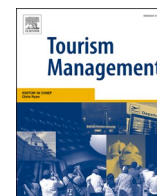




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# The impact of hotel CSR for strategic philanthropy on booking behavior and hotel performance during the COVID-19 pandemic

Hakseung Shin<sup>a</sup>, Abhinav Sharma<sup>b</sup>, Juan Luis Nicolau<sup>b</sup>, Juhyun Kang<sup>c,\*</sup>

<sup>a</sup> School of Hospitality and Tourism Management, University of Surrey, Guildford, GU2 7XH, United Kingdom

<sup>b</sup> Howard Feiertag Department of Hospitality and Tourism Management, Pamplin College of Business, Virginia Tech, Blacksburg, VA, 24061, USA

<sup>c</sup> Department of Tourism Management, Jeju National University, Jeju-Daehakro 102, Jeju-Si, 63243, Republic of Korea

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## ABSTRACT

During the novel coronavirus (COVID-19) pandemic, some hotels have engaged in corporate social responsibility (CSR) activities to help overcome the crisis. Given that most existing research examines the impact of hotel CSR on a single stakeholder, how hotel CSR activities in a crisis are perceived by multiple stakeholders is unknown. Drawing on the concept of strategic philanthropy, this study examines the impact of hotel CSR activities during the pandemic, such as providing accommodations to healthcare workers, on hotel firms' market value and prospective hotel customers' booking behavior. Adopting mixed-methods approach, this study finds negative impacts of hotel CSR for strategic philanthropy on firm market value and customer booking behavior. The study result indicates that the value of hotel CSR depends on the nature and environmental contexts of CSR. Specific theoretical and practical implications are provided.

## 1. Introduction

The coronavirus (COVID-19 pandemic) has had significant impact on nearly every strata of society, including businesses. The hospitality and tourism industry is among the hardest hit by the COVID-19 pandemic, and the vast majority of hospitality and tourism businesses have experienced considerable financial challenges resulting from the loss of demand caused by travel restrictions, national and local lockdowns, social distancing measures, and truncated hours of operation. Despite the palpable obstacles posed to the industry by the pandemic, several hotel companies have proactively engaged in corporate social responsibility (CSR) activities to assist frontline workers and others involved in the fight against COVID-19.

CSR engagement by hotels during the ongoing crisis may be viewed in terms of strategic philanthropy. Strategic philanthropy refers to strategic advantages of CSR towards local communities and broader society. Given that CSR for strategic philanthropy is based on unique resources of the industry, hotel CSR for strategic philanthropy includes, amongst other endeavors, the charitable giving of unoccupied rooms and leftover food (Singal, 2015). During the pandemic, major hotel corporations including Hilton Hotels & Resorts, Marriot International, and InterContinental Hotels Group have engaged in CSR for strategic

philanthropy by donating rooms and food for health care workers. While a growing number of studies in the hospitality scholarship have focused on other aspects of CSR, few studies in the literature have examined hotel CSR under the lens of strategic philanthropy (Rhou & Singal, 2020). To fill this research gap, this study focuses on hotel CSR activities for strategic philanthropy during the COVID-19 pandemic.

A critical research question that arises here has to do with how hotel CSR activities for strategic philanthropy are perceived by multiple stakeholders. In terms of its impact on internal stakeholders (e.g., hotel owners, brand managers, etc.), a body of research examined financial impacts of hotel CSR and found conflicting results (Franco, Caroli, Cappa, & Del Chiappa, 2020; Kang, Lee, & Huh, 2010; Wright & Ferris, 1997). With regards to external stakeholders, most research has focused on the impact of hotel CSR on prospective customers' hotel booking behavior (e.g., Boccia, Malgeri Manzo, & Covino, 2019; Li, Fu, & Huang, 2015). While existing hospitality research has adopted a single level approach by focusing on the impact of CSR on each stakeholder separately, following the suggestion by Guzzo, Abbott, and Madera (2020), this study examines the impact of hotel CSR for strategic philanthropy on both hotel financial performance and customer decision making behavior to provide holistic implications concerning the value of hotel CSR for strategic philanthropy.

\* Corresponding Author: Department of Tourism Management, Jeju National University, Jeju-Daehakro 102, Jeju-Si, 63243, Republic of Korea.

E-mail addresses: [h.shin@surrey.ac.uk](mailto:h.shin@surrey.ac.uk) (H. Shin), [ads@vt.edu](mailto:ads@vt.edu) (A. Sharma), [jnicolau@vt.edu](mailto:jnicolau@vt.edu) (J.L. Nicolau), [juhyun@jejunu.ac.kr](mailto:juhyun@jejunu.ac.kr) (J. Kang).

More specifically, this study first focuses on the impact of hotel CSR during the pandemic on hotel performance using the market value approach, which permits the assessment of future cash flows based on current metrics (Nicolau, 2008). Then, given that understanding how CSR influences customer purchase decision is important to better understand its impact on firm performance (Saeidi, Sofian, Saeidi, Saeidi, & Saeidi, 2015), this paper also examines the impact of hotel CSR on prospective consumers' hotel booking intention. The purpose of this study is to understand how hotel CSR actions for strategic philanthropy, such as providing accommodations to medical staff during the pandemic, influence market value of hotel firms and prospective customer booking behavior in the context of COVID-19 pandemic.

This paper proceeds as follows: in the next section, hospitality and tourism CSR during times of crisis, and the impact of CSR on external stakeholders are first discussed. Next, using a mixed-methods approach that entails two independent quantitative studies are presented. Study 1 focuses on examining the impact of hotel CSR for strategic philanthropy on hotel market value, whereas Study 2 analyzes the impact of hotel CSR on customer booking intention. Finally, theoretical and practical implications of this research are highlighted.

