The Influence of Corporate Social Responsibility on Customer Loyalty: Evidence from the Travel Agencies and Hotels

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Abstract
Despite the increasing interest in corporate social responsibility (CSR) marketing practices, the role of CSR has little been explored in the area of tourism and hospitality marketing, especially in regard to the potential effects of CSR initiatives on customer responses. Also, there are few scholars, if any, who overviewed this concept in the developing countries. By understanding the effectiveness of CSR practices in the market place and its impact on customers’ responses towards the company, travel agencies and hotel operation will be able to attract new customers as well as keep strong relationships with current customers. CSR marketing will provide the firm a competitive edge over its competitors. This paper explores how customers’ perceptions of firms’ corporate social responsibility (CSR) determine customers’ behaviour and influence customer loyalty through satisfaction and commitment. To investigate such influence, data were collected through a questionnaire distributed to a sample of 350 customers of Egyptian hotels and 300 customers of Egyptian travel agencies. A total of 335 responses from hotels’ customers and 260 responses of travel agencies’ customers were collected and analyzed using structural equation modelling method. Results showed that CSR contribute to achieving customer loyalty in both sectors and confirmed the roles of satisfaction and commitment as mediating variables. These results imply that CSR can be used as a main tool for marketing strategy. Certain CSR marketing actions could work better than others to create positive identification and image of the company.

Keywords: Corporate Social Responsibility; Customer Behaviour; Satisfaction; Commitment; Loyalty.

Introduction
Corporate social responsibility (CSR) is the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life (World Business Council on Sustainable Development, 2000). Although some studies noted that the beginning of the academic interest in CSR could ascend to the 1850s (Smith, 2003), it is only recently that it has acquired the position it currently has within teaching and research institutions, non-governmental organizations (NGOs), corporations, governments and agencies (Garriga and Mele, 2004).

Top companies in different industries responded to their stakeholders, consumers, societies and governments and launched various initiatives to reveal their CSR commitments. For example, General Electric initiated “Ecomagination” (a neologism combining ecology with imagination) as its strategic key word (Business Wire, 2005) and ever since has continued to disclose extensive reports on environmental issues. HSBC, a leader in global banking, declared a carbon neutral initiative, showing its commitment to CSR for climate change problems (BBC News, 2004), while in 2008, Wal-Mart launched its new jewellery line called “Love, Earth” in which Wal-Mart only uses gold, silver and diamonds from mines and manufacturers that meet sustainability standards established by Wal-Mart (Fibre2fashion, 2008). Parallel to this universal fashion of public and corporate attention to CSR issues, the hospitality industry and travel agencies have shown an ever increasing interest in CSR. For example, the number of CSR and environmental news items on a hospitality industry web site, Hospitality Net, increased from 63 in 1999 to 139 in 2007 with 10.4% compound annual growth rate while the number of overall news increased with just a 2.8% compound annual growth rate. More leading hospitality companies, including Hilton, Starwood, Choice Hotels, Starbuck and McDonald’s, exclusively provide CSR related reports. Also, many travel agencies and airlines including British Airways, SAS Group, Cathay Pacific and Dragonair launched carbon-offsetting programs to help fund environmental projects (Armstrong, 2008; Kjelleggard, 2007).

Egypt has a powerful tradition of giving practiced in both the Christian and Islamic faiths. Christians offer “ushur” or tithes and Muslims offer “zakat” or alms giving. Charity and charitable institutions are rooted in the Egyptian society going back to the eleventh century. The most popular and primary institutional form of charity acknowledged at that time was the endowments known as “waqaf” which proliferated under the Mamluk period. The nineteenth century witnessed the birth of civil society and with the beginning of the twentieth century the number of powerful and active civil society institutions working for charity, social services, Islamic practices, women rights, education and advocacy increased.
The last et al., being (Beloe, 2000), Some studies have found that the roles of satisfaction and commitment as a sample of 350 customers of Egyptian hotels and (81%), managing and reporting company finances accurately (76%), marketing and advertising products and services important CSR activities as: operating with ethical business practices (87%), valuing employees and treating them well (81%), managing and reporting company finances accurately (76%), and environmental sustainability and anti-corruption. The aim of the current study is to explore how customers’ perceptions of firms’ corporate social responsibility (CSR) influence customer loyalty through satisfaction and commitment.

