The role of corporate social responsibility initiatives, error management culture and corporate image in enhancing hotel performance

Jehad Aldehayyat*

*Al-Hussein Bin Talal University-The College of Business Administration and Economics, Jordan

ABSTRACT

Tourism has been represented among the most important economic sectors that influence the development of the majority of world societies. However, in the face of this more dynamic environment, hotels have to find the best ways to improve their performance. To that end, data for the study were collected from 300 representatives of three, four and five start hotels’ top management. The results reveal that, corporate social responsibility, hotel image, and error management culture can improve hotel performance. These results can help managers direct their attention toward understanding the importance of practicing corporate social responsibility for sustainable hotel performance and improving image of hotel.

1. Introduction

In Jordan, the tourism sector plays a critical role in the economic and social growth of the country and it is considered as one of the most efficient and fastest-growing sectors. Also, the laws developed by the government in Jordan have been considered friendly for the operation of businesses in the tourism sector. From an economic perspective, Jordan is a country that is interested in increasing investment in the tourism sector. This is attributable to the factors including; political stability, religious tolerance, higher education, health care standards, and better quality of life compared to its neighbors. The establishment of business ventures in the Jordanian tourism industry is based on the objective of creating value through the introduction of products and services that meet the needs of the society. Therefore, the corporate social responsibility is considered as a major ethical issue that surrounds corporate behavior and decision-making for the tourism industry in Jordan. Corporate Social Responsibility (CSR) has become a common phenomenon in the operationalization of organizations in different sectors. The concept of corporate social responsibility (CSR) raised in the 1960s intending to ensure that business should be conducted ethically and the companies should be accountable for their environmental, social, and impact while considering basic human rights (Ghaderi et al., 2019). A verity of activities can be involved in CRS like developing sustainable relationships with local communities, employees, suppliers, customers, and other stakeholders. The businesses having purpose to fulfill the environmental and social goals rather than ignoring the negative impact of their business on the environment or society just to achieve their goals, are called as social enterprises. The Business Dictionary defines corporate social responsibility as “A company's sense of responsibility towards the community and environment (both ecological and social) in which it operates. Companies express this citizenship (1) through their waste and pollution reduction processes, (2) by contributing educational and social...
programs, and (3) by earning adequate returns on the employed resources.” The market-driven approach used to correct externalities involving internationalization of costs and benefits, for example, by requiring a polluter to repair any damage caused. This is usually associated with the process of making effort to demonstrate that they are socially responsible for supporting the interests of the society (Vilanova et al., 2009; Ghoul et al., 2011). Both developing and developed countries have formulated laws that require companies to provide reports detailing their exposure to governance, social, and environmental risks and the strategies they have used in managing these risks (Crito, Diaye, & Pekovic, 2016). CSR refers to the environmentally and socially friendly actions taken by organizations that need to be having ethical and act as good corporate citizens. They need to behave as good corporate citizens not only because this is a legal requirement, but as a demonstration of their ability to surpass compliance through the private provision of public good or voluntary internalization of externalities (Sparkes, 2002; Crito et al., 2016). The acts of corporate social responsibility ensure the development of positive relationships with firms’ performance especially in-service companies operating in the tourism and hospitality industry such as hotels (Ghaderi et al., 2019; Luiz & Font, 2013). CSR is important for different companies as it increases company profits and thus most large companies are actively engaged in it. The growth in the level of concentration on CSR is based on its ability to impact on company performance (Vilanova et al., 2009; Luiz & Font, 2013). For example, numerous international hotels such as “Accor, Hilton, and Marriott International” have all applying CSR practices incorporating energy saving, water conservation, recycling, and social participation (Kucukusta, Mak, & Chan, 2013; Ghaderi et al., 2019). In order to improve the environment, employee welfare, and quality of life of the local communities, a large number of tourism companies are incorporating the concept of CSR in their business models. The tourism industry is among the fastest-growing industry across the globe having a significant impact on the social and economic structure of the country (Geyer, 2003).

In the context of Jordan, Elian (2005) has investigated the state of CSR in Jordan by considering all major business sectors. The sample size taken by Elian (2005) was comprised of 190 listed public limited companies at the “Amman Stock Markets”, and the study findings concluded that there are many driving forces for all business in Jordan to implement CSR including, company laws, country laws, socio-cultural ethical values, traditional laws, political pressures, customer’s and NGO pressures, and instructions by trade associations. This is also well supported by the research of Vision Institute on 270 companies, all-around Jordan in 2014. The concept of CSR has evolved in Jordan over the years and emerged since the early 2000s. Initially, the concept of CSR was seen as just charity and philanthropy works derived from family, cultural, and religious values. Now the concept of CSR has been shifted to the responsibility of the businesses to do something for society. The management of errors within an organization related to its innovativeness. Error management culture EMC has been considered among important and often overlooked organizational culture factors associated with the innovativeness of organization and individual. Van Dyck, Frese, Baer, & Sonnentag, (2005, p.1229) indicated that “error management culture encompasses organizational practices related to communicating of errors, to sharing error knowledge, to helping in error situations, and to quickly detecting and handling errors”. EMC enables the organization to have a chance to control the negative error consequence after an error has occurred. On the contrary, by examining the causes of the errors, the organization should avoid similar errors in the future. It implies a firm to accept the fact that people are likely to make errors and organizational practices related to communicating about errors issued to help in such situations. EMC practices such as analyzing errors, rapid error recognition and damage control, assistance in error situations, sharing of error-knowledge, and coordinating and efficient error knobbing, often increase the organizational learning, minimize error consequences, enhance organizational innovativeness, and improve product or service quality and procedures, which lead the organizations to achieve their goals and objectives effectively.

