

Effects of Customer Experience in Engaging in Hotels' CSR Activities on Brand Relationship Quality and Behavioural Intention

ABSTRACT

Studies on the relationship between customers' experiences in participating in corporate social responsibility (CSR) activities of a company (CSRE) and brand relationship quality (BRQ) are scarce. A survey was conducted with guests of two resort hotels in Asia, who have participated in these hotels' CSR activities during their stays. Partial least square structural equation modeling was used for the analysis. Results suggested that CSRE had a significant effect on BRQ, whereas BRQ had a significant effect on LY and FE. Insights for hotel managers into developing a strong customer brand relationship by engaging customers with appropriate and relevant CSR activities.

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1. INTRODUCTION

Over the past years, the hospitality industry has grown tremendously owing to an increase in the affordability of travel. Businesses and communities have also benefitted from the increase in the demand of travel-related products, such as airlines, hotels, cruise lines and restaurants, particularly given the improvements in infrastructure, job creation and actual revenues generated. However, the hospitality industry has exerted considerable negative impact to the environment and local communities. Thus, an increasing number of companies in this industry are adopting business strategies that focus on being a good corporate citizen, and exerting conscientious effort to be socially responsible. Specifically, these companies are allocating their substantial resources on corporate social responsibility (CSR) activities.

Given that customers are important stakeholders, an increasing number of companies have started to engage their customers in CSR initiatives. For example, Cathay Pacific and its sister airline, Cathay Dragon, have launched *FLY greener*, which is a voluntary carbon offset scheme that provides customers with the opportunity to reduce their carbon footprint by offsetting carbon emissions that are attributable to their journey (Cathay Pacific, 2019). Banyan Tree invites its guests to participate in its CSR activities, which include feeding communities, teaching English to disadvantaged children and coral planting (Banyan Tree, 2019). AccorHotels uses its Planet 21 program to involve customers in CSR activities by inviting guests to reuse their towels, whilst savings made on water and energy are used to fund tree-planting activities (AccorHotels, 2019).

Customer engagement is an important customer concept in relationship marketing (Banyte & Dovaliene, 2014). Companies' own engagement in CSR activities and their customers' involvement in these initiatives help build positive relationships and generate positive impact to the company brands (Hoeffler & Keller, 2003), positive outcomes for customers and benefits to others and the society (Van Doorn *et al.*, 2010). The relationship marketing framework is widely adopted in studying the antecedents and consequences of customers' brand relationship quality (BRQ). Studies have found that customers' hotel stay or restaurant dining experiences influence their BRQ (e.g. Jin, Weber, & Bauer, 2012; Lee, Kim, Lee, & Li, 2012; Lo & Im, 2014; Lo, Im, Chen, & Qu 2017). Bhattacharya, Korschun and Sen (2009) used means-end theory as basis to suggest that stakeholders gain personal benefits either through their direct involvement in companies' CSR initiatives or through mere knowledge according to their subjective perceptions of such initiatives. Moreover, the impact of CSR initiatives, which constitutes a benefit to one stakeholder group, may hold minimal value to another and may even come into conflict with the interests of another stakeholder (Bhattacharya, Korschun, & Sen, 2009). Therefore, the impact of CSR on different stakeholder groups, in which customers are amongst the key stakeholder groups, must be investigated.

Only a few studies have been conducted on the relationship between engagement in CSR activities and brand building (Chomvilailuk & Butcher, 2010). Moreover, the effects of customers' experiences in engaging in CSR activities (CSRE) of hospitality companies on their BRQ and their future intentions in engaging in CSR activities (FE) and brand loyalty (LY) have yet to be explored. Previous studies on CSR have mainly focused on companies' financial performance (e.g. Kang *et al.*, 2010; Lee *et al.*, 2013) and customers' awareness or perceptions of companies CSR activities (Kim & Ham, 2016; Swimberghe & Wooldridge, 2014) but not

on customers' actual experience of personally engaging in company-initiated CSR activities. Furthermore, no instrument has been developed to measure customers' CSRE. Thus, the instrument developed in the current study will help explain customers' experiences in engaging in company-initiated CSR activities. Prior studies have also demonstrated that BRQ is an important mediating factor between customer service experiences and outcomes. Thus, an investigation must be conducted to determine if BRQ places the same mediating role on the relationship between CSRE and LY and CSRE and FE. The results of the current study will provide important insights into the relationship between CSRE and BRQ, and the mediating role of BRQ on the impact of CSRE on LY and FE. For industry practitioners, this research will provide them with insights into the impact of CSRE on their relationship quality with the brand, and their loyalty and intention to re-engage in these activities.

The specific objectives of this study are as follows:

1. develop an instrument to measure CSRE,
2. propose and test a conceptual model on the effects of CSRE on BRQ, FE and LY and
3. test the mediating effects of BRQ on the relationship amongst CSRE, LY and FE.

2. LITERATURE REVIEW

2.1 CSR

CSR is no longer a new concept and can be traced back to the late 1800s (Chen, Patten, & Roberts, 2008). The increase in the complexity and pace of changes in society has resulted in demands for new roles for businesses. Particularly, businesses recognise that shareholders continuously demand growth; employees look for meaning in their work and public expectations from the businesses to address social, economic and environmental challenges are increasing (Mirvis, Herrera, Googins, & Albareda, 2016). CSR encompasses an entire range of economic, legal, ethical and philanthropic obligations towards society (Carroll, 1991). The acknowledgment of CSR, increasing demand for accountability and transparency and increased realisation of the business value of CSR have set the stage for this concept to gain support and acceptance in the field of business.

CSR is perceived as an appropriate action and increasingly recognised as a fact amongst businesses (Grayson & Nelson, 2013). Certain shared understanding and common meanings exist in the contemporary concept of CSR, including performing responsibilities beyond shareholders' wealth maximisation, being obligated by law, honouring ethical values and norms and benefiting stakeholders (Font, Walmsley, Cogotti, McCombes, & Häusler, 2012). Companies also consider themselves as agents of social, economic and environmental development. Thus, they engage in CSR behaviours and programs as part of their business strategy to increase the benefits they can provide to communities and minimise the negative effects to the various environments where their businesses operate (Singh, Sanchez, & del Bosque, 2008). Businesses have a substantial commitment to CSR initiatives and recognise the effects of such initiatives on the business (Chomvilailuk & Butcher, 2010). Business leaders believe that CSR tangibly contributes to the bottom line and reputation of companies. Evidence on the substantial commitment in CSR initiatives and its effects on businesses are increasing (Chomvilailuk & Butcher, 2010).