Theoretical Background

Corporate Social Responsibility: The Concept, Concerns and Initiatives

The basic idea of CSR is the recognition that businesses are a part of society and that they have the responsibility to make a contribution to social goals and aspirations (Jones et al., 2006). While it has been debated since the 1930s whether or not corporations have certain responsibilities for society’s wellbeing (Cochen 2007; Okoye 2009), the concept of corporate social responsibility (CSR) evolved in the 1950s incorporating concepts such as moral and ethical behaviours, respect for all stakeholders, and contribution to societal well-being (Beloe et al., 2006; Birch and Jonker 2006; Bowen 1953; Carroll 1999; Halal 1986; Tepelus 2008). The development of the CSR concept has received attention of several scholars. Carroll (1979, 1991) delineated the CSR construct by stating “the social responsibility of business encompasses the economic, legal, ethical, and discretionary (philanthropic) expectations that society has of organizations.” This definition has become fairly widely accepted (del Mar García de los Salmones et al., 2005; Mohr et al., 2001) and emphasizes four principle types of responsibilities; economic, legal, ethical and philanthropic (Matten and Crane, 2005). The World Business Council for Sustainable Development also defines CSR as “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life, of the workforce, and their families, as well as of the local community and society at large” (McWilliams and Siegel 2001). Also, the European Commission (2010) defines corporate social responsibility as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.” A common definition in the management literature comes from Davis (1973, p. 312), who defines CSR as “the firm’s considerations of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm to accomplish social [and environmental] benefits along with the traditional economic gains which the firm seeks.” Perhaps the most parsimonious definition that encompasses the above ideas is that CSR represents voluntary firm endeavours which benefit society.

There are commonalities among the definitions of CSR such as CSR is the obligation of the firm to stakeholder, CSR is business actions beyond the firm’s economic or technical interest, CSR is the commitment to behave ethically, CSR should contribute to economic development, CSR should improve life of the workforce and local community and CSR should reduce environmental impacts. Dahlsrud (2008) also established that the definitions of CSR are to a large degree congruent. Dahlsrud developed five dimensions of CSR (through a content analysis of 37 CSR definitions that were obtained through a review of the literature and WebPages), they include the social dimension, the environmental dimension, the stakeholder dimension, the economic dimension and the voluntariness dimension. Within the same perspective, Carroll (1991) suggests four key dimensions of CSR: first, economic responsibilities of the firm on which the other three are based; second are its legal responsibilities; third are its ethical responsibilities to do what is right; and fourth are its philanthropic responsibilities to be a good corporate citizen and improve the quality of life for the society. The concept of corporations as social entities doing philanthropic deeds is supported by many authors (Matten and Crane 2005; Smith 1994), with Porter and Kramer (2002) arguing that CSR can be a critical strategic direction for the firms’ long-term success. In contrast, Friedman argued that the only social responsibility of business is to make a profit, thereby rejecting three of Carroll’s dimensions (Friedman, 1970).

Another caution against CSR highlights the unintended negative consequences that occur when a firm makes trade-offs to accomplish both profit-making goals and societal goals (Sasse and Trahan, 2007). When concern for long-term profit maximization exceeds that of the short term, some trade-offs are minimized and CSR becomes a more viable strategy (Falick and Heblich 2007; Nicolau 2008; Rust et al., 2004).

