How does corporate social responsibility create customer loyalty? The role of corporate image

Mert Gürlek, Ertugrul Düzgün and Selma Meydan Uygur

Abstract

Purpose – *This paper aims to investigate whether corporate image has a mediating effect on the influence of corporate social responsibility (CSR) on customer loyalty in independent hotels.*

Design/methodology/approach – *Data were collected from customers of five-star hotels located in Istanbul in Turkey. The theoretical model was tested with 404 usable data. The results were analyzed by using structural equation modeling (SEM).*

Findings – *Findings show that CSR creates customer loyalty partially through corporate image in the independent hotels. In addition, it was found that the hotels included in the study carried out moderate level of CSR activities.*

Research limitations/implications – *The research model was tested in independent five-star hotels. Further studies could be carried out using different independent hospitality companies. In addition, the research was conducted on a limited sample, as hotel managers were not willing to allow direct contact with customers. Further studies could be carried out on larger samples.*

Practical implications – *This study recommends that independent hotels carry out more CSR activities on social and environmental issues. In addition, direct effect of CSR on customer loyalty is lower than its indirect effect via corporate image. Therefore, if companies desire to create customer loyalty through CSR, they should introduce their CSR activities to customers via communication tools (website, media etc.)*

Originality/value – *This study examines CSR in terms of sustainable development in the independent hotels. Furthermore, it explains relationships between CSR and corporate image and customer loyalty through the principle of generalized reciprocity specified in the theory of social change.*

Keywords Corporate social responsibility, Customer loyalty, Corporate image, Sustainable development, Independent hotels

Paper type Research paper

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1. Introduction

Within tourism sector, hotel companies play an important role (Gokoval and Bahar, 2006; Manaktola and Jauhari, 2007; Kang et al., 2010). Although these companies provide employment and improve infrastructure services, they may also bring negative consequences such as environmental pollution, commodification of cultural values, etc. (Tosun, 1998, 2001). Corporate social responsibility (CSR) approach can be considered as a strategy that reduces the negative effects of hotel companies on natural, cultural and social environment (Martínez and del Bosque, 2013). Within this scope, hotel companies carry out various CSR activities. For instance, Fairmont Hotels and Resorts, Ramada International Hotels and Resorts, Marriott International and Sheraton carry out such activities as re-cycling, public welfare, energy and water saving (Kucukusta et al., 2013).

CSR activities are long-term investments rather than financial burdens on companies. These activities are more profitable for companies than advertising (Nicolau, 2008), and

they can attract the attention of customers through CSR activities. Customers' paying more attention on social and environmental problems leads them to demand the protection of historical and cultural heritage of places they have visited (Marin et al., 2009; Martínez et al., 2014). Hotels satisfy the demands of their customers in this regard through CSR activities, and this satisfaction brings them many advantages. For instance, CSR activities increase customer loyalty directly or indirectly (García de Leaniz and del Bosque Rodríguez, 2015) and contribute to creating positive corporate image and prestige (Arendt and Brettel, 2010). Customer loyalty and corporate image is of quite important in hospitality industry. Considering each loyal customer recommends the hotel to approximately 12 people via word-of-mouth marketing (Emir and Kozak, 2011) and positive corporate image provide competitive advantage (Andreassen and Lindestad, 1998; Kandampully and Suhartanto, 2003; Kandampully and Hu, 2007), the investigating relations between CSR with corporate image and customer loyalty create value for businesses and academics.

Although researchers deeply focus on CSR activities, there are particular deficiencies in explaining the influence of CSR on customer loyalty. He and Lai (2014) have emphasized that whether the relationship between these two variables is direct or indirect is controversial. Besides, researchers have obtained different findings regarding the relationship between them. For instance, García de los Salmones et al. (2005) could not find out any direct relationship between CSR and customer loyalty, whereas Mandhachitara and Poolthong (2011) have found vice versa. In addition, a significant part of researchers has revealed CSR indirectly influences customer loyalty. There are also different findings on which a variable would be mediator in the event that the relationship between two variables is indirect. In hospitality literature, customer satisfaction, customer identification, customer trust (Martínez and del Bosque, 2013), brand image (Martínez et al., 2014) and commitment (García de Leaniz, and del Bosque Rodríguez, 2015) are considered as mediator variables. However, in the hospitality sector, no study with corporate image used as a mediator variable has yet been addressed. Besides, it is seen that the samples of previous studies consist brand or chain hotel. For example, Martínez et al. (2014) focused on five hotel brands. García de Leaniz and del Bosque Rodríguez (2015) focused 10 brand or chain hotels. Martínez et al. (2013) did not provide sufficient information about sample (brand or independent). Studies conducted on brand or chain hotels can create a spillover effect within the brand. This can unexpectedly influence results of other variables (e.g. corporate image and customer loyalty) (Balachander and Ghose, 2003; Fong and Lee, 2012). Therefore, this study focuses on independent hotels (not brand or chain hotels) as different from others. On the other hand, given the fact that independent hotels consist approximately 60 per cent of total hotels in Turkey (Resort Dergisi, 2012), investigating the relationships between aforementioned variables in independent hotels can create value for businesses. Although independent hotels do not have as sufficient human and financial resources as brand and chain hotel have (Jenkins and Karanikola, 2014), they may be able to implement environmental and social policies more easily than brand and chain hotels (Lynn, 2009). For example, "in a independent hotel, decisions such as whether to install energy-efficient lighting, water-saving equipment or even soap and shampoo dispensers can be implemented swiftly and unilaterally by the hotel owner as soon as is practical and affordable. Besides these hotels may be more tuned into the concerns and needs of the community and how best to respond" (Responsible Hospitality in Independent Hotels, 2005).

