search for ways to enhance hotel services and suggest factors to manage the provision of specific services that could enhance customer satisfaction and encourage revisits (Poon & Low, 2005). In the context of the current tourism industry, customer satisfaction is considered to be a determinant success factor, and hotels cannot remain competitive if they do not meet their guests' expectations (Forozia, Zadeh, & Gilani, 2013).

A successful hotel business hinges on understanding the major determinants of customer satisfaction. As the competition continues among Malaysian hotels for a larger market share, they require effective marketing strategies to attract Asian and Western clients (Poon & Low, 2005) and meeting their initial expectations and extending this to establishing customer loyalty and intention to revisit.

In present times, customers' decisions are susceptible to various issues including value for money, natural disasters, change in climate, and considerable financial differences in developed nations resulting from economic crises

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(Martínez, Pérez, & del Bosque, 2014). Moreover, customers' values, needs, aspirations, and expectations change as time passes. The current customers of the tourism industry and hotels are aware of the planet's resources and inhabitants (Brunk, 2010), and they possess higher purchasing power and greater freedom to choose. Also, according to Reisinger (2009), their travel ideology emphasizes the significance of a healthy environment, preservation of natural resources, and an understanding of the effect of intellectual, emotional, and spiritual well-being, and this impacts their purchasing decisions. The above are issues that have to be noted by hospitality firms in order to play a productive societal role through the introduction of CSR into strategies to bring about customer satisfaction, loyalty, and sustainable competitiveness (Nemec, 2010).

Many studies contend that among the core motivations for the use of CSR in strategies is the chance to make a business stand out from its rivals (Porter & Kramer, 2006) and to develop its profitability (Lee, 2008). Studies in the context of the US have focused on examining the benefits obtained from CSR implementation (Levy & Park, 2011), and determining the way CSR contributes to significant customer behavior. However, other contexts need to be examined, especially emerging economies (Gao, 2011; Vong & Wong, 2013), specifically in non-manufacturing industries (Xun, 2013). In this regard, Nasir, Halim, Sallem, Jasni, and Aziz (2015) showed that the majority of studies dedicated to the Malaysian context concentrated on disclosure, and thus, there is a need to focus on CSR activities and their effects.

Prior literature also evidenced CSR's major contribution to customer satisfaction in varying sectors like telecommunications (He & Li, 2011) and banking (Arıkan & Güner, 2013). Additionally, recent investigations have shown the importance of CSR for tourism-based industries, such as those of Coles, Fenclova, and Dinan (2013), Inoue and Lee (2011), Kim and Kim (2014), and Lee, Seo, and Sharma (2013).

To this end, Line and Runyan (2012) recommended that future studies should address CSR-related issues from the viewpoint of the customer, and not just be confined to its implementation from the perspective of the tourism and hospitality industry. Researchers also contended that little is known about the influence of activities on customer satisfaction, brand image, and the like (Lee & Heo, 2009).

In line with the above arguments, little research has addressed the impact of CSR dimensions on customer satisfaction in the context of the hotel industry, and further studies should be undertaken to minimize the literature gap in this topic (Coles et al., 2013; Kucukusta, Mak, & Chan, 2013; Nyahunzvi, 2013; Park & Levy, 2014; Sheldon & Park, 2011; Tingchi Liu, Anthony Wong, Shi, Chu, & Brock, 2014; Zupan & Milfelner, 2014). This recommendation was supported by Bhattacharya, Korschun, and Sen (2009) who suggested that a better understanding of the basic drivers of the relationship between CSR and customer satisfaction is required.

Added to the above, CSR activities may indirectly affect a firm's performance, indicating that potential factors of CSR activities may act as mediators. Similarly, Lee and Heo

(2009) and Romani, Grappi, and Bagozzi (2013) stated that potential mediating variables have been largely ignored and there is insufficient information on the theoretical approaches employed to understand the relationship between CSR and customer satisfaction. Earlier, Freeman (1984) had argued, in light of stakeholder theory, that CSR activities could improve brand image for customers, for employees, and for other relevant stakeholders. It stands to reason that such activities can ultimately improve the satisfaction of customers. Similarly, Coldwell (2001) claimed that effective corporate social performance leads to a good corporate image, and ultimately improves the overall performance of the firm. However, empirical evidence for this relationship is still mixed and, for the most part, circumstantial (Coldwell, 2001). Martínez et al. (2014) urged further studies to examine the relationship between CSR activities, brand image, and customer satisfaction, as little is known concerning the relationship of these variables in the context of the tourism and hospitality industry. As a result, the main aim of this study was to provide a conceptual model that can help to explain the relationship between CSR dimensions and customer satisfaction in the hotel sector, as well as to explore the mediating influence of brand image on this relationship.

Literature Review and Hypothesis Development

CSR Dimensions and Customer Satisfaction

As a concept, CSR has no universally acknowledged definition (Freeman & Hasnaoui, 2011) but is generally defined in light of multidimensional terms (Rowley & Berman, 2000). For example, Carroll (1991) proposed that CSR is a construct that has many dimensions: economic, legal, ethical, and philanthropic. The economic CSR dimension addresses the corporation's economic responsibilities to its many stakeholders, while the legal dimension addresses its responsibilities towards complying with the rules and regulations set up by the policy makers. The ethical dimension addresses the responsibility of the corporation to be just in decision making and performance over and above its legal obligation and lastly, the philanthropic dimension addresses its responsibility to take part in activities promoting the welfare of human beings.

In a general sense, CSR can be referred to as those activities and the status of a firm that are linked to its obligations towards stakeholders and the society it operates in (Brown & Dacin, 1997; Sen & Bhattacharya, 2001). The primary aim behind CSR is the possible advantages that firms can obtain from being socially responsible to their stakeholders (Tian, Wang, & Yang, 2011). Among the different stakeholders, the customer group needs extra attention as CSR schemes have a significant effect on customer-related outcomes (Bhattacharya & Sen, 2004).

According to the equity theory, customers can be considered as stakeholder types who are concerned with the economic value of consumption as well as the overall stance of the company, including its fairness as reflected by its CSR initiatives towards varying groups of stakeholders

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