Given changes in the global environment since Friedman’s writing, CSR is gaining more traction; however, it remains a contested concept. A wide range of activities can be linked to CSR giving rise to the more general term corporate responsibility to include issues other than social ones. This inclusive concept is demonstrated in the results of a study of CSR activity by the Center for Corporate Citizenship at Boston College (2007), which reported the most important CSR activities as: operating with ethical business practices (87%), valuing employees and treating them well (81%), managing and reporting company finances accurately (76%), marketing and advertising products and services...
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responsible (68%), and maximizing long-run profits for owners (61%). Meanwhile, the Economic Intelligence Unit (EIU 2005) in a study of global businesses found that the key elements of CSR were taking proper account of broader interests of society when making decisions (35.4%), maximizing profits and serving the interest of shareholders (31.4%), and sacrificing some profits in order to do the right thing (16.4%). These broad surveys help in the understanding of CSR’s scope but do not provide details by industry or type of firm. Some studies have found that the firm’s size and location relate to its CSR activities. Multinational companies tend to pioneer the CSR concept and small and medium enterprises (SMEs, firms with less than 250 employees) tend to follow their leadership (Perrini et al., 2006). This may be because multinational companies must deal with complex local and global issues that cannot be solved solely at the governmental level requiring them to step in and act, particularly in developing countries (Marsden 2006; Van der Putten 2005). On the other hand, research has shown that SMEs tend to carry out more CSR, and those activities are “less formal and more intuitive” than in larger enterprises (Carey et al., 1997). Also firms with a stronger customer orientation are likely to engage more in CSR activities because of the potential stronger effect on sales (Tilt, 1997). Information asymmetry between customer and supplier, which is strong in tourism, also affects a firm’s adoption of CSR activities (Nicolau, 2008). The information asymmetry refers to the lack of information that customers have about tourism products before visiting the destination.

There are many international efforts to accelerate CSR adoption and create standards for its implementation. At the international level, the United Nations Global Compact is a voluntary initiative based on 10 principles for responsible corporate behaviour in the areas of human rights, labour relations, anticorruption, and the environment. The United Nations World Tourism Organization (UNWTO) developed a Global Code of Ethics at its General Assembly in Santiago 1999 and is still working to encourage its voluntary adoption. The Global Reporting Initiative (GRI) claims to be the most frequently used sustainability framework worldwide and attempts to accelerate the sustainability agenda for corporations through a set of environmental, social, and economic indicators. This initiative includes guidelines for different industry sectors, including the logistics, transportation, and tour operator sectors (Sheldon and Park, 2010). All of these initiatives are crucial to mobilizing the international business community to adopt CSR, but they are almost exclusively voluntary in nature, are somewhat duplicative, and some may be too general for tourism firms.

Corporate Social Responsibility in the Travel and Hospitality Industry

CSR calls for corporations to take their social responsibilities as seriously as they pursue their economic objectives, and this applies to international tourist hotels as to any other. International tourist hotels have become expert at holding themselves to account for the social responsibilities of their activities. However, Roner (2006) indicated that hotel industries are still lag behind other travel sectors in responsible tourism. Under the limited resources and increasing material prices, how to select optimal CSR programs and to evaluate their costs becomes a crucial problem for international tourist hotels, especially in a global severe competitive market. The importance of CSR by the travel industry has risen, especially, in recent years along with the environmental issues of degradation, climate change, and depletion of natural resources, human rights issues, and fair trade (Sheldon and Park, 2010). CSR research and studies in tourism or hotel industries are increasing recently (Erdogun and Barisib, 2007; Henderson, 2007; Kalisch, 2002; Roner, 2006;) Kalisch (2002) reported CSR cases in the tourism industry and encourage more widespread CSR practices studies in the tourism industry. Henderson (2007) emphasized that the tourism industry has particular and identifiable CSR duties outside of the business arena due to its relationship with their environment and society in spite of that it’s a challenging task to recognize or exercise those CSR obligations from the investigating hotels in the Phuket island after the 2004 Indian Ocean tsunami. Henderson research also indicated that CSR has a valuable contribution to make tourism industries sustainable. Moreover, Lee and Park (2009) found that hotel firms’ CSR has a positive relationship with financial performance.