Unlike the previous studies, this study have stronger theoretical foundation to clarify why customer respond positively organizations about CSR activity. This study explains the effect of social responsibility activities on customers' attitudes through the principle of generalized reciprocity of the theory of social change (Blau, 1964). Eisingerich et al. (2010) have indicated that economic, social and environmental social responsibility activities create generalized reciprocity. Although companies do not provide a direct benefit through CSR activities for their customers, customers as members of the society reciprocate these

activities (Eisingerich et al., 2010). Because, it assumes that individuals care not only about their own interests but also about public interest and welfare (Farooq et al., 2014).

Companies can create a positive corporate image through social responsibility activities they carry out (Golob and Bartlett, 2007; Pomering and Johnson, 2009). Thus, positive corporate image would increase customer loyalty and this may provide sustainable competitive advantage (Lantos, 2001). Therefore, investigating whether corporate image has a mediating effect on the influence of CSR on customer loyalty is the main purpose of this study. It is expected that this study would contribute to literature in five aspects. To start with, it has provided a model demonstrating how CSR creates customer loyalty. Second, the mediating effect of corporate image has been examined. Third, CSR activities of hotels included in the study have been evaluated in terms of customers. Fourth, this study explains relationships between CSR and corporate image, customer loyalty through the principle of generalized reciprocity specified in the theory of social change. Lastly, it is one of few empirical studies in which CSR is examined in terms of sustainable development (Martínez et al., 2013, 2014).

2. Research framework and hypotheses

2.1 Corporate social responsibility

Although CSR is a popular topic in literature, researchers have not agreed upon a common definition of CSR (Mackenzie and Peters, 2014). For example, Nicolau (2008) defines CSR as a company's obligation to be accountable to all of its stakeholders affected by its operations and activities. Garay and Font (2012) define CSR as the voluntary contribution of companies to environmental, economic and social development. Despite this disagreement, it is possible to say that CSR means any organization acts in an "ethical" and "responsible" manner toward all stakeholders within both its internal and external environment (Aktan and Börü, 2007).

CSR activities of companies are generally evaluated with the following three approaches: Carroll's (1979, 1991) approach, stakeholders approach and sustainable development approach. To prevent conceptual anarchy (De Vaus, 2013), these approaches will be explained below in detail. Carroll (1991) has put forward four CSR dimensions. These are economic, legal, ethical and philanthropic responsibilities. Economic responsibility concerns the responsibility of the business to produce products and services needed by consumers and selling them to make profit. Legal responsibility refers to companies obeying the laws and regulations while carrying out their activities. On the other hand, although economic and legal responsibility contains fairness and honesty, ethical responsibility concerns the activities and practices not necessarily imposed by law but expected by the public. Philanthropic responsibility is composed of activities containing artistic and educational characteristics and protecting the public interest (Carroll, 1991). Schwartz and Carroll (2003) have re-designed the four-dimensional model and created a new three-dimensional (economic, legal and ethical) structure. They claimed that philanthropic activities turned into practices expected by the public rather than voluntary actions. Therefore, they included philanthropic responsibility in ethical and economic responsibility dimensions.

Stakeholders approach is of utmost importance in terms of explaining CSR activities of companies (Jamali, 2008). Stakeholders are "any group or individual who can affect or is affected by the achievement of the organization's objectives" (Freeman, 1984, p. 54). Companies struggle for satisfying their internal and external stakeholders through CSR practices (Paek et al., 2013). The dimensions of CSR emerge in line with internal and external stakeholders with whom the business is in a relationship. While on the one hand internal stakeholders are managers, employees and business partners, on the other hand, external ones are state authorities, consumers, society and environmental and civil society

organizations. In this context, CSR refers to the responsibility of the business to its internal and external stakeholders (Park *et al.*, 2014).

In general sense, CSR dimensions can be evaluated in terms of stakeholders as follows: Responsibility to the environment includes protection and management of especially non-renewable resources or the ones quite important for life support. While carrying out their activities, companies have particular social responsibilities such as minimizing environmental pollution, protecting natural resources and water and energy saving (Benavides-Velasco *et al.*, 2014). While responsibility to employees includes activities such as protecting employee rights, guaranteeing occupational health and safety, improving workers' skills and ensuring labor quality (Longo *et al.*, 2005), responsibility to customers also includes responsibilities such as protecting consumer rights, providing exact information about products, providing products in best quality and ensuring product safety in usage (Swaen and Chumpitaz, 2008; Longo *et al.*, 2005). Responsibility to society, on the other hand, includes contributing to increasing the welfare level of the society, carrying out charitable activities, supporting educational and artistic activities and increasing life standards of the society (Turker, 2009; Abaeian *et al.*, 2014).