## 2. Literature review

### 2.1. CSR during crisis in the hospitality and tourism industry

Since the 1930s, a growing number of firms have begun to engage in CSR and have paid increasing attention their social responsibilities in business practices. While there is no universally accepted definition on CSR, the basic idea of CSR is that businesses need to make a positive contribution to the broader society and either internal or external stakeholders beyond their own self-interests (Coles, Fenclova, & Dinan, 2013; Jones, Comfort, & Hillier, 2006). Carroll (1999) proposed the CSR pyramid model, according to which CSR is composed of four main responsibilities - economic, legal, ethical, and philanthropic. He argued that companies should not only achieve their economic goals within the legal boundaries but also meet ethical standards and implement philanthropic activities. Building on this model, Lantos (2002) proposed three archetypes of CSR, namely ethical, altruistic, and strategic CSR. Ethical CSR indicates that firms are at least responsible for social and environmental impact of business practices. Altruistic CSR includes those charitable activities that entail firms sacrificing their own profits to benefit various social stakeholders. Lastly, strategic CSR addresses firms' involvement in CSR activities that not only increase societal welfare, but in the process also provide benefits for the firms themselves (e.g., reducing energy expenses, cost management, brand management, etc.).

Adding to existing archetypes of CSR, scholarly research has focused on emerging forms of CSR activities. For example, Torugsa, O'Donohue, and Hecker (2013) proposed the concept of proactive CSR, which involves voluntary business practices to meet broader societal, economic, and environmental needs. Similarly, Rhou and Singal (2015) introduced the concept of CSR for strategic philanthropy in the hospitality and tourism industry to explain responsible business practices that firms indulge in especially during times of crisis. Most recently, Chilufya, Hughes, and Scheyvens (2019) explored tourist-driven CSR by emphasizing the important role of tourists in driving the implementation of CSR activities in local communities. Importantly, many scholars have adopted the stakeholder theory view of CSR to consider broader socially (disaster relief, community support, etc.), economically (e.g., operational cost saving, efficient management system, etc.), and environmentally (e.g., water management, energy conservation, etc.) responsible activities for external and internal stakeholders including customers, employees, local communities, and society (Coles et al., 2013; Rhou & Singal, 2020).

Crises like the COVID-19 pandemic tend to test for the genuine commitment of companies to authentic CSR. This is because financial

strains during crises are likely to push businesses to pursue short-term gains and reduce long-term investment, such as investments in CSR. Engaging in CSR during crises is a way for corporations to generate the 'reputational capital' and enhance firm value (Muller & Kräussl, 2011). García-Sánchez and García-Sánchez (2020) categorized corporations' CSR activities during the pandemic into three clusters - commercial activities to protect the interests of stakeholders, altruistic activities to protect society and vulnerable people, and activities to meet both commercial and altruistic interests. In reality, a lot of firms including global and local manufacturing, telecommunication, and retailing companies have engaged in various CSR activities during times of crisis. Such initiatives include, for instance, monetary donations as well as the donation of products, the production of personal protective equipment, the provision of unlimited mobile data to customers, the lowering of insurance rates, and the adjustment working hours for health care workers during the pandemic (He & Harris, 2020; Manuel & Herron, 2020).

The ties between the hospitality industry and local communities are the basis of CSR engagement, and perhaps the reason for the provision of relief by hotel properties during the current crisis. Hospitality companies have over the years risen to serve communities in crisis. Local hotels in Phuket, for example, responded to the 2004 Indian Ocean tsunami by undertaking a number of CSR initiatives that included providing complementary accommodations for relief workers, releasing hotel staff to assist with rescue and recovery, and delivering foods and water to those in need (Henderson, 2007). While the COVID-19 pandemic has been an unprecedented crisis to the hospitality and tourism industries, a number of hospitality organizations have engaged in CSR to help combat the crisis. For example, several prominent Chief Executive Officers (CEOs) within the industry (e.g., CEOs of United Airlines, Marriott, Lyft, Disney, etc.) have voluntarily taken pay cuts to help navigate the crisis (Manuel & Herron, 2020). More specifically, Fiji hotels and tourism association has provided virtual training programs and certification courses for hospitality and tourism workers who have been significantly impacted by the pandemic (Pacific Office in Fiji, 2020). Rhou and Singal (2015) argued that CSR activities for strategic philanthropy are critical for hospitality corporations to be well appreciated by the local community especially during crisis. For example, hotels can provide unoccupied rooms or food, volunteer for communities, and engage in activities to improve residents' well-being as CSR activities for strategic philanthropy during crisis.

In addition to the increased corporate interest in CSR during the pandemic, the hospitality and tourism scholarship has also experienced an emergence of a strand of research focused on CSR issues in the context of COVID-19. Huang and Liu (2020), for instance, examined the effectiveness of donation appeal messages in the pandemic context to provide an insight into effective CSR marketing strategies. Mao, He, Morrison, and Andres Coca-Stefaniak (2020) found a positive impact of CSR by tourism organizations on tourism employees' psychological capital, providing them with a sense of self-efficacy, optimism, resilience, and hope. Ou, Wong, and Huang (2021) analyzed the evolution of restaurants' CSR practices during the pandemic in terms of the process of crisis, the focus of stakeholders in CSR, and the organization response through CSR.

Still, compared to broader CSR research, CSR during crises or disasters has been neglected in existing hospitality and tourism research (Hao, Xiao, & Chon, 2020). Rhou and Singal (2020) contend that further research is needed to better understand hospitality and tourism specific CSR issues such as disaster relief programs by firms within this field, in order to contribute to the conceptualization and theory development in this literature. This study focusses specifically on CSR involving the provision of accommodations for healthcare workers. Initially, Hilton Hotels & Resorts announced on April 6, 2020 that the Hilton brand hotels will assist with local and national governments by donating one million hotel room nights for health care workers working in the fight against the coronavirus pandemic. Soon after, Marriot International

announced on April 9, 2020 that it would support frontline healthcare workers with accommodations, essential protective equipment, food, and other essential resources. Similarly, InterContinental Hotels Group has also offered hotel rooms at reduced rates for key workers and medical staff during the pandemic. Despite the general goodwill that may be generated from such activities, it is important to keep in mind that there is an inherent level of risk in these activities because of the nature of the crisis.