On the other hand, the hospitality industry has shown an increased interest in CSR during the past two decades. For instance, Hospitality Net, an online resource for the hospitality industry has seen a 10.4% rise in the number of CSR and environmental news items as compared to just 2.8% for overall news from 1999 to 2007. Leaders in the hospitality industry such as Hilton, Starwood, Starbucks, and McDonald’s provide reports primarily related to CSR or sustainability (Kang et al., 2010). Websites of hospitality organizations such as Marriott, Darden, Fairmont Hotels & Resorts, and Ecolab provide extensive information about their commitment to stakeholders as well as their efforts to conserve the environment, improve employee welfare, reduce social problems, and increase community involvement. Table 1 presents some current examples of various CSR programs initiated by hospitality and tourism organizations.

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment, community, workforce, supply chain, and food</td>
<td>Darden</td>
</tr>
</tbody>
</table>
In summary, the current literature suggests that efforts are being made by the travel and hospitality industry to be responsible to the destinations where they operate. However, despite the increasing emphasis on CSR in general, the travel industry has been under researched.

**CSR and Customer Satisfaction**

Customer satisfaction is defined as an overall evaluation based on the customer's total purchase and consumption experience with a good or service over time (Anderson, et al., 2004; Fornell 1992). In the marketing literature, customer satisfaction has been recognized as an important part of corporate strategy (Fornell et al., 2006) and a key driver of firm long-term profitability and market value (Gruca and Rego 2005). At least three research streams point to a link between a firm's CSR initiatives and customer satisfaction: First, both institutional theory (Scott, 1987) and stakeholder theory (Maigman et al., 2005) suggest that a company's actions appeal to the multidimensionality of the consumer as not only an economic being but also a member of a family, community, and country (Handelman and Arnold, 1999). Building on this, Daub and Ergenzinger (2005) propose the term "generalized customer" to denote people who are not only customers who care about the consumption experience but also actual or potential members of various stakeholder groups that companies need to consider. Viewed in this way, such generalized customers are likely to be more satisfied by products and services that socially responsible firms (versus socially irresponsible counterparts) offer.

Second, a strong record of CSR creates a favourable context that positively boosts consumers' evaluations of and attitude toward the firm (Brown and Dacin 1997; Gurhan - Canli and Batra 2004; Sen and Bhattacharya 2001). Specifically, recent works on customer-company identification (Bhattacharya and Sen 2003) suggest that CSR initiatives constitute a key element of corporate identity that can induce customers to identify (i.e., develop a sense of connection) with the company. Indeed, Lichtenstein et al., (2004, p. 17) note that "a way that CSR initiatives create benefits for companies appears to be by increasing consumers' identification with the corporation ... [and] support for the company." Not surprisingly, identified customers are more likely to be satisfied with a firm's offerings (e.g., Bhattacharya and Sen, 2003).

The third literature stream that enables us to relate CSR to customer satisfaction examines the antecedents of customer satisfaction. For example, perceived value is a key antecedent that has been empirically shown to promote customer satisfaction (Fornell et al. 2006; Mithas et al., 2005). In this context, all else being equal, customers likely derive better perceived value and, consequently, higher satisfaction from a product that is made by a socially responsible company (i.e., added value through good social causes). Furthermore, engaging in CSR may allow firms to understand their generalized customers better and thus improve their customer-specific knowledge (Sen and Bhattacharya, 2001). Because improving customer knowledge represents another antecedent that has been found to enhance customer satisfaction (Jayachandran et al. 2005; Mithas, et al., 2005), it can be claimed that CSR initiatives may help promote customer satisfaction.

**CSR and Customer Loyalty**

As customer loyalty is considered a vital objective for a firm's survival and growth, building a loyal customer base has not only become a major marketing goal (Kotler and Armstrong, 2008), but it is also an important basis for developing a sustainable competitive advantage (Dick and Basu, 1994). Jacoby and Chestnut (1978, p. 1) posited that “the success of a brand in the long term is not based on the number of consumers that buy it once, but on the number of consumers who become regular buyers of the brand.” It has been well accepted that the cost of obtaining a new customer is relatively high and the profitability of a loyal consumer grows with relationship duration (Chiou et al., 2006).