Considering the negative impact of tourism on environment and society or the positive impact of it on economy (Tosun, 1998, 2001; Alvarado-Herrera *et al.*, 2017), sustainable development is the most appropriate approach to evaluate CSR in the hotel industry. Therefore, this study approaches CSR in terms of sustainable development. Balanced economic growth, protection of environment and social values are basic principles of sustainable development (Tosun, 2001). CSR can be utilized as a tool in ensuring long-term sustainable development. With the sustainable development paradigm being included in business management, many companies have started to reduce their harmful effects on the environment. Even though the scope of sustainability covered environmental issues in the beginning, it was later expanded in a way to include social and economic matters (Panapanaan *et al.*, 2003; Coles *et al.*, 2013). Although many researchers in a different industry examined CSR activities of companies within the scope of sustainable development (Panwar *et al.*, 2006; van Marrewijk, 2003), the number of studies in which CSR was examined in this scope is quite limited in the tourism industry (Martínez *et al.*, 2013, 2014). Martínez *et al.* (2013) have examined CSR in terms of sustainable development in the tourism industry and put forward three dimensions as economic, social and environmental responsibility. The economic dimension is based on leading long-lasting economic activities. Thus, all stakeholders are able to gain socio-economic profits at an equal level. The society dimension includes respect for cultural distinctness of home society, protection of their architectural and cultural values and contribution to intercultural consciousness and tolerance. On the other hand, the environmental dimension concerns appropriate usage of environmental resources, which are the basic components of tourism development and help in the protection of natural resources and biodiversity.

2.2 Corporate social responsibility and hospitality industry

Today, hotel companies have started to play a more important role in tourism because of the fact that tourists travel to more distant places and stay there for a longer time. Many hotels are located by natural and cultural resources and a great number of tourists stay in these hotels. Therefore, air and noise pollution occurs in areas where hotels are located, and this leads to loss in biodiversity and creates environmental pollution (de Grosbois, 2012). Because of economic advantages that the tourism sector brings along, environmental, social and cultural hazards might be ignored (Tosun and Timothy, 2001; Erdogan and Tosun, 2009; Kasim, 2006). CSR activities are directly related to sustainable development (Henderson, 2007). CSR activities can be carried out by hotel companies in line with sustainability of natural and social environment (Abaeian *et al.*, 2014). In the past 20 years, it has been observed that the tourism industry has focused on environmental

problems, recycling and productive energy use (Holcomb *et al.*, 2007). To minimize the negative effects of tourism, the companies pay more attention to CSR activities (Garay and Font, 2012). They focus on different CSR activities depending on the sector they are active in. As different sectors have different goals, they adopt the most appropriate and rational sustainable development strategy. For instance, Body Shop, a cosmetic firm, uses natural substances and sells eco-friendly products (Kucukusta *et al.*, 2013). On the other hand, tourism companies carry out such CSR activities as donating to charity organizations, using organic products, providing support for local people, etc. (Manente *et al.*, 2012; Lee *et al.*, 2013).

2.3 Corporate social responsibility and customer loyalty

The concept of customer loyalty is defined as "a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior"(Oliver, 1997, 1999). Customer loyalty contributes to decrease in costs, increase in amount of sales and confidence to the business (Dowling and Uncles, 1997; Yang and Peterson, 2004). Companies have ensured that their customer loyalty gained more advantage compared to their competitors (Aksu, 2006) because customer loyalty is a significant component that enables companies to gain profit and ensures their sustainability.

This concept is generally examined through three main approaches as behavioral approach, attitudinal approach and integrated approach (Oh, 1995; Kim *et al.*, 2004). Behavioral loyalty is defined as the purchase frequency of customers (Kandampully and Suhartanto, 2000). In time, researchers indicated that behavioral approach was not sufficient for explaining customer loyalty, and they paid attention on attitudinal dimension of loyalty (Srinivasan *et al.*, 2002). Attitudinal approach can be defined as the psychological and emotional commitment of customers to products and services of a specific business. Customers, having adopted attitudinal approach remain loyal to the business in emotional terms. Lastly, in integrated approach, customer loyalty can be regarded as the customers' re-preferring product and services of the same business and recommending these to their immediate vicinity (Bowen and Chen, 2001). While Caruana (2002) has associated attitudinal dimension with a psychological link between customers and products, he has explained behavioral dimension via the purchase rate of a specific product and service. Some researchers in the hospitality industry only focused on the attitudinal dimension of customer loyalty (Han and Back, 2008). However, customer's having a positive attitude regarding a particular product may not lead him/her to re-purchasing the product. Therefore, researchers emphasize that customer loyalty should be measured in terms of both behavioral and attitudinal dimensions (Martínez and del Bosque, 2013).