The implementation of new methods associated with internal and external aspects of CSR has been indicated by (Alrousan, Bader, & Abumoud, 2015). He has shown that external aspects of CSR include; the working condition, physical environment, communication and transparency, organizational structure, training and education, industrial relations. On the other hand, the internal aspects of CSR include; relation with supplier, consumer and shareholders, social responsibility, and natural environment. This means that a company should be gaged in assured activities or refrain from doing so because of the negative or positive impact on the society (Palmer, 2012). The relationship of CSR with a firm’s performance is a matter of controversy in different industries; although, the practice of CSR is considered as an important factor for organizations’ success (Levy and Park, 2011). Mikolajek-Gocejna (2016) found a positive relationship between CSR and firm performance by the majority of the studies (71.7%); whereas, 15.1% of studies showed no significant relationship. The negative relationship between the two variables was depicted by three studies (3.1%). However, these results are likely to motivate the organizations to undertake CSR as it plays a major role in determining the level of the performance of an organization. The tourism industry has a major impact on social conditions, legal, and environmental issues. The profitability and growth in this sector canal so be attributed to numerous developmental projects that are important for tourist attraction. The Dead Sea and Aqaba are tourism projects that have enhanced the marketing initiatives of Jordan as one of the best tourist destinations on the global platform. Jordan was ranked in the top 50 countries that are listed on the Travel Tourism competitive index. The promotions of social and environmental improvement within Jordan have been considered as techniques through which these firms provide diverse visitor experiences to their customers (Mahafzah, 2015). CSR within the industry aims to improve the quality of services in terms of existing peace and serene environments such that they conform to the international criteria and increases the number of tourists visiting the country. Corporate entities operating in the Jordanian tourism industry have been involved in different CSR efforts to enhance the reputation as a result of social and environmental requirements. For instance, the government tends to make great efforts for stabilizing the concept of CSR in the light of widespread awareness of CSR in Jordan. This is
responsible to insert the concept within the strategic plan of the ministry of social development. A strong association between social responsibility and profit has implied that firms must address the underlying issues relating to social, environmental, and stakeholder in terms of the economic gains that they may generate (Palmer, 2012). Profit-making is a major reason behind the growth and extension of a corporate entity; while, social responsibility is considered as their basic duty focused upon while discussing the aspects of social justice (Inoue & Lee, 2011).

Previous studies highlighted a significant positive relationship between CSR practices and organizational repute. The study of Mohiuddin (2017) found that CRS practices increase the reputation of the firm in the eyes of its stakeholders. CSR practices build the corporate image that helps organizations to attract new customers and retain their existing customers. Hence, the repute or image of any firm can lead the firm towards success. Hanzae & Sadeghian, (2014) investigated the impact of CSR on corporate image/reputation and found the positive impact of CSR on corporate image. Park, Lee, & Kim, (2014) also established a significant effect of CSR on consumer trust and corporate reputation. The study of El-Garaihy, Mobarak, & Albahussain., (2014) explores the significant mediation effect of corporate image between the relationship of CSR and competitive advantage. Lai et al. (2010) proved a significant mediation role of corporate image between CSR and performance. Axjonow et al. (2018) explored the impact of CSR on corporate image and established a significant influence of CSR on corporate image. The study of Aksak et al. (2016) also explained the CSR as a major predictor of corporate image that affects the firm’s performance positively. This study also examines the effect of CSR practices on hotel image through building hotel image/reputation. Madera et al. (2017) have investigated the impact of strategic HRM practices on performance in the tourism and hospitality industry. They found that social trust climate, knowledge sharing, and shared language are the major outcomes of HRM practices and these positively affect performance. Their study focused on the development of social capital through strategic HRM practices that affect performance outcomes in the tourism and hospitality industry. The current study is entirely different as this investigates the impact of CSR on overall firm performance. Youn, Hua, & Lee (2015) indicated that the literature has mainly focused on the CSR–Performance relation without considering moderating factors. They suggested that EMC can be an important potential moderator between corporate social responsibilities and firm performance in the tourism and hospitality industry and could produce significant findings. Therefore, this paper represents an initial attempt to respond to that call and thereby address the gap in the literature. On the basis of above discussion, following objectives are designed for study:

1. To examine the effect of CSR on hotel performance.
2. To explore the moderating impact of error management culture (EMC) between the CSR practices and hotel performance.
3. To highlight the impact of CSR practices on hotel performance through building hotel image/repute.