Companies that engage in CSR activities are considered 'good corporate citizens'; thus, customers are willing to spread positive word-of-mouth (WOM) and bring additional business to these companies (Du, Bhattacharya, & Sen, 2010). Business leaders believe that CSR

tangibly contributes to the bottom line and reputation of companies (Reputation Institute, 2019). CSR is an important business strategy to build relationships with stakeholders (Waddock & Smith, 2000). For companies to succeed, they no longer focus on creating business transactions but on building and maintaining relationships with their customers at different points of time during the latter's journey.

2.2 CSRE

Stakeholder theory suggests that companies must view customers as an economic entity and as members of a family, community and society (Maignan, Ferrel, & Ferrell, 2005). Waddock and Smith (2000) suggested that CSR is one of the key activities that establish stakeholder relationships. Presently, customers are no longer passive recipients of services and products. They are involved in interactive processes with organisations to build meaningful and sustainable relationships (Hollebeek, 2013). Customer engagement activities are no longer confined to purchasing products or services but also involves customers in value co-creation (Libai, 2011). Studies have argued that creating social relationships and involving customers in CSR activities are critical in improving customer satisfaction and enhancing loyalty (Robinson, Abbott, & Shoemaker, 2005). Therefore, customers' experiences in engaging in CSR activities, which are initiated by companies, should be assessed.

Customer experience is a popular buzzword in the field of business. Lemon and Verhoef (2016) conducted a review of the literature on customer experience and concluded that empirical research related to customer experience and customer journey is limited. Moreover, the aforementioned study suggested that customer experience is a multi-dimensional construct focusing on customers' cognitive, emotional, behavioural, sensorial and social responses to company offerings during their purchase journey. In the field of marketing, Pine and Gilmore (1998) defined customer experience as a series of memorable events staged by companies for customers to enjoy. Meyer and Schwager (2007) identified customer experience as customers' internal and subjective responses to different company offerings. Schmitt (1999) and Verhoef, Reinartz and Krafft (2009) perceived customer experience as a multi-dimensional construct involving customers' cognitive, affective, emotional, social and physical responses. Schmitt, Brakus and Zarantonello (2015) suggested that customer experience is the end product of a service exchange, regardless of its nature and form. Experience with companies can be built up at different touch points or interactions in the customers' journey (Verhoef *et al.*, 2009). When customers participate in company-initiated CSR activities, they interact with the different stakeholders of these companies (e.g. employees, other customers and community). Accordingly, these engagements affect their experiences.

Means-end chain theory is based on a model of consumers' cognitive structures, linking customers' experiences with services and products to the valued end-state desired by consumers (McIntosh & Thyne, 2005). Gutman (1982) suggested that means-end chain theory describes the connections amongst the attributes of products, consequences experienced by customers and personal values that consequences reinforce. On the basis of *means-end chain theory*, the conceptual framework of stakeholder responses to CSR by Bhattacharya *et al.* (2009) suggests that stakeholders gain personal benefits by directly involving in the CSR initiatives of companies or through mere knowledge according to their subjective perceptions of such initiatives. These benefits are stakeholders' internal and subjective responses, which involve the cognitive, affective, emotional, social and physical dimensions (Verhoef *et al.*, 2009).

Bhattacharya *et al.* (2009) proposed that stakeholders gain personal benefits either through their direct involvement in company CSR initiatives or through mere knowledge based on their perceptions of such initiatives. These mutually beneficial CSR initiatives enhance the functional, psychological and value *benefits* to stakeholders, thereby strengthening their relationship quality with brands (Bhattacharya *et al.*, 2009). Koch, Bekneier-Feuerhahn, Bögel and Adam (2019) revealed that employees experience functional, emotional and meaning and morality benefits after they have participated in their company CSR activities. Studies on volunteering and volunteer tourism have suggested that individuals experience the benefits of high-level with an overall leisure trip as a result of volunteering experiences. The literature has collectively identified three key types of benefits for individuals who participate in volunteer activities during their travel: *functional, psychological and value benefits*. *Functional benefits* are the tangible gains that individuals would have. These gains include their accumulation of skills and knowledge, realisation of self-development and fulfilment, altruism, opportunities to directly interact with local communities, meaningful experiences and delightful memories, personal growth and enhancement of family or social relationships (Bhattacharya *et al.*, 2009; Han, Meng, Chua, Ryu, & Kim, 2019; Lo *et al.*, 2011). Caissie and Halpenny (2003) studied tourists' motivations in participating in a biodiversity conservation volunteer program and determined that the key motives and benefits include pleasure seeking, ability to participate in protecting the natural environment, leaving a legacy, immersion in the place, enjoying the special perks of obtaining knowledge in environmental protection and gaining access to natural areas. *Psychological benefits* are related to the psychological and sociological well-being of individuals (Bhattacharya *et al.*, 2009). These benefits include making oneself feel good and important and attaining self-esteem; a positive mood can also be attained through participation in volunteer tourism activities (Han *et al.*, 2019; Lo *et al.*, 2011). Lastly, *value benefits* are the end-states of the affirmation of individuals' values (Bhattacharya *et al.*, 2009). Examples of value benefits identified in previous studies include the attainment of personal growth and development, attainment of or change in personal values and change in life and world perspectives (Han *et al.*, 2019; Lo *et al.*, 2011). Companies must understand the types of benefits that customers attain when they participate in company-initiated CSR activities. Therefore, the current study argues that the three dimensions of customer experience in CSR activity engagement are the functional, psychological and value benefits.

2.3 BRQ

Relationship quality is the overall assessment of the strength of a relationship (De Wulf, Odekerken-Schroder, & Iacobucci, 2001; Garbarino & Johnson, 1999). Additionally, relationship quality is defined as the degree of appropriateness of a relationship to fulfil the needs of customers associated with such a relationship (Hennig-Thurau & Klee, 1997). This concept is grounded on commitment–trust theory of relationship marketing, social exchange theory, organisational behaviour theory and interdependence theory (Kumar, 2013; Palmatier, 2008). Evidently, building a strong customer BRQ is significant because BRQ reflects the strong emotional and motivational ties of customers with brands in a similar manner that they relate to people (Kim, Park, & Kim, 2014). Previous research on hospitality companies has emphasised the relationship quality between customers and employees (e.g., Hyun, 2010). Thus, effort should focus on improving the relationships between customers and brands because the latter plays a critical role in developing emotional bonds with customers, thereby often increasing brand equity, repurchase intention, financial gains and customer retention (Breivik & Thorbjørnsen, 2008; Huber, Vollhardt, Matthew, & Vogel, 2010).