Customer loyalty is quite important in the hospitality industry. Through customer loyalty, hotel companies gain sustainable competitive advantage (Cetin and Dincer, 2014). Each loyal customer recommends the hotel to approximately 12 people via word-of-mouth marketing (Emir and Kozak, 2011). Besides, an increase of 5 per cent in customer loyalty may lead to an increase of 25-80 per cent in profit (Kandampully and Suhartanto, 2000). CSR campaigns contribute to the creation of customer loyalty (Arıkan and Güner, 2013). As customers think they will provide social benefit by purchasing the products and services of a company, they become more loyal to the business. For instance, a business may utilize CSR as a marketing strategy by announcing that it will donate some of its income to charities and environmental organizations and struggle for settling a social problem (Pringle and Thompson, 2001).

It can be benefited from the theory of social exchange in explaining relationships between service providers and customers (Bagozzi, 1975). In this study, the theory of social exchange was utilized to clarify the effect of social responsibility activities carried out by

companies on customers. The theory of social change can be categorized into two aspects as restricted reciprocity (direct) and generalized reciprocity (indirect). Restricted reciprocity includes two parts. For instance, part A provides benefit for part B. Then, part B provides benefit for part A. In other words, one side makes a favor for the other side because it expects benefit in return (Cook and Rice, 2005). On the other hand, in generalized reciprocity, there are more than two parts. "The recipient of benefit does not return benefit directly to the giver, but to another actor in the social circle. The giver eventually receives some benefit in return, *but from a different actor*. Thus, A's giving to B is not reciprocated directly by B's giving to A, but by C's giving to A, where C is a third party" (Molm *et al.*, 2007, pp. 207-208). Generalized reciprocity is a change relation based on groups. Group members expect something in return for the benefit they have provided. However, this expectation is satisfied by any member in the group rather than a specific member (Das and Teng, 2002).

Blau (1964, p. 92) stated that "if a man makes charitable donations", this creates generalized reciprocity. Eisingerich *et al.* (2010) have indicated that the principle of generalized reciprocity can be used in explaining the effect of CSR activities carried out by companies on customer attitudes. Economic, social and environmental social responsibility activities create generalized reciprocity. Although companies do not provide a direct benefit through CSR activities for their customers, customers as members of the society reciprocate these activities (Eisingerich *et al.*, 2010). Individuals care not only about their own interests, but also public interest and welfare (Farooq *et al.*, 2014). How CSR affects customer attitudes based on generalized reciprocity is demonstrated in Figure 1. Accordingly, if a company carries out CSR activities, customers as members of the society can possess a positive impression and positive attitude (e.g. loyalty) to the company.

Via customer loyalty, corporations gain a permanent and sustainable competitive advantage and so they have an extra marketing opportunity compared to their competitors (Aaker, 2012). Leading the occurrence of these opportunities, CSR can be utilized as a tool to create customer loyalty (Pirsch *et al.*, 2007; Maden *et al.*, 2012; Ofluoğlu and Atılgan, 2014). Studies in literature show that there is a positive relationship between CSR and customer loyalty. Ofluoğlu and Atılgan (2014) have revealed that customers recommend firms paying more attention to social matters to their friends; this situation creates customer loyalty and is of vital importance in terms of ensuring the loyalty of new customers. In their study on bank customers, Mandhachitara and Poolthong (2011) have found out that CSR affects customer loyalty in a positive and significant way. In a conceptual outline prepared by Rashid *et al.* (2014), they have claimed that CSR activities based on environment may positively affect customer loyalty:

H1. The perception of CSR affects customer loyalty positively and significantly.

2.4 Corporate social responsibility and corporate image

Corporate image is the sum of corporation-related beliefs, experiences, information, emotions and impressions that occur in the mind of the public (Dowling, 1993; Abratt and Mofokeng,

Figure 1 Generalized (Indirect) reciprocity
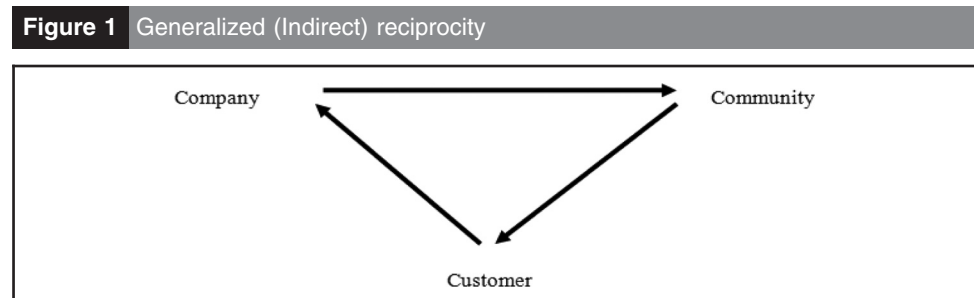
2001; Nguyen and Leblanc, 2002; Kim *et al.*, 2014). Dutton *et al.* (1994) have indicated that a corporate image is the concrete outcome of opinions, emotions, impressions and interactions of stakeholders regarding the corporation. On the other hand, Barich and Kotler (1991) define corporate image as one of the non-physical components of the corporation and perceptions or images of stakeholders regarding the corporation. As an external stakeholder, customers are of vital importance for companies (Mostafa *et al.*, 2015). Through creating a positive corporate image in the eye of customers, companies can achieve a sustainable competitive advantage within the competitive environment (Porter and Kramer, 2006; Leonidou *et al.*, 2013). CSR is an important tool to create a positive corporate image (Porter and Kramer, 2002) because companies create positive impression regarding the corporation through influencing their target audience with social responsibility activities (Yoon *et al.*, 2006; Vlachos *et al.*, 2009; Fraj-Andrés *et al.*, 2012). Considering public benefit in their decisions, contributing to cultural and art activities, donating to charity institutions and protecting environmental, physical and non-physical cultural heritage, companies make an effort for creating a positive image (Graci and Dodds, 2008; Bohdanowicz and Zientara, 2008; Lee and Heo, 2009; Inoue and Lee, 2011; Font *et al.*, 2012; Tamajón and Aulet, 2013), because corporate image is a complex structure composed of all visual, verbal and behavioral components comprising the business (Howard, 1998).