Several marketing studies have reported that CSR behaviours can positively affect consumer attitudes towards the firm and its offerings (Bhattacharya and Sen, 2003; Folks and Kamins, 1999; Lichtenstein et al., 2004; Luo and Bhattacharya, 2006; McWilliams and Siegel, 2001; Mohr et al., 2001). CSR is reported to affect, either directly or indirectly, consumer responses (Berens et al., 2005, 2007). Del Mar Garcia de los Salmones et al. (2005) reported a positive relationship between CSR and loyalty.

**The Mediating Role of Customer Satisfaction**

The existing marketing literature shows accumulating evidence for the influence of customer satisfaction on firm market value. For example, firms with satisfied customers tend to enjoy greater customer loyalty (Oliver 1999), positive
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word of mouth (Szymanski and Henard 2001) and customer's willingness to pay premium prices (Homburg et al., 2005), all of which can increase a firm's market value. In linking this evidence for the influence of customer satisfaction on firm market value with our first hypothesis on the influence of CSR on satisfaction, a mediating role of customer satisfaction in the CSR-performance linkage might logically be expected. That is, CSR affects customer satisfaction, which in turn affects loyalty.

The Mediating Role of Customer Commitment

Recent research on customer loyalty reflects attempts to integrate the concept of attitudinal commitment in an effort to distinguish between true and spurious loyalty (Bloemer and Kasper, 1995; Fullerton, 2005). There are two types of customer commitment conceptualizations: affective and calculative or continuance commitment, having different antecedents, contents and consequences (Zins, 2001). Calculative commitment is the way that the customer is forced to remain loyal against his/her desire (De Ruyter et al., 1998). In calculative commitment customers can be committed to a selling organization because they feel that ending the relationship involves an economic or social sacrifice (Fullerton, 2005). Affective commitment reflects a consumer’s sense of belonging and involvement with a service provider akin to emotional bonding (Rhoades et al., 2001; Fullerton, 2003). The definition of customer commitment in the present investigation is based on its affective aspect, in view of its larger effect on loyalty compared to satisfaction (Johnson et al., 2001). A mediating role of customer commitment in the CSR-performance linkage might logically be expected. That is, CSR affects customer commitment, which in turn affects loyalty.

Conceptual Model

A graphic depiction of 5 interrelationships hypothesis is presented in Figure 1.

![Figure 1 Research framework](image_url)

- **H1:** CSR perceptions positively influence the client’s commitment in hotels and travel agencies
- **H2:** CSR perceptions positively influence the client’s satisfaction in hotels and travel agencies
- **H3:** CSR perceptions positively influence the client’s loyalty in hotels and travel agencies
- **H4:** Customer satisfaction has a positive effect on customer commitment in hotels and travel agencies
- **H5:** Customer satisfaction has a positive effect on customer loyalty in hotels and travel agencies
- **H6:** Customer commitment has a positive effect on customer loyalty in hotels and travel agencies

Research method

Sample and data collection

Data were collected through a questionnaire distributed to a sample of 350 customers of Egyptian hotels and 300 customers of Egyptian travel agencies which are allocated in Cairo. A total of 335 responses from hotels’ customers and 260 responses of travel agencies’ customers were collected and analyzed using structural equation modelling method. The current study used t-testing to compare the response groups in hotels and travel agencies. The test revealed insignificant differences in terms of the CSR perception, satisfaction, commitment, and loyalty, with a p-value between 0.41 and 0.97; therefore, the combined statistical analysis was satisfactory.

Measures

Based on the relevant literature, the present study used measurement items for each one of the following four constructs: CSR, customer satisfaction, commitment and loyalty. All items were measured on a 7-point Likert-type
scale from “strongly disagree” (1) to “strongly agree” (7). For the overall model testing, a two-step process recommended by Anderson and Gerbing (1988a) was followed; confirmatory factor analysis (CFA) was conducted to assess the measurement items in the model, followed by structural equation modelling (SEM) to test overall structural model. Measurement items in corporate social responsibility (CSR, 5 items), satisfaction (2 items), Commitment (3 items), and Loyalty (3 items) were tested.