2. Literature Review

Tourism has been represented among the most important economic sectors that influence the development of the majority of the world societies (Orieqat & Saymeh, 2015). The Jordanian tourism industry is one of the fastest-growing industries, which makes it one of the biggest contributors to growth in the service to significant economic development in the country (Orieqat & Saymeh, 2015; Mahafzah, 2015).

2.1. Corporate Social Responsibility (CSR)

CSR entails the process of relating commercial success using approaches that respect ethical values, natural environment, and stakeholders. This definition of CSR focuses on the positive impact that a business enterprise has on the community concerning its stability to meet and exceed public expectations of good corporate citizenship (Vilanova et al., 2009). CSR initiatives by organizations can be classified as ethical, strategic, or altruistic (Lantos, 2002; Udayasankar, 2008). Ethical CSR is a compulsory approach that requires organizations to obey existing laws and policies that ensure they are not involved in any illegal activity while doing business (Palmer, 2012). Harm resulting from such illegal activities could include environmental pollution, unjust labor practices, and inferior products or services. Ethical CSR challenges are alleviated through effective laws and government policies (Choi & Yu, 2014). According to Lantos (2002) and Choi & Yu (2014), altruistic CSR involves the activities of a corporate entity that help in the all aviation of external environmental and social problems through charity funding towards such initiatives irrespective of the underlying profits or losses to the firms. Altruistic CSR is only effective when the management of organizations does not charge its customers or employees for the CSR efforts because such an approach would violate ethical CSR. This is because CSR altruistic CSR has been presented beyond the basic requirements that any business must adhere to. Strategic CSR involves making choices on philanthropic initiatives that would benefit the company in its objective of realizing its strategic goals (Crisóstomo, de Souza Freire, & de Vasconcellos, 2011). Strategic CSR initiatives are aimed at presenting organizations as caring corporate entities to enhance customer perception of the business and attract more customers. Furthermore, organizations can't improve on the morale of their employees when they are involved in meaningful corporate volunteer programs that help in increasing their level of job satisfaction through strategic CSR (Lantos, 2002).
2.2. Relating CSR with Firm Performance (FP) in the Tourism Sector

In the tourism sector, the main motivation of firms is to engage in the implementation of CSR to enhance the reputation of the firm (Inoue & Lee, 2011; Moneva, Bonilla-Priego, & Ortas, 2020). The main drive among corporate executives in the implementation of CSR aims to improve the performance of the company through the profits resulting from the positive reputation that will enable the company to address social and environmental issues. They also aim to improve on their performance in the market, gain a stronger competitive advantage, provide service to the society, and value its stakeholders in terms of contributing to better employee relationships (Choi & Yu, 2014; Yoon & Chung, 2018). The CSR initiatives are additional costs to the firms and this means that companies cannot experience improved performance by being socially responsible; while tourist firms look for business excellence (Tan, Habibullah, Tan, & Choon, 2017). The firms in the tourism sector must compromise on CSR and minimize risk to enhance their performance in the market (Kavcic & Bertonecelj, 2010). This is because organizations involved in socially responsible activities are at a risk of drawbacks (Choi & Yu, 2014). The nature of CSR implements by an organization influences the level of performance of that organization. This is because a firm that engages in socially responsible activities can create a positive reputation and this is crucial for determining the nature of consumer perception. In any industry, consumer perception affirms are dependent on the attitudes of the firm towards CSR, which can influence their beliefs, intentions, and attitudes (Kang, Chiang, Huangthanapan, & Downing, 2015). Rodriguez and Armas-Cruz (2007) examined the relationship between the social and environmental responsibility (SER) and FP in the Spanish hotel sector and the results revealed a strong and positive relation between SER and FP. Nicolau (2008) argued that the firms in the tourism industry involved actively in social activities achieve non-economic as well as economic benefits. Inoue & Lee (2011) examined the effect of CSR dimensions on the FP of companies in four tourism-related industries (airlines, casinos, hotels, and restaurants) and found improvement in the value of the company. Lee & Park (2009) examined the relationship between CSR and FP for hotels and casinos. The results indicated that hotel companies’ CSR has a positive association with FP, which is responsible for enhancing both short-term (profitability) and long-term performance (firm value). Casino companies need to carefully examine the effects of CSR on FP while making CSR-related decisions. However, a significant positive relationship between CSR and FP in small and medium tourism firms was confirmed by the study conducted by Luiz & Font (2013) in three different regions.