CSR practices lead consumers to develop positive attitudes regarding the business (Simon, 1995; Sen and Bhattacharya, 2001). Researchers have emphasized that all CSR practices are a perfect variable influencing corporate prestige and image (Zairi, 2000; Cornelius *et al.*, 2007; Worcester, 2009; Brown and Dacin, 1997). In addition, it was found in many studies that CSR affects corporate image positively and significantly (Arendt and Brettel, 2010; Gupta and Pirsch, 2008).

H2. The perception of CSR affects corporate image positively and significantly:

2.5 Corporate social responsibility, corporate image and customer loyalty

Attitudes of customers regarding the business are related to corporate image of the business. Customers prefer companies with a positive corporate image (Bloemer and De Ruyter, 1998). Studies indicate that corporate image affects customer loyalty both directly (Nguyen and Leblanc, 2001; Wang, 2010; Richard and Zhang, 2012) and indirectly (Ball *et al.*, 2006; Bloemer and De Ruyter, 1998) and also significantly and positively:

H3. Corporate image affects customer loyalty positively and significantly.

Although there are particular researchers who have found a direct relationship between CSR and customer loyalty (Mandhachitara and Poolthong, 2011), many have revealed that CSR indirectly affects customer loyalty. In a study on mobile phone users, He and Li (2011) found that CSR affected customer loyalty through customer satisfaction. On the other hand, in the study on bank customers, Marin *et al.* (2009) revealed that CSR affected customer loyalty through company evaluation, identity attractiveness and consumer-company identification. Similarly, Pérez *et al.* (2013) identified in their study on finance service users that CSR affected customer loyalty through customer satisfaction. In literature, it is seen that the number of studies in which CSR and customer loyalty in hotel companies is examined is limited. Martínez *et al.* (2013) found out in their study on hotel customers that CSR affected customer loyalty through customer trust, customer identification with the company (C–C identification) and customer satisfaction. In the study they carried out on hotel customers, Martínez *et al.* (2014) determined that CSR affected customer loyalty through brand image. García de Leaniz and del Bosque Rodriguez (2015) identified in their study on hotel customers that CSR affected customer loyalty through customer trust, commitment and customer identification with the company. Although researchers reveal the mediating role of a wide range of variables in the relationship between CSR and customer loyalty, studies in which the mediating role of corporate image in the effect of CSR on customer

loyalty was examined are not available in literature. CSR is quite an effective way of creating and increasing both corporate image and customer loyalty. Via the corporate image that they have achieved through CSR activities, companies can contribute to the creation of customer loyalty. In this study, it was expected that CSR practices would contribute to corporate image and so increase customer loyalty (Figure 2):

> *H4.* Corporate image has a mediating role in the effect of the perception of CSR on customer loyalty.

3. Research methodology

Having been the capital city of various ancient civilizations (Roman and Ottoman Empires), Istanbul has many cultural and historical attractions. Besides, it is the biggest financial center of Turkey. Istanbul, which has been host to both cultural and business tourism because of aforementioned reasons, is the second biggest destination visited by tourists in Turkey (İstanbul Provincial Directorate of Culture and Tourism, 2014). Approximately 30 per cent of tourists visiting Turkey prefer Istanbul (Ministry of Culture and Tourism, 2014). Therefore, Istanbul was chosen for the research. Data were collected from tourists staying in five-star hotels. These hotels were independent hotels (not brand or chain hotels). If these were brand hotels, there may have been a spillover effect within the brand, which could influence corporate image and customer loyalty (Balachander and Ghose, 2003). At first, general managers of 40 hotels were contacted to collect data. Eleven out of 40 general managers allowed data collection. Eight hundred questionnaires were given to receptionists so as to deliver them to customers. After two months, 452 questionnaires were collected from hotels. Forty-eight out of 452 questionnaires were eliminated because of inappropriateness. Consequently, 404 appropriate questionnaires were obtained. Return rate of questionnaires was 50.5 per cent. In the analyses of the structural equation model, Kline (2011) indicated that the sample size should be at least 200 respondents. Thus, sample size is sufficient for this study.