2.2. The impact of CSR on external stakeholders

Generally, CSR has a wide range of benefits to businesses including enhanced profitability, reduced operating costs, increased staff commitment, improved relationships with communities, enhanced reputation and market value, and positive image of the firm (Li et al., 2015; Porter & Kramer, 2006). Much of the existing hospitality research on CSR has focused on the positive impacts of CSR on three key stakeholders - employees, customers, and local communities. A body of hospitality research has examined how CSR activities positively influence employees (He, Zhang, & Morrison, 2019; Kim, Rhou, Uysal, & Kwon, 2017; Lee, Song, Lee, Lee, & Bernhard, 2013; Luu, 2017; Supanti, Butcher, & Fredline, 2015; Wong & Kim, 2020). These studies found that employees' awareness of CSR can reduce staff turnover, improve recruiting results, enhance staff engagement, increase employees' job satisfaction, and motivate further citizenship behaviors of employees. There is also a growing body of research that examines the relationship

between hospitality firms' CSR involvements and residents' quality of life or perceived benefits in local communities (e.g., Lee, Kim, & Kim, 2018). Given that the operations of hospitality and tourism firms sometimes result in potentially unwelcome changes in local communities, these firms need also to engage in CSR activities that benefit the local communities and residents (Serra-Cantallops, Peña-Miranda, Ramón-Cardona, & Martorell-Cunill, 2018).

Importantly, CSR activities result in cognitive, affective, and behavioral consequences for customers (Sen, Bhattacharya, & Korschun, 2006). A large body of hospitality and tourism research attempts to understand how CSR activities influence consumer or travel behaviors (See Table 1). More specifically, CSR has been regarded as a significant attribute of brand image, which can positively influence customer decision-making behavior (Martínez & Del Bosque, 2013). A body of research found a positive impact of hotel CSR on customer hotel selection behavior (e.g., Li et al., 2015), brand satisfaction (Luo & Bhattacharya, 2006), and brand loyalty (e.g., Liu, Wong, Rongwei, & Tseng, 2014; Martínez & Del Bosque, 2013). In addition, Kim, Song, Lee, and Lee (2017) analyzed how casino visitors' perception of a gaming company's CSR influences their revisit intention. Martínez and Nishiyama (2019) found that the perception of hotel CSR activities has a positive impact on the hotel's brand equity via brand image, brand quality, brand awareness, and brand loyalty.

However, some studies reported no significant relationship between CSR activities and customer purchase decision because of lack of customer attention towards CSR (Boccia et al., 2019; Carrigan & Attalla,

Table 1  
CSR research with consumer behavior.

Author (Year)	Research Purpose	Independent/ Moderating Variable	Dependent Variable	Main Result
Kim, Kang, and Mattila (2012)	To examine the impact of prevention and promotion hope strategies of CSR advertisement on customer attitude and behavioral intention.	Prevention hope Promotion hope	Intention to purchase the mug	The impact of CSR on behavioral intention depends on CSR advertisement strategies associated with prevention and promotion hope.
Martínez and Del Bosque (2013)	To analyze how the impact of CSR on customer loyalty is mediated by trust, customer identification, and satisfaction.	CSR association	Hotel brand loyalty	CSR association has a positive impact on hotel brand loyalty via customer trust, identification, and satisfaction toward the hotel brand.
Liu et al. (2014)	To analyze how customers' CSR perception influence their brand preference and loyalty.	CSR perception	Loyalty intention	Customer CSR perception positively influences brand preference, resulting in increased brand loyalty.
Zhang (2014)	To examine the role of processing fluency in a CSR message and psychological distance in influencing consumers' attitude and behavioral intention towards the hotel.	Construal level Processing fluency	Attitude Behavioral intention	Customers' attitude and behavioral intention towards a hotel are dependent upon consumers' construal level and processing fluency in CSR message.
Gao and Mattila (2014)	To analyze the role of perceived motives of CSR in moderating the relationship between service outcome of green hotels and consumer reactions to the hotels.	Service outcome/ Perceived motives of CSR	Behavioral intention	Customer satisfaction with green hotels is influenced by the hotels' CSR activities based on public-serving motives.
Li et al. (2015)	To analyze the moderating impact of hotel CSR practices on the relationship between hotel decoration style and hotel booking intention.	Hotel decoration style/Hotel CSR practices	Hotel booking intention	Hotels' CSR practices improve prospective hotel customers' booking intention to the hotels with a high conspicuous decoration style.
Cha, Yi, and Bagozzi (2016)	To analyze how customer participation in CSR moderates the impact of CSR-brand fit on brand loyalty.	CSR-Brand fit/ Customer participation in CSR	Brand loyalty	Customer participation in CSR makes the impact of CSR-brand fit on personal identification stronger than the impact on social identification.
Kim, Rhou, Uysal, and Kwon (2017)	To examine how the perception of a gaming company's CSR influences casino visitors' revisit intention.	Perception of CSR initiatives	Revisit intention	The impact of CSR perception on customers' revision intention is dependent upon CSR dimensions.
Martínez and Nishiyama (2019)	To examine how customer perception of hotel CSR activities influence the hotel's brand equity.	Perception of CSR activities	Brand loyalty	The customer perception of hotel CSR activities has a positive impact on the hotel's brand equity via brand image, perceived quality, brand awareness, and brand loyalty.
Randle et al. (2019)	To analyze the impact of different CSR initiatives on the choice behavior of holiday accommodation.	Cause-related CSR initiatives	Holiday accommodation choice	CSR initiatives have little impact on accommodation choice behavior.
Ettinger, Grabner-Kräuter, Okazaki, and Terlutter (2020).	To examine how hotels' CSR communication influence customer attitude toward the communication and the intention to behave unethically.	CSR communication	The intention to behave unethically	CSR communication results in favorable response toward the CSR and reduce tourists' intention to behave unethically.
Huang and Liu (2020)	To analyze the effectiveness of CSR marketing strategies on customer donation intention and brand loyalty during in the pandemic context.	Message framing Typeface	Donation intention Brand loyalty	Warm (competence) -focused CSR messages based on hand-written (machine-written) typeface are effective in enhancing donation intention and brand loyalty.