It is possible that the employees, who are part of the most important stakeholders, will be motivated to work towards the realization of organizational objectives. This happens when firms operate with the understanding that they are responsible for the creation of a comfortable environment for their stakeholders and the society (Govindan, Kannan, & Shankar, 2014). This can play a contributory role in improving the performance of a firm and attract potential and highly qualified employees. This implies that CSR in the view of Weber (2008) contributes to a positive effect on the level of employee motivation, recruitment, and retention. According to Baumann-Pauly, Wickert, Spence, & Scherer, (2013), the moral motives that drive a firm’s CSR can be considered as the primary motivation for the achievement of certain moral standards, which are beneficial for the organization. Through CSR, such firms are often motivated to engage in the performance of certain moral norms essential in the realization of multiple goals hence improving organizational performance. From this understanding, it is possible to deduce that the improved performance of a company does not only revolve around profitability. Instead, the decision by a firm to implement CSR results in some form of payoff or these companies. These payoffs in the view of Lyon (2007) and Govindan et al., (2014) include improved product recognition and differentiation, improved motivation among employees, enhanced customer relations, and improve the damage of the company in the society. These pay off shave the long-term contribution towards improving the levels of profitability and performance of these firms. There are numerous reasons why CSR affects firm performance. The organizations that are involved in CSR activities might have humane intentions to appease different stakeholders and achieve potential benefits that enhance organizational performance (Sprinkle & Maines, 2010). According to Weber (2008) and Šontaitė-Petkevičienė, (2015), the positive effect of CSR on firm performance is because of some key positive CSR relationships with various business. For example, CSR has a positive relationship with corporate repute/image, positive relationship with employee motivation, positive relationship with increased revenue and sales, and a positive association with risk management and risk reduction. CSR improves all the above-mentioned business areas and hence improves the overall firm’s performance. Moreover, Bhattacharya & Sen (2004) argued that CSR practices cause more immediate results like positive word-of-mouth and customer responsiveness that enhance the firm’s performance.

The study of Moneva et al. (2020) established that CSR and firm performance and significantly and positively correlated in the tourism sector. The study of González-Rodríguez, Martín-Samper, Köseoglu, & Okumus (2019) investigates the relationship between hotels’ CSR practices, culture, reputation, and performance. Their study has established significant positive relationships among all these factors. Rhou & Singal (2020) have also investigated the effects of CSR on firm performance in the hospitality industry and found the same results. The study of Choi & Lee (2018) and the study of Sounadarajan, Jamali, & Spence, (2018) has established a significant and positive relationship between CSR and organizational performance. Several studies such as Kang et al. (2015); Pereira-Moliner, Font, Tari, Molina-Azorin, Lopez-Gamero, & Pertusa-Ortega (2015); Qu (2014), and Zhu, Sun, & Leung (2014) demonstrate the relationship between CSR practices and organizational performance, more specifically in the hospitality industry. The above argumentation and empirical literature leads to the development of the following study hypothesis.

**H1:** There is a positive relationship between CSR and hotel performance.
According to Van Dyck et al. (2005) errors result in unintended deviations from plans, goals, or adequate feedback processing as well as an incorrect action that resulting from lack of knowledge. All organizations are aware that under stress and overload employees could make errors (Helmreich & Merritt, 2000). On the other hand, by examining the causes of the errors the organization will avoid similar errors in the future (Frese, 1995; Hofmann & Frese, 2011; Van Dyck et al., 2005). Therefore, EMC was developed based on the understanding that every organization is often confronted with errors, which can result negative or positive consequences. An organization with the ability to develop an organizational culture that focuses on effective error management is bound to experience success in terms of its operations and performance (Van Dyck et al., 2005).

Error management in an organization is an essential approach that is based on the understanding that corporate entities are bound to face errors, resulting in negative or positive consequences. From an organizational perspective, effective error management does not seek to prevent errors but focuses on the possibility of reducing the negative consequences of errors and capitalizing on positive consequences (Guchait, Paşamehmetoğlu, & Madera, 2015). In the term of hospitality management, the error management can benefit the organization in some aspects. CSR initiatives in organizations are often aimed at addressing social and environmental challenges to satisfy the interests of both stakeholders and the society. However, in the process of executing these responsibilities, organizations may experience challenges in the form of errors. These errors include poor communication, focusing only on one aspect of CSR, reporting firms, failing to communicate internally, and giving without any rules. The mismanagement of errors may result in negative consequences, which damages the organization’s reputation contributing to losses (Van Dyck et al., 2005). Dyer (2018) indicted the errors result in damage to the brand and the employees’ career. Similarly, Boynton (2012) identified some mistakes with its CSR communication such as Scattershot CSR communications, communications operates separately from operations, avoiding material issues, skipping the stakeholders, lack of comparability, and focusing too much on the report. An organization with the ability to develop an organizational culture that focuses on effective error management is bound to experience success in terms of its operations and performance (Van Dyck et al., 2005). CSR efforts focus on employee wellbeing that is essential for effective error management because strategies to manage errors are likely to fail if employees are not satisfied. The effects induced by the alternative forms of CSR are moderated by how the employees observed their work contribution. There is a significant relationship between internal and external CSR operating through different mediating mechanisms (Hameed, Riaz, Arain, & Farooq, 2016). It becomes easier for the organization to engage in the development of inclusive and creative techniques of error management through employee training on organizational culture (Guchait et al., 2015). A corporate entity that ignores this social responsibility towards its employees may face the risk of losing highly motivated and productive employees (Van Dyck et al., 2005). It can be assumed that the performance of the hotel would be better when the organizations increase the Error management culture while implementing CSR. In other words, the organizational Error management culture is likely to moderate the relationship between CSR and performance of hotels. The above argumentation and empirical literature leads to the development of the following study hypothesis:

**H3:** Hotel with higher EMC will have a stronger relationship between CSR and performance as compared to the hotels having low EMC.