Marketing studies have shown particular interest in BRQ conceptualisation to identify valid measures of BRQ. Although a consensus has yet to be reached in terms of BRQ operationalisation, three dimensions are commonly adopted to describe consumer and employee or company relationships: trust (Doney & Cannon, 1997; Hennig-Thurau & Klee, 1997), satisfaction (Fullerton & Taylor, 2002; Homburg & Giering, 2001) and commitment (Hennig-Thurau & Klee, 1997; Moorman, Deshpande, & Zaltman, 1993; Prichard, Havitz, & Howards, 1999). These dimensions are frequently used relationship quality factors in hospitality studies (Hyun, 2010; Jin *et al.*, 2012; Lee *et al.*, 2012).

Several studies have assessed relationship quality using a single-item scale (e.g., De Canniere, De Pelsmacker, & Geuens, 2009), whereas others have introduced multidimensional relationship quality. The majority of the related studies have agreed that amongst all the multi-items utilised, customer satisfaction with the performance of service providers, trust in service providers and commitment to the relationship with firms are the three key components of relationship quality (Hennig-Thurau *et al.*, 2002). Consumer studies have defined relationship quality as the composite measure of relationship strength, which comprises relationship satisfaction, trust and commitment (Hennig-Thurau *et al.*, 2002). A few attempts have been made in hospitality studies to adopt this three-dimensional approach (Hyun, 2010; Lee *et al.*, 2012). The current study follows that of Valta (2013) to conceptualise BRQ as a high-order construct composed of several dimensions, including brand trust, relationship satisfaction and relationship commitment.

Studies have determined that customers' experiences with products (Francisco-Maffezzoli, Semprebon, & Prado, 2014) and hotels or restaurants (e.g. Cha, Yi, & Bagozzi, 2016; Jin *et al.*, 2012; Lee *et al.*, 2012; Lo & Im, 2014; Lo *et al.*, 2017) influence their relationship quality with brands. The association of customers with the CSR initiatives of companies (Swimberghe & Wooldridge, 2014) and trust with current relationships with companies are positively related (Castaldo, Perrini, Misani, & Tencati, 2009; Swimberghe & Wooldridge, 2014). Martinez and del Bosque (2013) proposed and tested a model on the influence of CSR association on hotel customer loyalty. The aforementioned research discovered that customer loyalty is affected by CSR association and mediated by satisfaction and identification. Bhattacharya *et al.* (2009) suggested that stakeholders gain personal benefits, including functional benefits (FB), psychological benefits (PB) and value attained (VA), either by their direct involvement in the CSR initiatives of companies or by mere knowledge according to their subjective perceptions of such initiatives. Nyadzayo, Leckie and McDonald (2016) conducted a study on sports ticket holders and determined that the respondents' awareness of sports clubs' CSR engagement influence their relationship quality with these sports clubs. Accordingly, the following hypothesis is proposed, given that no recent empirical studies have explored the effects of CSRE of hospitality companies on BRQ:

H1: CSRE positively influences BRQ with a hotel brand.

2.4 Outcomes of BRQ

Previous studies have considered that the brand loyalty of customers reduces the cost of marketing for businesses and yields high firm revenues and profits (Kumar & Shah, 2004). Hence, building loyalty is a fundamental element in strategic marketing for most firms, which aim to sell their products and services with the greatest possible economies. Recent studies have increasingly used brand loyalty as a dependent variable in analysing customer satisfaction and service quality. Loyalty is evaluated using attitudinal and behavioural criteria (Jacoby &

Chestnut, 1978; Samuelson & Sandvik, 1997). Behavioural loyalty is the measurable outcome of attitudinal loyalty (e.g. market shares and sales). Attitudinal loyalty is generally based on affect or emotional attachment to brands, and is often formed through customers' positive brand evaluation. Positive attitude, positive WOM and repeat-purchase behaviour are adapted from previous studies to measure brand loyalty (Selnes, 1993; Zeithaml, Berry, & Parasuraman, 1996).

BRQ is regarded as a key mediator in the relationship marketing literature. Different studies have confirmed the role of BRQ in influencing customers' positive behavioural intention and loyalty in different contexts. Francisco-Maffezzoli *et al.* (2014) studied the consumers of perfumes and bath soaps and found that BRQ mediates the relationship between brand experience and brand loyalty. Hudson *et al.* (2015) observed that brand relationship has a positive influence on music festival attendees' WOM. Lo *et al.* (2017) investigated hotel loyalty program members and noted that their experiences with the loyalty program influences BRQ. Furthermore, BRQ has a positive impact on members' future behavioural intentions, namely, WOM and future share of purchase. Caceres and Paparoidamis (2007) used the B2B environment context to deduce that relationship quality with firms has a positive impact on customers' loyalty. Nyadzayo *et al.* (2016) perceived that relationship quality mediates the relationship between members' awareness of sports clubs' engagement in CSR and their loyalty to the clubs. Therefore, the following hypothesis is proposed:

H2: BRQ positively influences LY.

In a society where customers can easily interact with others and different firms through social networks, non-transactional consumer behaviour has become increasingly important. Studies have observed that firms have been considerably focusing on customers' non-transactional behaviour and experience (Verhoef *et al.*, 2010). Furthermore, when customers have strong relationship quality with a brand—in addition to being loyal by engaging in future purchases or purchase-related activities—customers are prone to participate in activities that are non-purchase related. Customer engagement behaviour is defined as 'the customers' behaviour manifestation toward a brand or firm, beyond purchase, resulting from motivational drivers' (p. 253, Van Doorn *et al.*, 2010). These activities include various behaviours, including WOM, recommendations, helping other customers, writing reviews and participating in activities initiated by companies and supporting these activities financially. Vivek *et al.* (2012) explained that the 'intensity of an individual's participation in and connection with an organisation's offerings or organisational activities' (p. 133). Customers' participation in CSR activities initiated by companies is a form of customer engagement behaviour beyond business transactions. Customers who are willing to participate in company-initiated CSR activities shows a form of strong customer –company relationship (Abbas, Goa, & Shah, 2018). If customers have good relationship with brands, then they are likely to be willing to engage with the company customer engagement behaviours (i.e. non-transactional or non-purchase-related activities beyond purchase). Singh *et al.* (2008) suggested that companies consider themselves agents of social, economic and environmental development. Hence, increasing the intention of guests to engage in future CSR activities or voluntarily donate their time to particular causes would facilitate the fulfilment of this particular role in society. Accordingly, the following hypothesis is proposed:

H3: BRQ positively influences consumers' future intention to engage in FE.