2001). Recently, it was found that customers tend not to consider CSR when evaluating their hotel experiences (D'Acunto, Tuan, Dalli, Viglia, & Okumus, 2020). Randle, Kemperman, and Dolnicar (2019) similarly found that CSR initiatives have little impact on holiday accommodation choice behavior. These conflicting results indicate that further research needs to empirically examine the impact of CSR on customer decision-making behavior.

A stream of hospitality and tourism research has also focused on the impact of hotel CSR on firm performance (See Table 2). In general, studies in this strand of the literature find that hospitality firms' CSR activities have a positive impact on financial performances. This argument is aligned with stakeholder theory that suggests firm value increases when firms encompass multiple stakeholders' claims (e.g., employees, communities, investor, suppliers, etc.), resulting in enhancement of firm reputation and long-term value (Jensen, 2001; Kang et al., 2010). Nicolau (2008) found that CSR activities carried out by tourism firms positively influence their market value. This result shows that CSR activities directly and indirectly benefit the society through the increases in profits. Kang et al. (2010) classified CSR activities as positive and negative, and found that positive CSR activities help increase financial performance of hotels. Inoue and Lee (2011) proposed five dimensions of CSR activities (e.g., product quality, community relations, diversity issues, etc.) and found that their positive impacts on financial performances differ depending on the CSR dimensions. Singal (2014) found that family hospitality firms' strategic CSR activities have a positive impact on financial performance. Most recently, Qiu, Jiang, Liu, Chen, and Yuan (2020) found the positive effects of broader hotel CSR activities on hotel firms' stock value in China Stock Market.

On the other hand, some previous research (e.g., Cordeiro & Sarkis, 1997; Wright & Ferris, 1997) has found that CSR activities have a negative impact on financial performances. They argued that firms should only focus on using their resources to increase profits and wealth of owners because other activities that are not directly related to the optimal allocation of resources would only exert a negative impact on

firm performances. In addition, some research reported no significant relationship between CSR engagement and firm performances (e.g., Hillman & Keim, 2001). The relationships between firm performance and CSR would depend on various managerial factors that impact the effectiveness of CSR, such as competitive advantage of CSR, cost of CSR, and total market demand (Chen, Lin, Tian, & Yang, 2017). Uyar, Kilic, Koseoglu, Kuzey, and Karaman (2020) analyzed the linkage among hospitality and tourism firms' board characteristics, the firms' CSR performance, and the firms' financial performance, and found that while characteristics such as the existence of a formal CSR committee and female directors leads to higher CSR performance, this does not in turn have any significant impact on financial performance. Importantly, the relationship between CSR and stock market performance is not apparent (Rhou & Singal, 2020). The conflicting evidence indicates that the impact of CSR on firm performances depends on different types of CSR and market contexts (Godfrey and Hatch, 2007).

Along with conflicting views towards the impact of CSR on customer behaviors and firm performance, most existing hospitality and tourism research focused on the impact of CSR on a single stakeholder. To better understand the value of hotel CSR, it is important to analyze how hotel CSR is evaluated by both internal as well as external stakeholders (Saeidi et al., 2015). In addition, understanding the managerial benefit of investment in CSR is especially important for hotel managers in times of uncertainty (Inoue & Lee, 2011). An important research question pertains to how a performance metric like firm value changes as firms engage in CSR activities during the pandemic (Manuel & Herron, 2020). Although hotels have actively engaged in CSR for strategic philanthropy by providing accommodations for healthcare workers and staff during the pandemic, the impact of these activities on firm value and customer decision-making behaviors is unknown. By assessing the impact of hotel CSR activities on firm market value and prospective customers' hotel booking intention in the COVID-19 context, the current study attempts to fill this void in the literature.

Manuel and Herron (2020) argued that the value of CSR activities depends on the type of CSR activity. In this regard, the value of a CSR

**Table 2**  
CSR research with market evaluation.

Author (Year)	Research Purpose	Independent Variable	Dependent Variable	Main Result
Nicolau (2008)	To analyze the impact of hotels' socially oriented activities on the financial outcome.	CSR activities	Market value	Hotel firms' CSR activities have a positive impact on their market value.
Kang et al. (2010)	To examine the impact of both positive and negative CSR activities on tourism firms' financial performance.	Positive CSR activities Negative CSR activities	Financial performance (e.g., accounting profitability and market value)	Positive (negative) CSR activities have a positive (negative) impact on firm value.
Inoue and Lee (2011)	To investigate the impact of CSR dimensions on tourism firms' financial performances.	Employee relations Product quality Community relations Environment Diversity	Short term profitability Future profitability	All CSR dimensions have positive impacts on firms' financial performances.
Casado et al. (2014)	To analyze the relationship between CSR activities, performance and risk at the industry level.	Type of industry	Market value (abnormal returns and volatility)	The hotel industry presents an average behavior in terms of abnormal returns and volatility.
Singal (2014)	To examine the relationship between CSR investment and financial performance in hospitality family firms.	Investment in CSR	Financial performance	Family hospitality firms' strategic CSR activities have a positive impact on financial performance.
Rhou, Singal, and Koh (2016)	To analyze how social awareness of restaurant CSR activities moderates the impact of the CSR activities on firm performance.	CSR activities/CSR awareness	Financial performance	High level of CSR awareness by stakeholders is important to improve the financial performance of positive CSR activities.
Chen et al. (2017)	To examine the theoretical relationship between corporate giving and firm performance in the hospitality industry.	Corporate giving	Firm performance	Various factors (e.g., competitive advantage of corporate giving and brand differentiation, total market demand) influence the optimal level of corporate giving by hospitality firms.
Franco et al. (2020)	To analyze the U-shaped relationship between hospitality firms' CSR activities and the firms' financial performance.	CSR activities	Firm financial performance	Only optimal levels of CSR activities are beneficial for hospitality firms' financial performance.
Uyar et al. (2020)	To examine how hospitality and tourism firms' board characteristics influence CSR performance and the firms' financial performance.	Board characteristics	Firm financial performance	Although the existence of CSR committee and female directors leads to higher CSR performance, CSR performance has an insignificant impact on firms' financial performance.