**Data analysis and Results**

This study used LISREL 8 to analyze the research model. The measurement model of all constructs first assessed the adequacy of each multi-item scale in capturing its construct. This research checked internal consistency reliability, convergent validity, and discriminant validity before testing the hypotheses via the causal model (Anderson and Gerbing, 1988b). According to confirmatory factor analysis (CFA), this research Original CFA revealed that the model fit for the measurement model was satisfactory ($\chi^2=953.36$, df =109, comparative fit index [CFI] = .98; goodness-of-fit index [GFI] = .86; standardized root mean residual [SRMR] = .032; normed fit index [NFI] = .98). In terms of the reliability aspect, the Cronbach $\alpha$ of each variable, as displayed in Table 2, is between 0.85 and 0.88, above 0.70 recommended by Nunnally and Bernstein (1994). The composite reliability (CR) of measurable variable is between 0.85 and 0.90, above 0.6 recommended by Bagozzi and Yi (1988) and Fornell and Larcker (1981), revealing that the research variables are in the acceptable range. Validity concerns were treated using convergent validity and discriminant validity which were proposed by Anderson and Gerbing (1988b). Table 2 shows that the factor loading t value is between 8.79 and 17.41, and each measurable variable reaches significance (Gerbing and Anderson, 1988). The average variance extracted (AVE) of measurable variable is between 0.54 and 0.70, above 0.5 recommended by Fornell and Larcker (1981), and the other variables are all accepted. This measurement model, therefore, has a good convergent validity. In the test of discriminant validity shown in Table 3, the $\chi^2$ among six pair variables are all reached at $p<0.001$. Any two pair variables among them all have significance difference, and the fitness with data of the unlimited model is better. Consequently, the result supports the existence of discriminant validity (Anderson, 1987; Anderson and Gerbing, 1988a; Bagozzi and Phillips, 1982; Venkatraman, 1989).

**Table (2): The reliability and validity analysis of each measurable variable**

<table>
<thead>
<tr>
<th>Index</th>
<th>mean</th>
<th>Standard deviation</th>
<th>Factor loading</th>
<th>t</th>
<th>CR</th>
<th>AVE</th>
<th>Cronbach $\alpha$</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR 1</td>
<td>4.57</td>
<td>1.15</td>
<td>0.71</td>
<td>Standard</td>
<td>0.85</td>
<td>0.54</td>
<td>0.85</td>
</tr>
<tr>
<td>CSR 2</td>
<td>4.87</td>
<td>1.09</td>
<td>0.80</td>
<td>12.22</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSR 3</td>
<td>4.73</td>
<td>1.12</td>
<td>0.62</td>
<td>8.79</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSR 4</td>
<td>4.57</td>
<td>1.19</td>
<td>0.75</td>
<td>11.87</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSR 5</td>
<td>4.75</td>
<td>1.08</td>
<td>0.75</td>
<td>11.87</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Satisfaction1</td>
<td>5.45</td>
<td>0.85</td>
<td>0.85</td>
<td>Standard</td>
<td>0.85</td>
<td>0.67</td>
<td>0.85</td>
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<tr>
<td>Satisfaction2</td>
<td>5.46</td>
<td>0.92</td>
<td>0.86</td>
<td>14.50</td>
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<tr>
<td>Commitment1</td>
<td>5.39</td>
<td>1.01</td>
<td>0.79</td>
<td>Standard</td>
<td>0.90</td>
<td>0.70</td>
<td>0.88</td>
</tr>
<tr>
<td>Commitment2</td>
<td>5.64</td>
<td>0.87</td>
<td>0.80</td>
<td>11.73</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitment3</td>
<td>5.69</td>
<td>0.81</td>
<td>0.81</td>
<td>11.61</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Loyalty1</td>
<td>5.04</td>
<td>1.16</td>
<td>0.85</td>
<td>Standard</td>
<td>0.88</td>
<td>0.60</td>
<td>0.87</td>
</tr>
<tr>
<td>Loyalty2</td>
<td>5.05</td>
<td>1.19</td>
<td>0.84</td>
<td>17.41</td>
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<td></td>
</tr>
<tr>
<td>Loyalty3</td>
<td>5.27</td>
<td>1.22</td>
<td>0.80</td>
<td>11.88</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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Table (3): The test of discriminant validity of each measurable variable