Studies have recognised the importance of BRQ in understanding customers' evaluation of brands (Fournier, 1998). Sherry (2005) suggested that brands' capability to remain in the market relies on the ability of companies to manage customer experiences. However, Iglesias, Singh and Batista-Foguet (2011) argued that brand experience alone will not allow companies to generate loyalty. BRQ has been demonstrated to be an important mediating factor between customer experiences and outcomes in prior studies (Francisco-Maffezzolli, Semprebon, & Prado, 2014; Park & Lee, 2005; Kim et al., 2014; Valt, 2013). Other studies have confirmed a partial mediation effect between experience and loyalty (Brakus et al, 2009; Iglesias et al., 2011; Lo et al., 2017). In the context of customers' CSRE, the mediating role of BRQ is proposed as follows:

H4: BRQ mediates the relationship between CSRE and LY and FY.

The conceptual framework is illustrated in Figure 1.

[INSERT FIGURE 1]

3. METHODOLOGY

This research adopted a mixed method approach. Three CSR managers and five hotel guests were interviewed to develop the statements that measure each of the constructs in the proposed model. They were first invited to discuss the motivations for guests to join the hotels' CSR activities and their experiences during and after joining these activities. A questionnaire was developed to measure the different constructs in the current study based on the previous literature on volunteer tourism (Benson & Seibert, 2009; Ellis, 2003; Harlow & Pomfret, 2007; Lo *et al.*, 2011; Palacios, 2010; Pan, 2017; Pearce & Coghlan, 2008) and customer experience (Bhattacharya *et al.*, 2009; Castaldo *et al.*, 2009; Martinez and del Bosque, 2013; Swimberghe & Wooldridge, 2014) and the results of the interviews. The questionnaire was shared with managers and customers whom we had interviewed for comments. The questionnaire was pilot tested with 10 individuals who had participated in CSR activities during their previous hotel stays. The final questionnaire was used in the data collection.

The questionnaire collected information on customers' behavioural and demographic characteristics. The respondents were asked to assess their CSRE, which includes their perceived benefits, including FB (5 statements), PB (9 statements) and VA (4 statements). They were also asked to indicate their BRQ with the hotel brand, which includes trust (6 statements), satisfaction (3 statements) and commitment (3 statements). Lastly, they were asked to indicate their LY (3 statements) and FE (5 statements). The questions measuring CSRE, BRQ, LY and FE were measured using a 7-point Likert scale. An open-ended question asking the respondents to indicate the most liked aspect of their CSR experiences is also included.

Hotel guests of Banyan Tree, a leading international operator and developer of premium resorts, hotels, spas and residences in Indonesia and Vietnam and had participated in the hotels' CSR activities were invited to complete a self-administered survey at the end of the activities from June to November 2018. The data collection was facilitated by the researcher and the CSR staff of the hotels. A total of 160 usable questionnaires were used for the analysis.

To analyse the data collected from the questionnaires, partial least square-structural equation modeling (PLS-SEM) was used to estimate the structural relationships between the exogenous

and endogenous variables. PLS-SEM, instead of covariance-based SEM (CB-SEM), was chosen because this study aimed to investigate a set of constructs that are interconnected with one another. Different from CB-SEM, PLS-SEM is a ‘composite-based approach to SEM that uses linear combination of indicator variables as proxies of the conceptual variables under investigation to explain the variance of the target constructs in the structural model’ (p. 515, Ali, Rasoolimanesh, Sarstedt, Ringle, & Ryu, 2017). PLS-SEM can account for measurement error (Chin, 1998). PLS path modeling is suitable for prediction and is considerably beneficial to use when models are complex (Haenlein & Kaplan, 2011) and when assumptions are violated. Moreover, it does not impose strict demands on distributional assumption (Chin, 1998) and sample size (Henseler, Ringle, & Sarstedt, 2015).

In the first stage, an assessment of the measurement model was conducted to evaluate the relationships between the manifest variables and latent constructs. The measurement model was tested through the assessment of the validity and reliability of the constructs in the model. This process ensures that only reliable and valid constructs are used for assessing the relationships amongst constructs in the overall model (Hulland, 1999). In the second stage, an assessment of the structural model was performed, in which the relationships amongst constructs was evaluated. Path coefficients amongst constructs in the structural model were estimated and tested. The open-ended question was analysed through content analysis. The data collected were meticulously reviewed to explore emergent themes, establish meaningful concepts and determine pertinent categories following the process suggested by Jennings (2001).

4. FINDINGS

4.1 Profile of the respondents

Table 1 presents the profile of the respondents. Amongst the 160 respondents, 45.6% were male and 54.5% were female. Those between 25 and 54 years old accounted for approximately 75% of the sample. The education level of the respondents was high, with approximately 70% having attended university or above. Meanwhile, 52.3% of the respondents were non-Asians. Over 90% stayed at the hotel for leisure purposes. Over 80% of the respondents were first-time participants of a hotel-initiated CSR activity. For the CSR activities in which the respondents participated, 30.0% joined turtle release, followed by nature walk (22.5%), birdwatching (15.6%) and ranger trail (13.1%).

[TABLE 1 HERE]

4.2 Assessment of the measurement model

The assessment of the measurement model ensures the reliability and validity of the construct measures, thereby supporting the suitability of their inclusion in the path model (Hair *et al.*, 2014). In our model, LY, FE, FB, VA, PB, CM, TR and SAT were the first order latent constructs. CSRE was a second-order construct consisting of three variables, which were defined by three first-order constructs (i.e. FB, VA and PB). BRQ was another second-order construct, which was composed of CM, TR and SAT.

After deleting one item (i.e. ‘The activity allows me to enhance my relationship with my family’) in the FB construct, the result of the final measurement model in Table 2 supports

convergent validity because the factor loadings of all items were significant at $p < 0.005$ (Awang, 2012). All factor loadings were above 0.5, thereby indicating the reliability of the indicators to measure their corresponding constructs (Bagozzi & Yi, 1988). The Cronbach's values for all constructs in the current study ranged between 0.784 and 0.968, which were above the recommended level of 0.7 (Nunnally & Bernstein, 1994). The values of composite reliability of all constructs were above 0.6 (Tseng, Dörnyei, & Schmitt, 2006), thereby demonstrating that all constructs had high levels of internal consistence reliability.