endeavor for strategic philanthropy during the pandemic may be determined by the nature of the activity and also the potential risk that results from carrying out the activity. According to Shin and Kang (2020), prospective hotel customers are highly concerned about health safety in their decision to choose a hotel. In this sense, hotel customers may be less attracted to hotels that provide free accommodations for healthcare workers during the pandemic as they may perceive an increased risk of infection. In addition, external stakeholders may also develop negative attitudes and evaluations towards hotels that provide accommodations to frontline workers because such activities make it more difficult for hotels to follow regulations and procedures designed to safeguard customers and employees during the health crisis (Hu, Yan, Casey, & Wu, 2020). Highlighting the negative role of CSR for strategic philanthropy during the pandemic, this study proposes two hypotheses to examine the impacts of hotels' CSR of providing free hotel rooms to healthcare workers on both customer behavioral intention and financial market evaluation.

**Hypothesis 1.** Hotels' CSR of providing free accommodations to healthcare workers during the COVID-19 pandemic has a negative impact on hotel market value.

**Hypothesis 2.** Hotels' CSR of providing free accommodations to healthcare workers during the COVID-19 pandemic has a negative impact on hotel customer booking intention.

### 3. Study 1

#### 3.1. Methodological overview

In order to assess the impact of COVID-19 related CSR activities by hotels, an econometric ESM (event study methodology) is used. The ESM is based on the estimation of positive or negative abnormal stock returns resulting from a shock. Grounded in the most fundamental tenets of the efficient market hypothesis, the method assumes that an organization's market value as reflected in its stock price reflects any and all pertinent information impacting firm performance (McWilliams & Siegel, 1997). From this follows that a quantified change in market value following an 'event' like announcements of new corporate social initiative may serve as an estimate of the impact of the said initiative. Although more popular in the marketing, finance and economics literature, the ESM has nonetheless gained considerable traction in the tourism scholarship over the years. The versatility of the ESM is apparent in the range of its applications in the hospitality literature. The method has been used for instance, to assess the impacts on tourism firms of events such as mergers (Hsu & Jang, 2007), innovation related announcements (Nicolau and Santa Maria, 2013; Zach, Nicolau, & Sharma, 2020), corporate disclosures pertaining to information technology (Lee & Connolly, 2010), and Fed policy declarations (Chen, 2012).

Interestingly, the ESM has also been used in the context of CSR activities. The previously mentioned Nicolau (2008) study, using the ESM indeed finds that corporate social initiatives by hotels have a positive effect on organizational performance. Yet, whether such beneficial impacts of CSR activities extend also to certain high-risk CSR projects by firms – such as activities involving close contact with potentially infected persons during the COVID-19 pandemic, is unclear.

#### 3.2. Methodological steps

The steps used to conduct the ESM follow the recommendations of McWilliams and Siegel's (1997). The process begins with the identification of event dates, which in the context of the present study are defined by public announcements by hotels regarding their CSR initiatives for strategic philanthropy in response the COVID-19 pandemic. These announcements are often communicated through press releases and other public disclosures. Using the Factiva database, a total of 20 major CSR initiatives for strategy philanthropy (provision of

accommodations for healthcare workers) were identified across major US hotel corporations between April and July 2020. These 20 observations form the sample size, whose detail appear in Table 3.

Daily stock data for the returns were retrieved, and returns were calculated for each series as follows:

$$R_{it} = L_n(P_{it} \cdot SF_t + d_t) - L_n P_{t-1}$$

**Table 3**  
Publication list.

Corporation Name	Publication Date	Publication Title
Hilton Hotels & Resorts	April 6	Hilton donating 1 million room nights to medical workers fighting the coronavirus pandemic
Hilton Hotels & Resorts	April 8	Hilton, American Express to Donate Up to 1 m Rooms to Frontline Medical Professionals During COVID -19 Crisis
Marriott International	April 9	Marriott to provide free accommodation to healthcare workers
Hilton Hotels & Resorts, Marriott International	April 12	Hilton, Marriott donate free hotel rooms for medical workers responding to coronavirus crisis
Hilton Hotels & Resorts	April 14	Hilton and American Express to donate up to 1mn rooms to frontline medical professionals in the US
InterContinental Hotels Group	April 15	IHG hotels offer hotel rooms at reduced rates for key workers, medical staff and other Government relief efforts
Hilton Hotels & Resorts	April 16	How Hilton Hotels Are Supporting Our Communities Around the World
Choice Hotels International	April 16	Choice Hotels Joins Serta 'Stay Home, Send Beds' Initiative, Enabling Loyalty Members to Donate Points Towards Hospital Mattress Donations
Marriott International	April 17	Marriott International to Provide Free Accommodations to Healthcare Workers on the Frontlines of the COVID -19 Pandemic
Innisfree Hotels	April 17	Innisfree Hotels Donates 6300 Room Nights to Healthcare Workers and Medical Professionals Impacted by Coronavirus
InterContinental Hotels Group	April 20	IHG launches global effort to feed local communities in response to Covid -19 pandemic
Hilton Hotels & Resorts	April 21	Hilton Cares for Frontline Medical Professionals during COVID-19
Marriott International	April 29	Marriott International In Asia Pacific Supports Frontline Healthcare Workers Through Community Caregiver Program; Over 80 hotels across the region will offer special rates in support of medical and frontline workers through this COVID -19 period
Hilton Hotels & Resorts	May 5	American Express, Hilton donate 1 M hotel room nights to medical workers
Hyatt Hotels Corporation	May 10	With free vacations, health workers will be rewarded for their struggle
Hyatt Hotels Corporation	May 13	Hyatt And American Airlines Gift New York Healthcare Workers
Hilton Hotels & Resorts	May 15	American Express, Hilton and World Central Kitchen Partner to Support Frontline Healthcare Workers with Daily Meals
Marriott International	June 2	Marriott, Banorte and Mastercard partner to provide free stays to doctors fighting Covid -19
Hilton Hotels & Resorts	June 4	Blue Ocean's DoubleTree by Hilton Hotel Baltimore North - Pikesville Gives Away Over 500 'Room-Nights' to Baltimore's Frontline Medical Workers
Hilton Hotels & Resorts	July 1	Hilton group donates staycations to health workers

where  $P_t$  refers price at time  $t$ ,  $SF_t$  the split factor,  $d_t$  describes a dividend paid.