<table>
<thead>
<tr>
<th>Index</th>
<th>Pair variable</th>
<th>Limited model</th>
<th>Unlimited model</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$\chi^2$</td>
<td>df</td>
</tr>
<tr>
<td>CSR 1</td>
<td>Satisfaction1</td>
<td>258.49</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>Commitment1</td>
<td>494.66</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td>Loyalty1</td>
<td>474.35</td>
<td>26</td>
</tr>
<tr>
<td>Satisfaction1</td>
<td>Commitment1</td>
<td>103.90</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>Loyalty1</td>
<td>336.26</td>
<td>13</td>
</tr>
<tr>
<td>Commitment1</td>
<td>Loyalty1</td>
<td>431.95</td>
<td>20</td>
</tr>
</tbody>
</table>

Structural model

After the pretest model of reliability and validity, the structural model fitness was verified. The structural equation modelling (SEM) analysis usually takes the $\chi^2$ to verify model fitness; however, the sample influences $\chi^2$, as the literature indicates (Bentler and Bonett, 1980; Marsh and Hocevar, 1985; Marsh et al., 1988). Therefore, except for considering sample size (Bagozzi and Yi, 1988), when taking the $\chi^2$ and the degree of freedom to measure model fitness, Chin and Todd (1995) required that the standard should not be over three. SEM was conducted to assess overall structural model fit. The structural model also achieved a good level of fit ($\chi^2=662.56$, df =109, comparative fit index [CFI] = .99; goodness-of-fit index [GFI] = .90; root mean square error of approximation [RMSEA] = .085; standardized root mean residual [SRMR] = .033; normed fit index [NFI] = .98)

Hypotheses testing

The present study proposed six hypotheses tests as follows: According to the results, CSR has positive impact on commitment ($\gamma = 0.12$, t = 2.19, p<0.05), satisfaction ($\gamma = 0.55$, t =7.09, p<0.01), and loyalty ($\gamma = 0.15$, t = 2.01, p<0.05). Therefore, H1, H2, and H3 are supported. Moreover, customer satisfaction has positive impact on customer commitment ($\gamma = 0.69$, t = 8.30, p<0.01) and customer loyalty ($\gamma = 0.25$, t = 2.03, p<0.05). Therefore, H4 and H5 are supported. Finally, customer commitment has positive impact on customer loyalty ($\gamma = 0.29$, t = 2.44, p<0.05) and H6 is supported.

<table>
<thead>
<tr>
<th>Path from</th>
<th>Path to</th>
<th>H0</th>
<th>Standardized</th>
<th>t-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRS</td>
<td>Commitment</td>
<td>H1</td>
<td>0.12</td>
<td>2.19*</td>
</tr>
<tr>
<td>CRS</td>
<td>Satisfaction</td>
<td>H2</td>
<td>0.55</td>
<td>7.09**</td>
</tr>
<tr>
<td>CRS</td>
<td>loyalty</td>
<td>H3</td>
<td>0.15</td>
<td>2.01*</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>Commitment</td>
<td>H4</td>
<td>0.69</td>
<td>8.30**</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>loyalty</td>
<td>H5</td>
<td>0.25</td>
<td>2.03*</td>
</tr>
<tr>
<td>Commitment</td>
<td>loyalty</td>
<td>H6</td>
<td>0.29</td>
<td>2.44*</td>
</tr>
</tbody>
</table>

**significant at p value <0.01 * significant at p value <0.05**

The results demonstrate that explanatory variance (R2) of each variable to overall model, respectively, is: customer satisfaction(R2 = 0.32), customer commitment (R2 = 0.68), and customer loyalty (R2 = 0.46). The explanatory variances of these three latent dependent variables are all above 0.30, revealing that the explanation of the research model is acceptable. Based on these results, indirect effect from CSR to customer loyalty through customer satisfaction
and/or customer commitment resulted in more significant effect. Figure 2 shows the overall model fit with standardized estimates for each path.