### 2.4. The mediating role of Hotel Image between CSR and Hotel Performance

A firm’s repute or image is defined by Barnett, Jermier, & Lafferty (2006) as “observers’ collective judgments of a corporation based on assessments of the financial, social, and environmental impacts attributed to the corporation over time.” Therefore, businesses build their corporate image by focusing on proper CSR activities (Fombrun, 2005). CSR practices are regarded as key success factors that influence organizational performance. González-Rodríguez et al., (2019) empirically investigated how CSR practices can be integrated into organizational business practices. They proposed an incorporated model integrating the interrelationships between CSR practices, organizational culture, and corporate reputation to improve firm performance in the hotel industry. The results of their found that the culture of an organization impact the CSR practices. Moreover, they found that the implementation of CSR practices strengthens the image and reputation of hotels. Furthermore, they established that CSR practices significantly and positively influence firm performance through their improved reputation or image. The study of Lii and Lee, (2012), clarifies that CSR practices influence the consumer behavior that can be formed through the firm’s image/repute. According to Karaoğmanoğlu, Altinigne, & İskısal, (2016) customers often evaluate CSR practices in the process of their buying decision-making. Therefore, CSR practices not only create CSR image but also enhance the overall corporate image of the firm, which helps the companies in gaining a competitive advantage over its competitors (Jamali & Karam, 2018; Kim & Kim, 2017; Nysveen, Oklevik, & Pedersen, 2018; Choi and Lee, 2018).

The above argumentation and empirical literature lead to the development of the following study hypothesis concerning hotels:

**H3:** Hotel image significantly mediates the effect of CSR on hotel performance.
3. Methodology

The total population comprises of 110 two, three, four and five-star hotels in Jordan. The purpose of this study is to examine the impact of CSR on hotel performance with the mediating effect of the hotel image and the moderating effect of error management culture. The primary data were collected from the top management of hotels using a structured questionnaire. This data collection approach was also used by previous CSR research in different countries context (e.g. Jamali, Zanhour, & Keshishian, 2009). It took two months and ten days in distributing and collecting of questionnaire by involving three personnel, the author and two specialized research assistants. For data collection, 300 questionnaires were distributed, 283 questionnaires were returned, out of 283 questionnaires, the useable questionnaires were 275, hence comprising the study sample yielding the response rate of 92%.

3.1. Measures

**Corporate social responsibility (CSR)**

CSR was measured using four dimensions; attention paid to the natural environment, the degree of taking care of their employee, the degree of serving the community, and taking care of their customers. Each dimension of CSR was measured with 5 items scale using 5 point Likert scale (where, 1 = strongly disagree, 5 = strongly agree). The first dimension “attention paid to natural environment” was measured 5-items scale that was adopted from the study of Tamajón & Font, (2013), Fatma, Rahman, & Khan, (2014), Madueno, Jorge, Conesa, & Martínez-Martínez, (2016); Martínez García de Leaniz, Herrero Crespo, & Gómez López, (2018). To measure the second dimension “the degree of taking care of their employee” was measured using a 5-items scale adopted from the studies of Gallardo-Vázquez, Sánchez-Hernández & Martínez-Azúa, (2011); Saveanu, Abrudan, Giurgiu, Mester, & Bugnar, (2014); Madueno et al. (2016). The third dimension “the degree of serving the community” was measured by adopting a 5-items scale from the studies of Turker, (2009), Saveanu et al., (2014), and Fatma et al., (2014). The fourth dimension “taking care of their customers” was also measured by adopting a 5-items scale from the studies of Fatma et al., (2014), and Madueno et al., (2016).

**Error Management Culture (EMC)**

15-items scale was used to measure the EMC which was developed by Van Dyck et al., (2005) and also used by Guchait et al., (2015). The construct of EMC grouped into four dimensions; analyzing errors (five items), error communication (four items), error competence (three items), and learning from errors (three items).

**Hotel Image**

6-items measurement scale was used to measure hotel image that was adopted from Kandampully & Suhartanto, (2003).

**Hotel Performance**

As the majority of the sampled hotels are not publicly quoted, it is impossible to use secondary financial data to create accurate and objective measures of organizational performance. Therefore, subjective measures of organizational performance can be provided by the respondents were employed, Dibrell, Craig, & Neubaum, (2014). Hotel performance was measured using 8-items adopted from the study of Chand, (2010).

4. Data Analysis and Results

The data were analyzed using SPSS AMOS version 24 in four steps. In the first step the data tendency, reliability, validity, and correlation analysis were tested and results are shown in Table 1.