Next, as is typical in the ESM literature a short event window surrounding each event was allowed. Specifically, the day after each event and the day before each event were included as part of each CSR announcement’s window. The inclusion of the day before each event permits for the detection of effects resulting from possible news leakages regarding an imminent announcement of CSR by firms, and the extra day after each announcement is included in order to allow sufficient time for the dissemination of information relating to the CSR announcements. While it is true that news leakages can also occur more than one day prior to official announcements, or that information regarding an announcement can take more than one day to be disseminated, the use of extended windows would only introduce confounding effects from other factors that tend also to impact firm performance. In a fast-evolving pandemic, one has to be particularly cautious of confounding events. This is because new types of information – unrelated to hotels’ CSR activity – but nonetheless pertinent firm performance, arise on a regular basis. The  $(-1,+1)$  window used here facilitates increased confidence in attributing potential effects to the CSR events under investigation.

In order to estimate normal returns, the market model (Sharpe, 1982) is used. A standard 150 day estimation window (ending on December 31, 2019 thereby leaving a “buffer” period to avoid spurious effects derived from the pandemic) is used to obtain the parameters of the model:

$$R_{it} = \alpha_i + \beta_i R_{mt} + \varepsilon_{it}$$

where  $R_{it}$  defines daily returns represents for firm  $i$  on day  $t$ .  $R_{mt}$  represents the market index constructed as the average returns of the firms in the sample, obtained by averaging the returns from the estimation period to estimate the parameters and from the event window to estimate the abnormal returns. Parameter  $\alpha_i$  is a constant and captures the returns of firm  $i$  independent of the market. Finally, parameter  $\beta_i$  captures any effects of the market on each individual firm  $i$ . From the above equation, abnormal returns,  $AR$ , resulting from a hotel’s CSR activities are obtained as follows:

$$AR_{it} = R_{it} - (\alpha_i + \beta_i R_{mt})$$

Fig. 1 shows the graphical representation of the estimation period, buffer period and event window as previously explained.

Parameters are estimated by the generalized autoregressive conditional heteroskedasticity model (GARCH) with  $\varepsilon_{it} = h_{it}^{1/2} \eta_{it}$  and  $\varepsilon_{it} / \varepsilon_{it-1}, \varepsilon_{it-2}, \dots \sim N(0, h_{it})$  being identically and independently distributed and  $E(\eta_{it}) = 0$  and  $E(\eta_{it}^2) = 1$ . The conditional variance assumes the form  $h_{it} = c_i + \lambda_i \varepsilon_{it-1}^2 + \gamma_i h_{it-1}$  where parameters  $c_i$ ,  $\lambda_i$ , and  $\gamma_i$  are to be estimated.

The statistical significance of any obtained abnormal returns is performed using the Patell Z Test. The test is conducted as:

$$t_1 = \frac{\sum_{i=1}^N \frac{AR_i}{S_i} \sqrt{1 + \frac{1}{D} \sum_{t=1}^D (R_{mt} - R_m)^2}}{\sqrt{\sum_{i=1}^N \frac{D_i - 2}{D_i - 4}}}$$

where  $N$  is the number of announcements,  $S_i$  is the standard deviation of the residuals obtained during the estimation period,  $D$  is the number of days in the estimation period plus the event window, and  $R_m$  is the mean return on the market portfolio during the estimating period.

### 3.3. Results

Table 4 shows that the impact of CSR initiatives for strategic philanthropy in response to the COVID-19 pandemic on the hotel’s market value is negative. We find significant negative effects on the very same day the announcement is made and the following day. Also, the window  $(-1,+1)$  presents significant and negative effects too. It is important to note that the market index was constructed based on the performance of all firms in the sample. One can therefore be more confident that the results obtained here cannot readily be attributed to general industry wide influences but pertain instead to firm associated with the particular CSR activity under investigation, lending increased credibility to these findings. The study result supports Hypothesis 1.

## 4. Study 2

While Study 1 found a negative impact of hotel CSR activities for strategic philanthropy during the pandemic on hotel market value, Study 2 examines the impact of hotel CSR on external stakeholders (customers’ booking behaviors). Two hotel CSR scenarios were developed to test the impact of hotel CSR for strategic philanthropy on booking behavior in the context of COVID-19 pandemic.

### 4.1. Methodological steps

Eighty-one Amazon Mechanical Turk users (Thirty-nine females) who used a hotel in the past one year completed the study in exchange

**Table 4**  
Effect of CSR on the hotel’s market value.

Day	Daily Abnormal Returns	
	Abnormal returns %	Patell Z
-1	0.18%	1.6925
0	-0.73%	-4.9049**
1	-0.73%	-4.5348**
Window	Cumulative Abnormal Returns	
	Abnormal returns %	Patell Z
-1,+1	-1.28%	-4.4728**

\*\* denotes significance at 1%.