[TABLE 2 HERE]

The average variance extracted (AVE) and intercorrelations of the constructs are shown in Tables 3 and 4. The values of AVE for the constructs ranged between 0.543 and 0.898, which exceeded the cutoff value of 0.5 (Fornell & Larcker, 1981; Hair, Hult, Ringle, & Sarstedt, 2014). Additionally, the square root of AVE for each construct was above the correlation coefficients for the corresponding interconstructs, thereby substantiating the discriminant validity (Fornell & Larcker, 1981).

[TABLE 3]

[TABLE 4]

4.3 Path analysis of the structural model

CSRE and BRQ were the second-order constructs in the model. The procedure outlined by Hair *et al.* (2014) was adopted to assess the structural model, which included the assessment of the significance and relevance of the structural relationships, coefficient of determination (R^2), effect size (f^2) and predictive relevance Q^2 . The results of these assessments are shown in Tables 5 and 6. The PLS model was evaluated with R^2 for each endogenous variable, thereby proving that the model fits the hypothesised relationship. Except for BRQ and FE with relatively weak R^2 values, all other variances of the endogenous constructs were moderately or substantially explained by the predictor constructs. Threshold values of 0.25, 0.5 and 0.7 were often used to describe a weak, moderate and strong coefficient of determination, respectively (Hair *et al.*, 2014). The bootstrapping procedure was used to assess the significance of the hypotheses (Chin, 1998). Bootstrapping procedure was performed to estimate the significance of the path coefficients. The results in Table 5 show that all of the structural relationships were significant at $p < 0.005$. BRQ had a substantially strong relationship with its three low-order components (LOCs), namely, TR ($\beta = 0.922$, $p < 0.005$), SAT ($\beta = 0.844$, $p < 0.005$) and CM ($\beta = 0.630$, $p < 0.005$). Hence, these LOCs were sufficiently correlated for BRQ to explain over 50% of each LOC's variance. CSRE had a strong relationship with its three LOCs, namely, PB ($\beta = 0.926$, $p < 0.005$), FB ($\beta = 0.866$, $p < 0.005$) and VA ($\beta = 0.812$, $p < 0.005$). Thus, these two second-order reflective constructs were confirmed in the structural model. Moreover, CSRE had a significant effect on BRQ ($\beta = 0.440$, $p < 0.005$), whilst BRQ had a significant effect on LY ($\beta = 0.725$, $p < 0.005$) and FE ($\beta = 0.409$, $p < 0.005$). Thus, H1 to H3 are supported. Effect size f^2 was a measure to assess the contribution of each exogenous construct to the R^2 value of an endogenous construct. Threshold values of 0.02, 0.15 and 0.35 were often used to describe a small, medium and large effect, respectively (Cohen, 1988). All significant paths had medium or large effects. The value of Q^2 was used to assess its predictive relevance for the endogenous constructs. All Q^2 values were above 0, which means that the model had predictive relevance for the endogenous constructs.

[TABLE 5]

[TABLE 6]

4.4 Mediation analysis

The results of the mediation analysis are shown in Table 7. Evidently, BRQ had a significant mediation effect on the relationship between CSRE and LY and CSRE and FE. The value of VAF presented the strength of the mediating effect. A total of 47.0% of CSRE's effect on LY can be explained via the mediator BRQ, whilst 20.3% of CSRE's effect on FE can be explained via BRQ. Both magnitudes were considered to be partial mediation. The findings confirmed the mediating role of BRQ in the model. Thus, H4 is supported.

[TABLE 7]

4.5 Content analysis of the most-liked aspect of the CSR experience

Out of the 160 respondents, 139 answered the open-ended question on the most-liked aspect of their CSR experiences. The most mentioned aspect is related to the opportunity to experience and interact with nature (31.7%), followed by educational opportunities, namely, learning about the local environment, impact of humans on nature and conservation strategies adopted by the hotel (28.1%); professional staff guiding the activities (7.2%); enjoyable exploration of the forest and village (7.2%); ability to participate in environmental conservation (5.8%) and appreciation of the beautiful natural environment (5.8%). The tabulations of the identified key themes are shown in Table 8.

[TABLE 8]

5. DISCUSSION AND IMPLICATIONS

The existing literature has suggested that CSR has increasingly been prioritised by hospitality and tourism companies. Prior studies on CSR have also focused on consumer awareness, association and perception towards companies' engagement in CSR activities but not on customers' experience in actual participation. Given that the concept of customer engagement is of growing importance and strategic significance in enhancing customer-brand relationships and brand loyalty, hospitality companies have started to engage their customers to participate in their CSR activities. Only a few studies have been conducted on the impact of customers' experiences in participating in company-initiated CSR activities and the impact on customer-brand relationships and brand loyalty and intention to engage in these activities in the future. The current research contributes in filling in the research gap by exploring the relationship between CSR and customer engagement.

This study is the first to empirically confirm that customers' engagement in company-initiated CSR activities could experience FB, PB and VA. This study specifically proposed an instrument measuring the CSRE of one of the important stakeholders, namely, customers. This empirical research illustrated that CSRE was a higher-order construct, which included FB, PB and VA as the underlying first-order factors. These three factors that were loaded on the second-order factor of CSRE strongly and significantly reflected a comprehensive representation of customers' experiences in engaging in hotel-initiated CSR activities. Given that experience is an abstract concept, measuring it objectively is nearly impossible. The results enriched the hospitality and tourism experience literature by conceptualising CSRE meaningfully at a higher order of

abstraction. One theoretical implication of the finding is that this study offers conceptual clarity to the construct of CSRE.

Participation in CSR activities allows customers to experience the three different types of benefits. PB emerged as the strongest dimension of CSRE, followed by FB and VA. By supporting different organisations' CSR activities, customers observed PB, such as feeling good through doing good (Bhattacharya *et al.*, 2009). This result was also similar to the study on consumers' pro-social choice, wherein their perceived PB significantly affected their attitude toward the brand and their purchase intention (Hartmann & Apaolaza-Ibáñez, 2012).

Although means–end chains theory suggests that psychological responses occur as a result functional consequences, this study empirically supports Bhattacharya *et al.* (2009) conceptual proposal that PB can be derived as a direct result of stakeholders' participation in or their knowledge of companies' CSR initiatives. If we refer to the results of Koch *et al.*'s (2019) study of employees' engagement in CSR, the higher the levels of participation, the more likely employees perceive a wider range of benefits. Moreover, the more employees involved in CSR activities, the more knowledgeable they will be about their companies' CSR activities, and the more aware they will be with regard to sustainability. By linking this argument with the results of this study, the more customers engage in companies' CSR activities, the more benefits they are able to experience. Therefore, hotel companies must provide additional opportunities for their guests to participate in hotel-initiated CSR activities.