To collect data, the questionnaire technique was utilized in the study. As questionnaires used in the research were taken from English literature, linguistic validation was tested. Items in questionnaires were back translated by three English lecturers (Brislin, 1976). A seven-point Likert scale was used in the research (1 = strongly disagree, 7 = strongly agree). To measure the perception of CSR, the scale developed by Martínez *et al.* (2013) was utilized. The scale is composed of three dimensions and 17 items. To measure

Figure 2 Research model
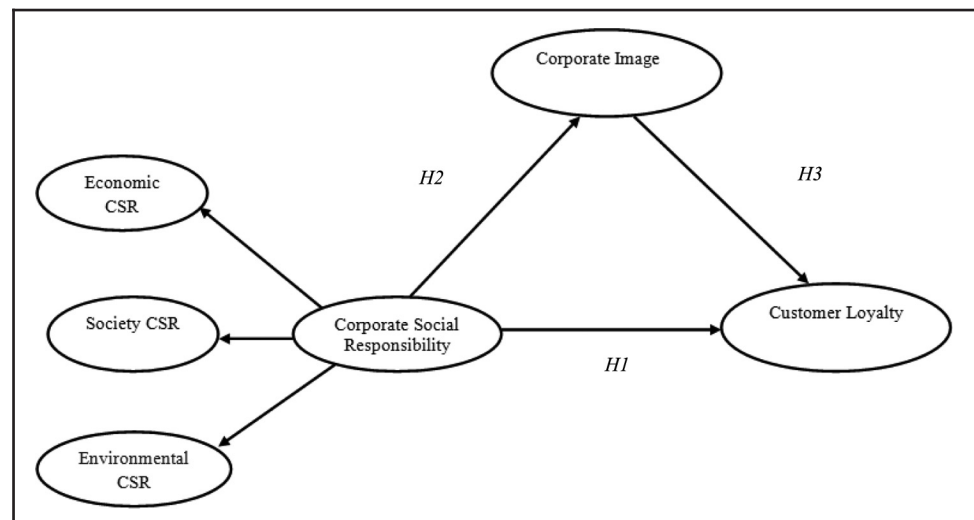
customer loyalty, the scale developed by García de Leaniz and Rodriguez (2015) was utilized. The scale is composed of four items including behavioral and attitudinal loyalty. Customers having a positive attitude regarding a particular product may not lead him/her to re-purchasing the product. Therefore, hospitality researchers advise that customer loyalty should be measured in terms of both behavioral and attitudinal dimensions (Kandampully and Suhartanto, 2000, Bowen and Chen, 2001; Han *et al.*, 2011). Corporate image is the total of all general impressions regarding the corporation. In literature, there is no common understanding upon how corporate image structure is perfectly defined and implemented (Nguyen, 2006). To measure corporate image, the scale of Nguyen and Leblanc (2001) was used. Including general impressions of customers regarding the corporation, the scale is composed of one dimension and four items.

In the research, analysis of moment structures (AMOS) program was used for testing confirmatory factor analysis (CFA) and the structural model. To test the research model, a two-stage approach of Anderson and Gerbing (1988) was followed. According to this approach, the measurement model is assessed separately from the structural equation model. On the condition that indices of the measurement model are acceptable and the structural equation model is tested. To test the measurement model, confirmatory factor analysis was carried out. Maximum likelihood method was used while testing the measurement model and the structural model. To be able to use maximum likelihood method, normal distribution assumption must be fulfilled. Therefore, skewness and kurtosis values were examined. Skewness (−*0.874 and 0.141*) and (−*0.167 and 0.338*) kurtosis values fulfill normal distribution assumption (Kline, 2011).

4. Results

4.1 Characteristics of respondents

As seen in Table I, 44.5 per cent of respondents are male, while 55.5 per cent of them are female; 14 per cent of respondents are between 18 and 24 years and approximately 55 per cent of them are between 25 and 44 years. Approximately 83 per cent of respondents have taken under-graduate and post-graduate education and 17 per cent of them have taken high school and under-high school education.

4.2 Descriptive statistics

Descriptive statistics regarding the scales are present in Table II. Average of CSR is 4.39. These results show hotels carry out CSR activities at a moderate level. Averages of other

Table I Profiles of respondents		
Variables	*Sample (N = 404)*	*Rate (%)*
Gender		
Male	180	44.5
Female	224	55.5
Age		
18-24	60	14.8
25-34	92	22.7
35-44	130	32.1
45-54	80	19.8
55-64	26	6.4
65 and over	16	3.96
Education		
Under-high school	18	4.4
High school	52	12.8
University	236	58.4
Post-graduate	98	24.2

Table II	Means, standard deviations and correlations		
	1CSR	*2CI*	*3CL*
1CSR	1		
2CI	0.594*	1	
3CL	0.590*	0.732*	1
Mean	4.3939	4.3797	3.8750
SD	1.00983	1.59540	1.48894

Note: *$p < 0.01$

scales are 4.38 for corporate image and 3.88 for customer loyalty. All correlations between the scales are significant ($p < 0.01$). Averages of CSR are 4.84 for its economic dimension, 4.29 for social dimension and 4.05 for environmental dimension.