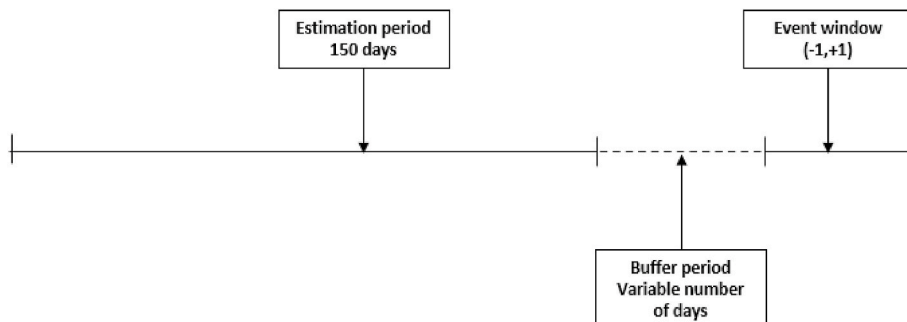


Fig. 1. Study periods of the event study.

for a monetary compensation in October 2020. Most participants were in their 30s (42.0%) and 20s (23.5%). One-way between subject design with two scenarios was used based on online Qualtrics survey. The two scenarios were developed based on actual press releases on CSR published in March and April 2020 by major hotel chains (e.g., Hilton Hotels & Resorts, Marriot International, InterContinental Hotels, and Hyatt). Participants were instructed to imagine that they are planning to visit a hypothetical hotel next week in times of the pandemic. While both scenarios provide identical information about the hotel services, in the CSR scenario, it was revealed to subjects that the hotel is providing free accommodations to medical staff and workers who are fighting against the COVID-19. In the other scenario, participants did not receive this information. The scenarios were pre-tested using the same sample source ( $n = 60$ ) and significant manipulation effects (hotel CSR engagement) were found: CSR scenario ( $M = 5.74$ ) and non-CSR scenario ( $M = 4.60$ ). (Detailed study scenarios are explained in [Appendix I](#)).

All items were developed adopting 7-point Likert scales. After reading scenarios in the main studies, participants answered manipulation check questions for CSR engagement and hotel booking intention. To measure perceived CSR engagement, two items were developed by modifying existing scales from [Fatma, Rahman, and Khan \(2016\)](#) and [Tian and Robertson \(2019\)](#). Three items were developed to measure hotel booking intention based on existing items ([Shin & Kang, 2020](#); [Wang, Law, Guillet, Hung, & Fong, 2015](#)). All items of each construct were reliable (perceived CSR engagement:  $\alpha = 0.85$ , hotel booking intention:  $\alpha = 0.94$ ). (Detailed measurement items are explained in [Appendix II](#)). Some following up demographic questions were provided in terms of age, gender, and the frequency of using hotels. No effect of demographic variables was found on the results of the studies. At the end of the survey, two realism test questions were provided, and three attention check questions were included to detect careless responses.

#### 4.2. Results

The realism of hypothetical scenarios was tested by computing a mean score of two realism items. The results of one-sample  $t$ -test indicates that the provided scenarios were realistic since the mean score of realism questions ( $M = 5.93$ ,  $SD = 0.93$ ) was significantly higher than the point of 4:  $t(80) = 18.606$ ,  $p < 0.01$ . No significant difference between the two scenarios was found:  $F(1, 79) = 2.60$ ,  $p = 0.11$ .

The effects of manipulations were significant: CSR scenario ( $M = 5.76$ ,  $SD = 1.23$ ) and non-CSR scenario ( $M = 4.76$ ,  $SD = 1.39$ );  $F(1,79) = 9.38$ ,  $p < 0.01$ ,  $\eta_p^2 = 0.11$ . One-way analysis of variance (ANOVA) results showed a significant effect of perceived CSR engagement on hotel booking intention: CSR scenario ( $M = 4.35$ ,  $SD = 1.41$ ) and non-CSR scenario ( $M = 5.18$ ,  $SD = 1.18$ );  $F(1, 79) = 6.92$ ,  $p < 0.01$ ,  $\eta_p^2 = 0.08$ . This result shows that hotels customers are less likely to book the hotel that engages in the CSR activity for strategic philanthropy during the pandemic. This result is aligned with the result of Study 1; the CSR for strategic philanthropy has a negative impact on hotel market value. [Hypothesis 2](#) is supported.

#### 5. Concluding discussion

The COVID-19 pandemic has been one of biggest crises for the hotel industry. In times of uncertainty, some hotel corporations have committed to expanded socially responsible initiatives like the provision of their services to those front-line workers and others involved in the pandemic response. While the hotel CSR activities for strategic philanthropy will benefit society in the current unprecedented times, it is nonetheless important to understand how these activities are perceived by hotel stakeholders. This study attempts to answer this question, and finds that the hotel CSR during the pandemic results, at least in the short term, in negative influences on hotel firms' performance and prospective hotel customers' booking behavior.

#### 5.1. Theoretical implications

This research has several theoretical implications. First, this study expands existing CSR research in hospitality. [Rhou and Singal \(2020\)](#) argued that hospitality research needs to explore industry-specific CSR issues, such as hotel CSR for strategic philanthropy. Following this proposition, this study examines the value of charitable giving of hotel rooms for healthcare workers during the COVID-19 pandemic. Although [Filimonau, Derqui, and Matute \(2020\)](#) examined the positive impact of hotel CSR activities on perceived job security and organizational commitment of senior hotel managers during the pandemic, this study provides insight into the impact of hotel CSR on firm financial value and customer decision-making behavior. Thus, this study contributes to the body of knowledge on hotel CSR in times of crisis.

Second, this study provides further empirical evidence on the impact of hotel CSR on market value. The unclear relationship between CSR and stock market performance indicates the impact of hotel CSR on stock value is dependent upon the types of CSR and the market contexts ([Rhou & Singal, 2020](#)). While the pandemic has promoted firms' CSR for strategic philanthropy to maximize firm value ([Manuel & Herron, 2020](#)), this study found that hotel CSR activities for strategic philanthropy can result in negative influences on hotel firms' performance. This result contradicts stakeholder theory suggesting the positive relationship between CSR engagement and firm value ([Kang et al., 2010](#)). In addition, this result is also different from the results of recent research like [Qiu et al. \(2020\)](#), who found a positive impact of hotel CSR on stock value during the pandemic. While this positive effect likely follows from the study's considerably broader hotel CSR activities toward communities, customers, and employees, the present study exclusively focuses on hotel CSR for strategic philanthropy and examines CSR activities that entail potentially higher risk. The seemingly divergent results obtained here in comparison to the Qiu et al.' (2020) study should not therefore be particularly surprising.