Bhattacharya *et al.* (2009) have proposed that mutually beneficial CSR initiatives enhance the FB, PB and VA of stakeholders, thereby strengthening the relationship quality of customers with brands. The results of the current study support the notion that CSRE significantly affects BRQ, which is the customers' perception of their relationship quality with the hotel brand. This finding adds to the existing body of knowledge, which states that customers' cognition and association of companies engaged with CSR initiatives are positively related to enhancing trust and relationship with the company as suggested by other studies (Castaldo *et al.*, 2009; Martinez & del Bosque, 2013; Swimberghe & Wooldridge, 2014). Moreover, personal participation and immersion in CSR activities also enhance the customers' relationship quality with the brand effectively. This finding shows that customers' interactions and actions that are beyond purchase or consumption play significant roles in enhancing customers' relationship with the brand (Hollebeek, 2011; So, King, Sparks, & Wang, 2016).

CSRE has been proven to have a positive impact on BRQ. Previous studies have only investigated consumers' knowledge and awareness of companies or organisations' CSR activities, and have attested the positive impact of CSRE on consumers' relationship quality (e.g., Martinez & del Bosque, 2013; Nyadzayo *et al.*, 2016). Given that no recent empirical studies have explored the effect of customers' experiences in the actual participation in the CSRE of hospitality companies on BRQ, the current study certainly facilitates the bridging of the gap on the understanding of the benefits that consumers gain from the actual involvement and participation in different company-initiated CSR activities (Bhattacharya *et al.*, 2009). This observation also shows that consumers attain benefits beyond their mere knowledge according to their subjective perceptions of such initiatives. Furthermore, BRQ has been proven to have a positive relationship with LY. This finding is consistent with the results of other relationship quality studies on consumers' behavioural and attitudinal loyalty (e.g., Caceres & Paparoidamis, 2007; Hudson, Roth, Madden, & Hudson, 2015; Lo *et al.*, 2017). The impact of BRQ is found to be more significant to consumers' LY to the hotel brand than on their intention to engage in CSR activities in the future. Given that not all hotels provide opportunities for their guests to physically participate in their CSR activities

or provide donation to support these activities in the future, customers may not find it feasible for them to do so, thereby not being able to have CSRE.

Similar to Brakus *et al.* (2009), Francisco-Maffezzolli *et al.* (2014), Iglesias *et al.*, 2011, Park and Lee (2005), Kim *et al.* (2014), Valta (2013) and Lo *et al.* (2017), BRQ has also been proven to mediate customers' experiences and their LY. The current study is the first to propose BRQ as a mediator amongst customers' CSRE, LY and FE. BRQ is an important construct in enhancing the effects of customer experience (be it in products or services, loyalty programs or participation in company-initiated CSR activities) on customers' LY. Moreover, BRQ has a positive effect on customers' intention to engage in CSR activities in the future. This aspect is a new theoretical contribution because the results show that BRQ mediates between experience and loyalty and on customers' personal future engagement in CSR activities. This result fulfils the role of the company as an agent of social, economic and environmental development.

This research contributes to the advancement of academic knowledge but also generates practical information to hospitality industry practitioners. The results of this study indicate that hotels can effectively engage their customers in participating in CSR activities during their stay. Through the customers' participation, they will experience the three different types of benefits. Experience will have a possible influence on customers' brand relationship quality, thereby enhancing customer loyalty and their intention to participate in hotel-initiated CSR activities in the future. Hotel companies can design suitable CSR activities, in which customers can participate to generate higher PB, FB and VA accordingly. Moreover, hotels can focus on what the customers like or enjoy, including opportunities to interact with and experience nature and learn about the local environment and community. Having a professional staff leading or hosting these activities will make a difference in the customers' experience.

PB is the most significant first-order construct of CSRE. To encourage customers to perceive a significant level of PB, hotels may want to consider enhancing positive feelings during and after the activities. For example, hotels may consider explaining to the customers what contributions they have made to the community and environment when they participate in hotel-initiated CSR activities. Activities can be designed to emphasise the possible FB, such as understanding of the community and environment, which can educate customers on the issues faced by the community and the environment. Customers' personal involvement in these activities has proven to change their views of the world and their own lives. Furthermore, brochures and certificates can be provided for the participants to enable them to remember and share their experiences with others because such rewards can influence consumers' positive feelings (Bigné, Andreu, & Gnoth, 2005). Hence, enhancing customers' experiences of their participation in hotel-initiated CSR activities will generate high BRQ and, eventually, loyalty and future CSR engagement.

For hotels that invite their customers to participate in their CSR activities, they may want to communicate these opportunities in advance to increase participation rates. Resort hotels may want to incorporate some volunteer vacation experiences for their customers (e.g. coral planting, tree conservation, conservation talks and community work). If more customers have opportunities to participate, then more customers will have a higher relationship quality with the hotel brand, which will ultimately enhance their loyalty and future engagement in hotels' CSR initiatives. Marketing communications to customers can be emphasised on functional benefits or value attained and on psychological benefits as well (Hartmann & Apaolaza-Ibáñez, 2012), which are the most significant dimensions in the CSRE construct.

6. LIMITATION AND FUTURE STUDIES

This study has several limitations. Particularly, the results of this study must be interpreted within the limitations of the research methodology. The sample of this research was drawn from hotel guests who had participated in CSR activities initiated by the two resort hotels. Thus, the results may not be generalisable to guests staying at other hotels or hotel brands. Moreover, the data were collected during the second half of the year. This sample may not be representative of the guests who participated in the CSR activities in other months. The study only included CSR activities offered by the two hotels. Thus, the activities that other hotels offer to their customers may lead to different responses. Lastly, this study only focused on guests who had participated in the activities and excluded those who had not. Koch et al. (2019) suggested that in the context of employees' participation in companies' CSR activities, those with no or low levels of participation tend to focus minimally or show limited interest in sustainability issues. Moreover, customers who have participated in hotel-initiated CSR activities may be more interested or concerned with sustainability issues. Those who are not interested may not participate or even if they do, the benefits they perceive may be at considerably low levels.