![Diagram](image_url)

**Figure (2): Standardized Structural Path Coefficient and Model Fit Indices**

(Mediating effects)

The current study estimates the mediating effects through SEM as suggested by Baron and Kenny (1986) and Williams et al. (2003), to respectively take competitive models to fulfil the following four conditions:

1. The relationship between the independent variable (CSR) and the mediating variables (satisfaction and commitment) needs to be significant;

2. The relationship between the independent variable (CSR) and the dependent variable (loyalty) needs to be significant;

3. The relationship between the mediating variable (satisfaction and commitment) and the dependent variable (loyalty) needs to be significant; and simultaneously

4. The independent variable (CSR) with the mediating variable (satisfaction and commitment) to the dependent variable (loyalty) need to have significant relation, and the independent variable effect needs to be weaker than the second group.
Customer satisfaction and customer commitment partially mediate the relationship between CSR and customer loyalty

**Conclusion**

The present study investigates the relationship between CSR and customer loyalty. Satisfaction and commitment were used as two mediating variables to this relationship. The empirical results support the study hypotheses and revealed a number of insights which explain such relationship. One of these insights is that CSR has a positive effect on satisfaction. This finding seems logical in a sense that customers are most likely to get a better perceived value and, consequently, higher satisfaction from a product that is made by a socially responsible company. Another insight given by the study is that CSR has a positive effect on customer loyalty. This finding was supported by Del Mar Garcia de los Salmones et al. (2005) who reported that a positive relationship between CSR and loyalty occasionally exists. Such finding could urge travel agencies and hotels to pay attention to CSR issues which can be utilized as an important basis for developing a sustainable competitive advantage and retain their current customers. In addition, the results indicated that both satisfaction and commitment have partial mediating effects on the relationship between CSR and customer loyalty. This mediating effect shed the light on the important roles that CSR play in getting customers satisfied and committed to the travel agencies and hotels' products and services. This mediating role explains to us how CSR affects customer loyalty through both satisfaction and commitment and gives importance to these two constructs in building up customer loyalty. Understanding variables that might affect CSR, travel agencies and hotels can build up a conceptual model to empirically recognize and practice CSR issues.

**Implications and Further Research**

Corporate social responsibility has been a topic of management philosophy and legal and ethical issues that management should follow. Now, it has become a main tool for marketing strategy and any firm that ignores CSR actions will suffer from losing its competitiveness. It would be valuable for hotel and travel agencies management to understand which CSR marketing actions work better than others (for example, charity works vs. environmental efforts) to create positive identification and image of the company. In addition, this study may be able to extend to other industries, such as restaurants, airlines, and casinos to assess effectiveness of their own CSR actions. In addition, future research is needed to compare large enterprises with SMEs and to compare between different multinational companies which may reveal cross-cultural comparisons.

**References**


Corporate social responsibility (CSR) is the commitment of business to contribute to sustainable economic development while improving the quality of life in which they operate. This paper examines the role of CSR in marketing strategy and its influence on customer loyalty.

The role of CSR in marketing strategy

CSR can be used as a main tool for marketing strategy, especially in regard to the potential effects of CSR. Certain initiatives on customer responses toward sustainability standards established by Wal-Mart and other companies, governments and agencies (Garriga and Mele, 2004).

The Influence of Corporate Social Responsibility on Customer Loyalty: A Sample of 350 Customers of Egyptian Hotels and Travel Agencies


The Influence of Corporate Social Responsibility on Customer Loyalty:


The Influence of Corporate Social Responsibility on Customer Loyalty:


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