4.3 Confirmatory factor analysis

Whereas first-order factor analysis was done for other variables, second-order confirmatory factor analysis was carried out for CSR because of its multi-dimensional structure. As factor loadings were under 0.50, seven items from the CSR scale and one item from the corporate image scale were removed. Factor loadings of remaining items were statistically significant ($p < 0.01$). According to the analysis results, the measurement model is compatible with data (χ^2 = 202.955, df = 113, $p < 0.01$ χ^2/df = 1.796, RMSEA = 0.065, CFI = 0.950 and NFI = 0.92) (Schermelleh-Engel *et al.*, 2003). Alpha coefficients range from 0.910 to 0.750. This result indicates the internal consistency of each structure (Nunnally, 1978). In Table II, it is seen that composite reliability (CR) values are between 0.763 and 0.936. This result indicates that structural reliability is fulfilled (Bagozzi and Yi, 1988). On the other hand, it is seen that average variance extracted (AVE) values are between 0.526 and 0.776. These values show that the convergent validity is fulfilled (Fornell and Larcker, 1981). In Table III, it is seen that correlations among variables are under 0.85. This result indicates that the multi-collinearity problem does not exist (Kline, 2011).

4.4 Structural equation modeling

Fit indices of the structural model are satisfactory (χ^2 = 202.955, df = 113, $p < 0.01$ χ^2/df = 1.796, RMSEA = 0.065, CFI = 0.950 and NFI = 0.91). Findings regarding the structural model are demonstrated in Figure 3. According to the findings, all paths in the research model are significant ($p < 0.01$). CSR affects customer loyalty positively (β = 0.26; t = 1.972; and $p < 0.01$). CSR affects corporate image positively (β = 0.79; t = 6.089; and $p < 0.01$). Corporate image affects customer loyalty positively (β = 0.63; t = 5.259; and $p < 0.01$). Therefore, main effect hypotheses are supported (*H1*, *H2* and *H3*). To test the mediating effect of corporate image, bootstrapping method was used (Shrout and Bolger, 2002). Indirect effect of CSR on customer loyalty is 0.50. Within 95 per cent confidence interval, lower and upper limits of its indirect effect are 0.316 and 0.777, respectively. Therefore, its mediating effect is significant ($p < 0.01$). Having compared full mediation (χ^2 = 206.972, df = 114, $p < 0.01$ χ^2/df = 1.816, RMSEA = 0.066, CFI = 0.948 and NFI = 0.895) and the partial mediation model, it has been observed that fit indices of the partial mediation model are better than those of the full mediation model ($\Delta\chi^2$ = 4.07; df = 1; and $p < 0.05$). Therefore, corporate image partially mediates the effect of CSR on customer loyalty. According to research findings, CSR has a high explanatory power in terms of corporate image (R^2 = 0.62). Besides, its total variance extracted by antecedents of customer loyalty was approximate (R^2 = 0.72). This indicates a high explanatory power.

5. Discussion and implications

Research findings clearly support the theoretical model and all the developed hypotheses. According to the findings, CSR affects both corporate image and customer loyalty

Table III Measurement model

Variables	λ	t-value	R²	a	CRᵇ	AVEᶜ
CSR				0.857	0.929	0.526
ECSR	0.77	Fixedᵃ	0.597	0.834	0.843	0.577
Obtains the greatest possible profits	0.58	Fixedᵃ	0.33			
Tries to achieve long-term success	0.85	8.160	0.726			
Improves its economic performance	0.81	7.954	0.660			
Ensures its survival and success in the long run	0.77	7.687	0.599			
SCSR	0.65	5.097	0.426	0.822	0.821	0.605
Improves the welfare of the communities in which it operates	0.73	Fixedᵃ	0.536			
Actively participates in social and cultural events (music, sports, etc.)	0.84	9.306	0.705			
Helps to solve social problems	0.76	9.512	0.575			
ENCSR	0.75	4.833	0.568	0.750	0.763	0.522
Protects the environment	0.62	Fixedᵃ	0.379			
Reduces its consumption of natural resources	0.69	7.208	0.476			
Participates in environmental certifications	0.84	7.637	0.710			
Corporate image				0.910	0.853	0.776
I have always had a good impression of this hotel	0.86	17.455	0.736			
In my opinion, this hotel has a good image in the minds of consumers	0.85	16.908	0.724			
I believe that this hotel has a better image than its competitors	0.93	Fixedᵃ	0.863			
Customer loyalty				0.841	0.936	0.591
I usually use this hotel company as my first choice compared to other hotels	0.82	Fixedᵃ	0.665			
It would be costly in terms of money, time, and effort to end the relationship with this company	0.54	7.511	0.291			
I shall continue considering this one as my main hotel brand in the next few years	0.88	13.878	0.777			
I would recommend this hotel if somebody asked my advice	0.79	11.927	0.620			

Notes: Goodness-of-fit statistic (χ^2 = 202.955; df = 113, $p < 0.01$; χ^2/df = 1.796; RMSEA = 0.065, CFI = 0.950 and NFI = 0.92); ᵃParameter fixed at 1.0 during ML estimation; ᵇCR = Composite reliability; ᶜAVE = Average variance extracted; CSR = corporate social responsibility; ECSR = economic CSR; SCSR = society CSR; ENCSR = environmental CSR