Future studies may test non-resort hotels and those offering different types of CSR activities for their customers as an extension to check the invariance of the model. Although BRQ is an important mediator between CSRE and outcomes, which include LY and FE, the role of other possible mediators, such as customer identification with the brand, can be tested in future studies. This study only investigated the CSR experience, BRQ and outcomes of those participants of hotel-initiated CSR activities. Thus, future studies can test if the number and types of CSR activities that customers participate in will affect the relationships in the proposed model. Lastly, investigating the motivations and barriers for customers to participate in hotel-initiated CSR activities will be of immense importance for hotels when designing CSR activities for their customers.

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Figure 1. Conceptual Framework

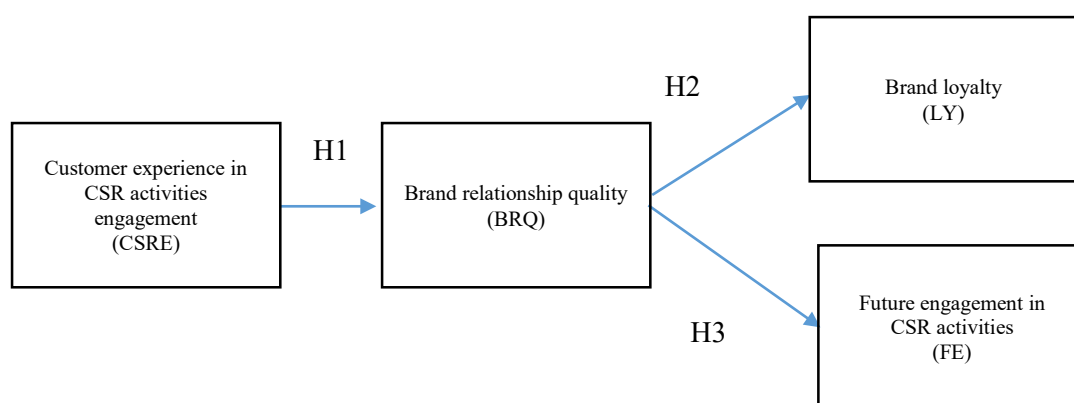


Table 1 Profile of Respondents (N = 160)

		N	%
Gender	Male	73	45.6
	Female	87	54.4
Age	18–24	17	10.6
	25–34	42	26.3
	35–44	44	27.5
	45–54	35	21.9
	55 or above	22	13.8
Education	High school or below	23	14.4
	Diploma	24	15.0
	University	63	39.4
	Postgraduate or higher	50	31.3
Country of origin	Non-Asian	80	52.3
	Asian	73	47.7
Purpose of trip	Leisure	144	90.6
	Business	10	6.3
	Others	5	3.1
First-time participating in CSR activity	Yes	127	85.2
	No	22	14.8
CSR activities you most recently joined	Birdwatching	25	15.6
	Conservation talk	10	6.3
	Forest survival	1	0.6
	Jungle night walk	2	1.3

	N	%
Nature walk	36	22.5
Ranger trail	21	13.1
Soap for hope	3	1.9
Tree trek	9	5.6
Turtle release	48	30.0
Organic farming	5	3.1

Table 2 Factor Loadings and Reliability of the Constructs (N = 160)

Construct	N	Mean ± SD	Loading	Communal -ity	Composite Reliability	Cronbach 's Alpha
Brand Loyalty (LY)					0.941	0.905
I would choose <i>this hotel brand</i> and its subsidiary brands in the future.	155	5.93 ± 0.99	0.925 ***	0.855		
I prefer to choose <i>this hotel brand</i> and its subsidiary brands as my first choice compared with other hotel brands.	155	5.57 ± 1.12	0.895 ***	0.801		
I would recommend <i>this hotel brand</i> and its subsidiary brands to others.	156	5.99 ± 0.99	0.930 ***	0.865		
Future Engagement (FE)					0.878	0.827
In the future, I would tell others about this CSR activity.	160	6.31 ± 0.91	0.709 ***	0.503		
In the future, I would share about this CSR activity on social media.	160	5.07 ± 1.72	0.785 ***	0.616		
In the future, I would participate in CSR activities during my stay at this hotel.	159	6.03 ± 1.25	0.818 ***	0.669		
In the future, I would make a financial donation to support this CSR activity.	158	4.95 ± 1.40	0.760 ***	0.577		
In the future, I would prefer to stay at hotels that allow me to participate in their CSR activities.	158	5.71 ± 1.16	0.766 ***	0.587		
Functional Benefits (FB)					0.854	0.784
The activity allows me to understand the community/environment further.	160	6.29 ± 0.79	0.826 ***	0.682		
The activity allows me to contribute to the community/environment.	156	5.82 ± 1.13	0.706 ***	0.498		
The activity allows me to be more aware of community/environmental issues.	159	6.21 ± 0.98	0.825 ***	0.681		
The activity allows me to step out of my comfort zone.	158	4.97 ± 1.46	0.584 ***	0.341		
The activity allows me to enhance my civic mindedness.	158	5.75 ± 1.18	0.715 ***	0.511		
Value Attained (VA)					0.928	0.883
The activity allows me to change my view of my life.	159	4.98 ± 1.27	0.935 ***	0.874		
The activity allows me to change my view of the world.	159	5.11 ± 1.30	0.918 ***	0.842		
The activity allows me to reinforce my personal value.	159	5.38 ± 1.29	0.849 ***	0.721		
Psychological Benefits (PB)					0.928	0.912
After I participated in the activity, I felt good about myself.	159	5.72 ± 1.00	0.654 ***	0.427		
After I participated in the activity, I felt meaningful.	158	6.02 ± 1.02	0.772 ***	0.597		
After I participated in the activity, I felt happy.	159	6.23 ± 0.86	0.786 ***	0.618		
After I participated in the activity, I felt proud.	159	5.37 ± 1.20	0.768 ***	0.590		
After I participated in the activity, I felt rejuvenated.	157	5.64 ± 1.03	0.763 ***	0.582		
After I participated in the activity, I felt accomplished.	157	5.69 ± 1.15	0.828 ***	0.686		
After I participated in the activity, I felt grateful.	159	6.01 ± 1.04	0.823 ***	0.677		
After I participated in the activity, I felt humble.	158	5.70 ± 1.18	0.783 ***	0.613		
After I participated in the activity, I felt fortunate.	159	6.13 ± 0.97	0.716 ***	0.512		