<table>
<thead>
<tr>
<th>Table 1</th>
<th>Descriptive Statistics, Reliability, Validity, and Correlation Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
</tr>
<tr>
<td>1- C.S.R</td>
<td>3.63</td>
</tr>
<tr>
<td>2- E.M.C</td>
<td>3.52</td>
</tr>
<tr>
<td>3- PER</td>
<td>3.5</td>
</tr>
<tr>
<td>4- IMG</td>
<td>3.49</td>
</tr>
</tbody>
</table>

N = 275; Significance of Correlations: † p < 0.100; * p < 0.050; ** p < 0.010; *** p < 0.001; MSV = Maximum Shared Variance; Diagonal elements (in bold) are the square root of the AVE.
The results indicate excellent discriminant and divergent validity (CR > 0.60, AVE > 0.50, MSV < AVE, and square root of AVE < Correlations) as recommended by Henseler, Ringle, & Sarstedt, (2015), Fornell & Larcker, (1981) and Bagozzi & Yi, (1988). The results also demonstrate significant correlation among study all study variables (r = 0.103 to 0.541, P < .01). In the second step, the fitness of a measurement model comprising four latent variables (CSR, hotel performance, hotel image, and EMC) were tested by performing confirmatory factor analysis (CFA). Tucker Lewis Index (TLI), Incremental Fit Index (IFI), Comparative Fit Index (CFI), and Root Mean Square Error of Approximation (RMSEA) were used as fit indices to test measurement model fitness and results are shown in Table 2. CFA results for the initial default four-factor model (see Fig. 2) shows slight poor fit but after following modification analysis excellent model fit was achieved: χ²/df (1.73), TLI (.91), IFI, (.90), CFI (.91) and RMSEA (.05). The factor loading of all measured variables is ranged from 0.45 to 0.89.

### Table 2

Confirmatory factor analysis (CFA)

<table>
<thead>
<tr>
<th>Measurement Model</th>
<th>χ²</th>
<th>df</th>
<th>χ²/df</th>
<th>RMSEA</th>
<th>IFI</th>
<th>TLI</th>
<th>CFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Default Measurement Model</td>
<td>2203.82</td>
<td>1121</td>
<td>1.97</td>
<td>0.06</td>
<td>0.88</td>
<td>0.87</td>
<td>0.88</td>
</tr>
<tr>
<td>Revised Measurement Model</td>
<td>1926</td>
<td>1113</td>
<td>1.73</td>
<td>0.05</td>
<td>0.91</td>
<td>0.9</td>
<td>0.91</td>
</tr>
</tbody>
</table>

Fig. 2. Revised Measurement Model

4.1. Test of Hypotheses

Direct Effect

After the establishment of discriminant and divergent validities and significant correlations, we have tested the developed hypotheses. The results of direct effect related to H1, H2, and H3 are shown in Table 3. It states significant positive effect of CSR on hotel performance (β = .434, p <.001), significant positive effect of CSR on hotel image (β = .358, p <.001), and also significant effect of hotel image on hotel performance (β = .494, p <.001). Therefore, the results confirm our hypothesized direct relationships. There is no direct effect between EMC (moderator) and firm performance. According to Moosbrugger et al. (1997), and Cohen (2003), the direct effect of a moderator is not necessary or precondition and it can be completely unrelated to the DV and yet there is a moderator effect.

### Table 3

Test of Hypothesis Direct Effect

<table>
<thead>
<tr>
<th>Relationships</th>
<th>Path coefficients</th>
<th>P-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Social Responsibility → Hotel Performance</td>
<td>0.434</td>
<td>***</td>
</tr>
<tr>
<td>Corporate Social Responsibility → Hotel Image</td>
<td>0.358</td>
<td>***</td>
</tr>
<tr>
<td>Hotel Image → Hotel Performance</td>
<td>0.494</td>
<td>***</td>
</tr>
</tbody>
</table>

Note: *p <.05, **p <.01***p <.001.

Mediation Effect

In the third step, the mediation effect was examined used Hayes & Preacher Model 04 for mediation, and results are shown in Table 4.

### Table 4

Test of Hypothesis (Mediation Effect)

<table>
<thead>
<tr>
<th>Structural path</th>
<th>Indirect effects</th>
<th>LL(CI)</th>
<th>UL(CI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR → Hotel Image → Hotel Performance</td>
<td>0.155***</td>
<td>0.089</td>
<td>0.232</td>
</tr>
</tbody>
</table>

(Direct Effect = 0.279***)

Note: *p <.05, **p <.01***p <.001; 1,000-bootstrap samples; CI = confidence interval
Hypotheses H4 stated that hotel image mediates the relationship between CSR and hotel performance. The result of mediation effect as shown in Table 04 supports H4 (β = .155, p < .001, and no zero between the 95% confidence interval CI = 0.089, 0.232). There is partial mediation as both the direct and indirect effects are significant in the presence of a mediator.