Figure 3 Results of structural equation model
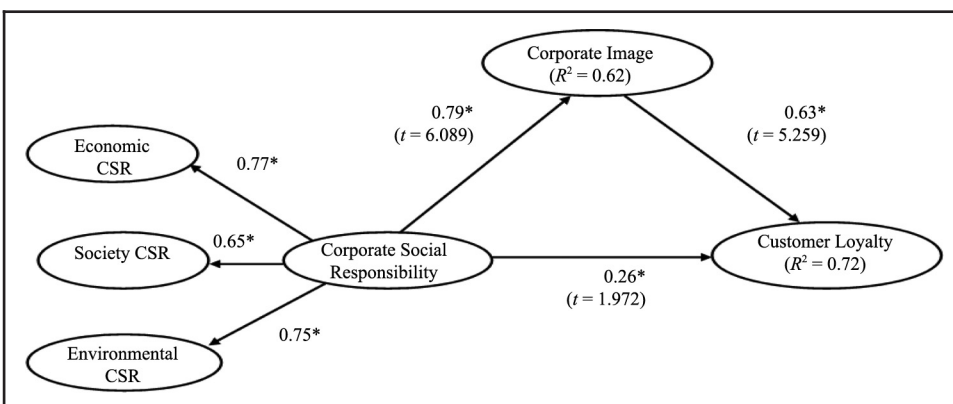
positively. The main purpose of this study is to put forward how CSR creates customer loyalty in the hotel industry. In other words, it aims at revealing the mechanism underlying the relationship between CSR and customer loyalty. In the research, it has been found that corporate image has a partially mediating role in the relationship between CSR and customer loyalty, and the relationship between these variables has been explained through the principle of generalized reciprocity specified in the theory of social change. Filling this information gap makes this study an information resource for further studies in independent hotels. Research findings also shed light on CSR perceptions of customers in Turkish independent hotels. Considering different CSR dimensions, economic responsibility (4.84) has the highest level, whereas environmental responsibility (4.05) has the lowest level among these three dimensions. Economic responsibility is the most fundamental responsibility of companies (Carroll, 1991). In the light of these results, it can be mentioned that hotels included in the research are at the first stage of developing CSR. The reason can be that independent hotels do not have sufficient human and financial resources for environmental and social responsibility activities. Lynn (2009) stated that "independent hotels may implement environmental and social policies easier than brand and chain". Findings indicate that Lynn's (2009) ideas are not validated for the Turkish independent hotels.

According to research findings, CSR has a positive impact on customer attitudes and behaviors. Whereas García de Leaniz and del Bosque Rodríguez (2005) could not find any direct relationship between CSR and customer loyalty, it has been found in this study that there is both a direct and indirect relationship between CSR and customer loyalty. This result is compatible with previous studies (Mandhachitara and Poolthong, 2011; He and Li, 2011; Pérez et al., 2013; Marin et al., 2009; Martínez et al., 2013; García de Leaniz and del Bosque Rodríguez, 2015; Martínez et al., 2014). Besides, it is expected that this study would contribute to the theoretical information, as it is one of the few empirical studies examining CSR – in terms of sustainable development (Martínez et al., 2013, 2014) – and also has put forward the mediating role of corporate image in the relationship between CSR and customer loyalty.

Through the testing of these hypotheses in independent hotels in Turkey, this research not only contributes to the information regarding CSR in the hotel industry, but also leads the practitioners. According to research findings, customers still believe that hotels take their actions in line with financial reasons rather than environmental and social concerns. Hotel companies should carry out more CSR activities on social and environmental issues. In addition, the direct effect of CSR on customer loyalty is lower than its indirect effect via corporate image. Therefore, if companies desire to create customer loyalty through CSR, they should introduce their CSR activities to customers via communication tools (website, media, etc.). If customers believe the company is a socially responsible corporate citizen, they will quite likely have positive impressions (corporate image) regarding the corporation and this will increase customer loyalty. Consequently, corporate image's mediating role indicates that companies should introduce their economic, social and environmental responsibility to their target audience, as corporate image plays an important role in creating customer loyalty. Besides, to develop corporate image through social responsibility activities, companies are recommended to pay attention on corporate advertising activities.

5.1 Limitations and suggestions for future research

Though the theoretical model provided in the research is supported, this research has limitations, as well. First, the research model was tested in five-star independent hotels. Further studies could be tested in a way of covering different independent hospitality companies. In addition, the research was conducted on a limited sample as hotel managers were not willing to allow direct contact with customers. Further studies could be

carried out on larger samples. In addition, to increase the explanatory power of the research model, public relations (PR) techniques (e.g. corporate advertising) could be used as mediating variables in the relationship between CSR and corporate image. On the other hand, it can be benefited from using customer satisfaction as a mediating variable in the relationship between corporate image and customer loyalty. Moreover, such kind of moderating variables as type of customer, nationality, destination, etc., would be included in the model to develop a more comprehensible model in further studies that will be carried out in different destinations. Despite all the aforementioned limitations, it is expected that this research would provide new information on CSR and its benefits in independent hotels in Turkey and contribute to the related field.

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