Construct	N	Mean \pm SD	Loading	Communal -ity	Composite Reliability	Cronbach 's Alpha
Commitment (CM)					0.963	0.943
I am emotionally connected to <i>this hotel group</i> .	157	4.42 \pm 1.35	0.967 ***	0.936		
I am committed to my relationship with <i>this hotel group</i> .	158	4.40 \pm 1.34	0.969 ***	0.938		
My relationship with <i>this hotel group</i> has a considerable personal meaning to me.	157	4.34 \pm 1.31	0.905 ***	0.819		
					0.975	0.968
Trust (TR)						
<i>This hotel group</i> is honest.	156	5.72 \pm 1.04	0.945 ***	0.893		
<i>This hotel group</i> is reliable.	156	5.83 \pm 1.07	0.960 ***	0.922		
<i>This hotel group</i> is responsible.	157	5.89 \pm 1.14	0.947 ***	0.897		
<i>This hotel group</i> is dependable.	156	5.76 \pm 1.15	0.954 ***	0.910		
<i>This hotel group</i> acts with good intentions.	157	5.92 \pm 1.08	0.904 ***	0.816		
Satisfaction (SAT)					0.965	0.951
I truly enjoyed my stay with <i>this hotel group</i> .	157	6.30 \pm 0.81	0.901 ***	0.811		
This hotel brand offers exactly what I need for my stay.	156	6.14 \pm 0.90	0.938 ***	0.881		
Staying at a hotel of this group has been a good experience.	157	6.32 \pm 0.81	0.941 ***	0.886		
I am satisfied with my decision to stay at a hotel of this group.	157	6.35 \pm 0.82	0.957 ***	0.915		
Customer experience in CSR activities engagement (CSRE)[#]					0.853	0.909
FB Functional benefits			0.910 ***	0.829		
VA Value attained			0.842 ***	0.710		
PB Psychological benefits			0.878 ***	0.770		
Brand Relationship Quality (BRQ)[#]					0.731	0.849
CM Commitment			0.716 ***	0.513		
TR Trust			0.873 ***	0.761		
SAT Satisfaction			0.830 ***	0.690		

Note: All items measured on a scale ranging from 1 to 7 (1 = strongly disagree, 2 = disagree, 3 = somewhat disagree, 4 = neutral, 5 = somewhat agree, 6 = agree, 7 = strongly agree). *** $p < 0.005$, [#] = Second-order construct.

Table 3 Intercorrelation and Average Variance Extracted (AVE) for First-order Constructs (N = 160)

Construct	LY	FE	FB	VA	PB	CM	SAT	TR
Brand Loyalty (LY)	(0.917)							
Future Engagement (FE)	0.488	(0.768)						
Functional Benefit (FB)	0.311	0.548	(0.737)					
Value Attained (VA)	0.232	0.530	0.714	(0.901)				
Psychological Benefit (PB)	0.357	0.688	0.665	0.595	(0.767)			
Commitment (CM)	0.426	0.467	0.371	0.379	0.420	(0.947)		
Satisfaction (SAT)	0.731	0.342	0.321	0.111	0.281	0.310	(0.934)	
Trust (TR)	0.590	0.275	0.361	0.248	0.367	0.457	0.664	(0.942)
Average Variance Extracted (AVE)	0.841	0.591	0.543	0.812	0.589	0.898	0.873	0.888

Note: Values in brackets are the square root of the AVEs of the corresponding constructs.

Table 4 Intercorrelation and Average Variance Extracted (AVE) for Second-order Constructs (N = 160)

Construct	LY	FE	CSRE [#]	BRQ [#]
Loyalty (LY)	(0.917)			
Future Engagement (FE)	0.488	(0.769)		
CSR Activities' Experience (CSRE) [#]	0.341	0.675	(0.877)	
Brand Relationship Quality (BRQ) [#]	0.728	0.447	0.449	(0.809)
Average Variance Extracted (AVE)	0.841	0.591	0.770	0.654

Note: Values in brackets are the square root of the AVEs of the corresponding constructs, [#] = Second-order constructs.

Table 5 Path Estimates of Structural Model (N = 160)

Path	Estimate	SE
BRQ → LY	0.725 ***	0.050
BRQ → FE	0.409 ***	0.062
CSRE → BRQ	0.440 ***	0.075
BRQ → CM	0.630 ***	0.059
BRQ → SAT	0.844 ***	0.024
BRQ → TR	0.922 ***	0.013
CSRE → FB	0.866 ***	0.027
CSRE → PB	0.926 ***	0.012
CSRE → VA	0.812 ***	0.028
Dependent (R ²)		
LY	0.525	
FE	0.167	
BRQ	0.193	
CM	0.397	
SAT	0.712	
TR	0.850	
FB	0.751	
PB	0.858	
VA	0.659	

BRQ = Brand Relationship Quality; CSRE = Customer Experience in CSR Activities Engagement; CM = Commitment; FB = Functional Benefits; FE = Future Engagement; LY = Loyalty; VA = Value Attained; PB = Psychological Benefits; SAT = Satisfaction; TR = Trust; SE = Standard error; CI = Confidence Interval.

*** p < 0.005.

Table 6 Result of f^2 and Q^2 (N = 160)

Construct	BRQ	CM	TR	SAT	FB	VA	PB	LY	FE
CSRE	0.240				3.012	1.931	6.036		
BRQ		0.658	5.685	2.477				1.107	0.201
Q^2	0.108	0.334	0.704	0.583	0.375	0.504	0.467	0.412	0.089

BRQ = Brand Relationship Quality; CSRE = Customer Experience in CSR Activities Engagement; CM = Commitment; FB = Functional Benefits; FE = Future Engagement; LY = Loyalty; VA = Value Attained; PB = Psychological Benefits; AAT = Satisfaction; TR = Trust.

Table 7 Mediation Analysis of Brand Relationship Quality (N = 160)

Path	Direct Effect		Indirect Effect		Mediation
	Estimates	Path	Estimates	VAF	
CSRE → LY	0.360***	CSRE → BRQ → LY	0.319***	0.470	Partial
CSRE → FE	0.707***	CSRE → BRQ → FE	0.180***	0.203	Partial

BRQ = Brand Relationship Quality; CSRE = Customer Experience in CSR Activities Engagement; FE = Future Engagement; LY = Loyalty.

*** p < 0.005.

Table 8 Most-liked Aspect of CSR Activities

Themes	Count	Percentage
Directly experiencing and interacting with nature	44	31.7
Learning more about the local environment, humans' impact on it, and strategies employed to conserve it	39	28.1
Professional staff guiding the activities	10	7.2
Enjoyable exploration of the forest and the village	10	7.2
Being able to take part in environmental conservation	8	5.8
Appreciation of the beautiful natural environment	8	5.8
Meaningful and educational experience	6	4.3
Being able to achieve a lot	5	3.6
Others	9	6.5
Total	139	100.0