Moderation Effect

In the fourth and final stage of data analysis, the moderation effect (H5) was tested using the slope test (see Table 5 and Fig. 3). The interaction term shows that hotel performance is significantly predicted from CSR and EMC (β = 0.293, P < .001). The highest-order interaction of CSR and EMC indicates significant R² change (0.044, P < 0.001) and significant F statistics (15.68). The conditional effects of the focal predictor (CSR) at the low, moderate, and high values of a moderator (EMC) also indicate a significant moderation effect. The slope test (Fig. 3) shows that when there is low CSR, the hotel performance will also low and in case of high CSR the performance is also high. This indicates a positive relationship between CSR and hotel performance and in the presence of EMC (moderator) is relationship gets stronger. The slope test indicates that the performance in on the higher side in the presence of EMC even at lower CSR. Moreover, at high CSR and EMC, the hotel performance gets the highest level.

Table 5
Hotel Performance Predicted from CSR and EMC (Moderation Effect)

<table>
<thead>
<tr>
<th>DV: Hotel Performance</th>
<th>β</th>
<th>p</th>
<th>95% CI</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR</td>
<td>0.434</td>
<td>&lt;.001</td>
<td>0.365</td>
</tr>
<tr>
<td>EMC</td>
<td>0.101</td>
<td>&lt;.001</td>
<td>0.023</td>
</tr>
<tr>
<td>CSR × EMC</td>
<td>0.293</td>
<td>&lt;.001</td>
<td>0.147</td>
</tr>
</tbody>
</table>

Test(s) of highest order unconditional interaction: (X*W)
R² - Chng = 0.044***
F Statistics = 15.68

Conditional Effects of the focal predictor (CSR) at values of the moderator (EMC)

<table>
<thead>
<tr>
<th>One SD below mean</th>
<th>β</th>
<th>p</th>
<th>95% CI</th>
</tr>
</thead>
<tbody>
<tr>
<td>At the mean</td>
<td>0.231</td>
<td>&lt;.01</td>
<td>0.057</td>
</tr>
<tr>
<td>One SD above mean</td>
<td>0.727</td>
<td>&lt;.001</td>
<td>0.557</td>
</tr>
</tbody>
</table>

*** p<.001, ** p<.01, * p<.05

5. Discussion

This study provides insights concerning the effect of CSR on hotel image, and the effect of CSR on performance through image/reputation, in the context of the Jordanian hotel industry. Furthermore, this also gives insights regarding the moderating effect of EMC in the relationship between CSR and performance. CSR may be seen as an important intangible asset for an organization that contributes much to organizational performance (Bocquet et al., 2017; Kallmuenzer et al., 2018). Hypothesis one (H1) predicted significant and positive effects of CSR initiatives on hotel performance. The study results confirm the positive and significant effect of CSR on hotel performance. These findings are well supported by the past studies of Moneva et al. (2020); Rhou & Singal (2020); Choi & Lee, (2018) and Soundararajan et al. (2018), which have established that CSR and firm performance and significantly and positively correlated in the tourism sector. Hotels, by taking into consideration the stakeholder’s interests, should involve themselves in the implementation and expansion of CSR practices. Through the implementation of CSR, firms in the Jordanian tourism industry operate in accordance with the demand of the Jordan National Tourism Strategy 2010-2015. The vision of the Jordan National Tourism Strategy was to make Jordan a distinctive tourist destination. Hypothesis two (H2) of this study predicted that hotels with higher error management culture (EMC) will have a stronger relationship between CSR and performance as compared to the hotels having low EMC. Organizations with a strong EMC should emphasize the implementation of the CSR. Consequently, organizations normally adopted some shared practices and procedures to deal with errors (Keith & Frese, 2011). Effective error management enables the organizations to share error knowledge, helping in error situations, and quickly detecting and dealing with errors (Van Dyck et al., 2005). The EMC in
organizations also enables its members to deal more effectively with errors. This is an indication that the presence of a high error management culture in an organization can translate into high organizational performance. EMC lessens the negative error consequences through varieties of control mechanisms and increase the positive consequences of errors. The present study has indicated a positive relationship between CSR and firm performance gets stronger in the presence of high error management culture. Though no study investigates the direct effect of EMC on CSR in the tourism literature, but, Park et al., (2014) investigated the role of organizational culture as a moderator variable between the relationship of CSR and firm performance and explored that hierarchy and rigid bureaucratic organizational culture have a negative moderating impact. On the other hand, the market and innovative culture has positive moderating impact on the relationship between CSR practices and organizational performance. The finding of this study indicates a positive and significant moderating effect of EMC on the relationship between CSR initiatives and hotel performance.

Hypothesis three (H3) predicted that the hotel image significantly mediates the effect of CSR on hotel performance. The study findings reveal that the hotel management perceives CSR practices especially the CSR initiatives related to employees and customers are the major sources of stronger corporate image. As employees are considered the main stakeholders of any organization and by meeting their expectations such as fair pay, promotion, and development opportunities with good working condition and work-life balance improve hotel’s image (González et al., 2019). Customers are also important stakeholders of any organization related to the tourism business. Provision of the above expectation customer service quality improves the image/reputation of hotels (Kucukusta et al., 2013). The studies of Martinez Garcia de Leaniz et al. (2018) and González et al., (2019) have established that strong CSR practices that are focused on customer satisfaction enhance the hotels’ image. This study results indicate the low effect of CSR practices on hotel performance as most of the respondents (hotel managers) perceive the CSR practices as costly, however, CSR practices are observed as a strategy to build the hotel image that leads them in achieving competitive advantage and positively influence the hotel performance in the long-run. So, CSR practices significantly and positively influence the hotel performance after enhanced corporate image. Some companies often feel pressured to implement CSR to create a socially responsible reputation. Pressure could be emanating from the government, activist groups, or their customers. Within the industry, companies that embrace responsible CSR could use it as a form of its identity that could distinguish it from its competitors. This makes it important for companies to ensure that they must be aligned to the firm’s strategic objectives so that both stakeholders and the company realize the benefits in the process of selecting CSR activities (Lantos, 2002). Despite these assertions, Coles et al. (2013) asserted that there is a positive relationship between CSR activities and improved firm performance in the tourism sector. This is because firms within this sector are connected to numerous groups whose influence may be derived from the firm’s behavior as the management involved in the maximization of its profits. Through this approach, engaging in socially responsible initiatives can be perceived as a form of investment, in which CSR becomes part of a firm’s product differentiation (Cochran & Wood, 1984). This makes it possible for firms in the tourism sector to use CSR in numerous aspects, such as CSR as a factor that is associated with resources in the process of production or as an element that will provide the firm with some desirable attributes (Palmer, 2012).

6. Conclusion

The study has examined EMC as a moderating variable between CSR and hotel performance and depicted the association between CSR and performance within the tourism sector. The results have shown that EMC enables an organization to control negative error consequences effectively after an error has occurred. This is how organizations can get associated with the production of goods and services to gain profits. A positive relationship has been examined between the CSR and EMC, and performance. The study has also shown that EMC significantly moderated the relationship between CSR and performance. Moreover, the Study has also empirically investigated the impact of CSR initiatives on hotel performance via hotel image/repute. The results indicate that there is a positive effect of CSR initiatives in building hotel repute/image that outcome in enhanced hotel performance. Hence, the study confirms that the hotel image/repute significantly mediates the relationship between CSR and performance.

7. Limitations & Recommendations

This study has some limitations that might be an opportunity for future research. The study sample was limited to Jordan, though the results are consistent with the non-Jordanian studies, but the study findings cannot be generalized to other geographical backgrounds. This study also reviewed limited literature concerning the impact of EMC on CSR practices, CSR practices on corporate image, and CSR on hotel performance through its image. Escalating and intensifying the research model by including more variables (such as manager’s gender, and hotel age) possibly will be useful for future study. This study is cross-sectional and a longitudinal study might be essential to update and strengthen the relationships established by this study model.

8. Theoretical Implications

The results of our study had several theoretical and practical implications. In terms of theoretical implications, first of all, our research extended the limited understanding of corporate social responsibility and hotel performance. We drew attention to corporate social responsibility in hotel industry. Majority most of the past studies about hotel performance have discussed operating and financial performance but the organizational performance is rarely researched in hotel industry. A part of from these studies, this research has addressed the “organizational performance” of hotels. Second, this research has explored the
moderating role of error management culture relating to corporate social responsibility practices on performance of hotel. A contribution of this study is the development and testing of a construct for hotel performance (i.e. performance from an organizational prospect). Moreover, this research used the multiple constructs at a same by adopting from previous studies to retain the validity of study. Third, the study analyzed the mediating effect of hotel image between corporate social responsibility practices and hotel performance. Many studies used the variable of hotel image from branding perspective or measuring financial performance but this research linked it with hotel performance directly and indirectly from corporate social responsibility. Therefore, this research has developed the diversified model and used the unique scale of performance which will be available to future researchers.

9. Practical Implications

The results of our study can help managers to direct their attention toward understanding the importance of practicing corporate social responsibility and hotel performance. The results revealed that corporate social responsibility practices can enhance the performance of hotel. Therefore, hotel managers should focus on adopting the CSR practices so that they can improve the overall performance of hotel. Hotel owners and managers can develop effective CSR strategies to maximize the performance and improve the hotel image. Moreover, hotels can focus on building hotel image to enhance their performance. Hotel image can be improved by keenly focusing on multiple internal and external factors. Internal factors can be employees and best external factor is corporate social responsibility which enable the customers to think critically and emotionally instead of being rational. The tourists are mostly make emotional decision rather than rational while searching for hotel and if they found that hotel is involved in CSR practices then there are greater chances of booking. Therefore, this research has clearly stated that corporate social responsibility practices can build and enhance the hotel image. In addition, the role of error culture management as a moderator is not easy to observe because it is often latent and not readily visible. Managers should focus on identifying the hotel image, corporate social responsibility practices and error culture management that can positively affect hotel performance. The tourism in Jordan is growing rapidly because it’s having multiple types of tourism like health tourism, education tourism and shopping tourism for country residents and especially eco-tourism for international tourists. Therefore, our study on the developing sustainable performance of hotels in Jordan suggest that by adopting CSR initiatives or practices, focusing on error culture management and hotel image, managers and owners of hotels can successfully achieve excellent performance of hotel.

References


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