Third, this study contributes to understanding the value of hotel CSR by examining its impact on multiple stakeholders. Most previous hospitality research relies on a single-level unit analysis to understand the impact of CSR on a stakeholder (e.g., customer, employee, investor, etc.) (see, for instance, [D'Acunto et al., 2020](#); [Li et al., 2015](#); [Qiu et al., 2020](#)). However, analyzing the impact of CSR on customer decision-making behavior can add further evidence on the market value of CSR ([Saeidi et al., 2015](#)). In this regard, this study found a negative impact of hotel CSR in the context of strategic philanthropy. Importantly, the negative relationship between hotel CSR and hotel booking behavior during the pandemic is in contrast to many of the previous contributions in this literature that have observed either positive influences of CSR (e.g., [Li et al., 2015](#); [Liu et al., 2014](#)) or insignificant influences of CSR (e.g., [Boccia et al., 2019](#); [Carrigan & Attalla, 2001](#)) on customer purchase decision. This study provides fresh insight into the negative role of hotel CSR in customer decision-making behavior; hotels should make ethical decisions to ensure health and safety not only for society but also for their own guests when they engage in CSR for strategic philanthropy during crises.

The most obvious explanation for the negative impact of hotel CSR for strategic philanthropy on both market value and customer booking behavior pertains to stakeholders' safety concerns. Recently, [Shin and Kang \(2020\)](#) found that hotel customers tend to be highly sensitive with regards to safety and are less likely to visit a hotel if they perceive high levels of health-related risk at the hotel. This indicates that prospective hotel customers would have lower intentions to visit a hotel that provides accommodations to healthcare workers since they may perceive the risk of virus transmission to be higher. Accordingly, hotel investors likely anticipate the concerns of hotel guests, and therefore conclude that room provision for healthcare workers is likely to hurt hotel finances in line with [Cordeiro and Sarkis \(1997\)](#) and [Wright and Ferris \(1997\)](#). External stakeholders' negative evaluation on sharing rooms with healthcare workers is contrary to their general opinion that



businesses should care about communities and society during crisis (Manuel & Herron, 2020).

### 5.2. Practical implications

Stemming from the results, important practical implications emerge. Although strategic philanthropy is intended to help society, it has been argued that its ultimate goal is to help the company (Kolb, 2018). In this regard, hotels should be cautious when engaging in certain types of CSR for strategic philanthropy in a crisis. As noted, the negative impact of hotel CSR during the pandemic could be caused by potential safety risks posed by room provisions for healthcare workers. Thus, those hotels involved in CSR activities during the COVID-19 era would benefit from greater attention to public communications that emphasize the hotel's commitment to guest safety at all times. This is crucial because stakeholder perceptions affect bookings as well as market value. It means that, apart from setting up the necessary conditions and precautionary measures, hotels must also communicate mitigating actions. Also, to make the results of these mitigating actions more tangible, hotels could try to track whether any guest got infected because of a breakout at the hotel resulting from the hotel's provision of accommodation to high-risk individuals like frontline health workers. A zero-infection rate would clearly signal that any mitigating actions that the hotel has undertaken have been effective.

### 5.3. Limitations and future research

Some limitations of this study can become a basis of future research opportunities. First, future research is needed to examine the impacts of broader hotel CSR activities for strategic philanthropy since this study concentrates on a single type of CSR. While public announcements by hotels regarding their CSR initiatives for strategic philanthropy during the pandemic mostly focused on providing accommodations for health care workers, hotels can engage in other types of CSR for strategic philanthropy in different crises or disaster contexts. Future research needs to examine the impact of broader CSR for strategic philanthropy in hospitality and tourism.

Second, while this study proposes safety concerns as a potential explanation for the negative impact of hotel CSR for strategic philanthropy on market value and customer booking behavior, more research is required to empirically examine this process. It will be important to examine the mediating role of safety concerns more closely in the relationship between CSR perception and hotel booking intention. In addition, it would be useful for future pursuits in this domain to analyze how risk reduction strategies (e.g., enhanced disinfection, technology-mediated interaction system, etc.) influence the value of hotel CSR for strategic philanthropy during a crisis.

Also, because we observe that hotels providing accommodations to healthcare workers may experience possible negative performance related effects, an additional but nonetheless important implication of this study is that hotels may ought to pay more attention to how they promote such CSR activities. Certain customer segments – such as those that place an emphasis on ethical consumption, may yet exhibit a preference for hotels that engage in the type of CSR explored in this study, despite the possible risks. However, more data is needed on this issue, and we therefore leave this to future research.

Moreover, additional research is needed to assess the time period for which the results of the present study hold. While this study has drawn inferences relating to a relatively short time frame that concludes perhaps with the conclusion of the pandemic, it does not offer a lens into the longer post-pandemic time horizon. It would certainly be worthwhile for future research to look at the rate at which the effects observed here fade over time. In this regard, it is important to acknowledge that while hotels that have been providing accommodations to healthcare workers through the pandemic might experience a short run performance fallout, they may nonetheless be accruing goodwill that may only

translate into increased performance once the pandemic is over. Such future research pursuits may even consider a broader mixed-methods approach that also entails qualitative aspects, including open-ended interview questions with hotel guests, in order to better understand potential post-pandemic effects of the type of CSR activities examined in this study.

Lastly, future research might also examine the impact of hotel CSR on multiple stakeholders. Based on a mixed-methods approach that entails two quantitative studies, this research has attempted to understand how hotel CSR activities are perceived by hotel investors and prospective hotel customers. Specifically, Study 1 used the Event Study Methodology, whereas Study 2 employed a scenario-based one-way between subjects design. Adopting a similar approach with possibly an additional qualitative component, future research could also look at how hotel CSR for strategic philanthropy influences employees (e.g., perceived safety, job satisfaction, work engagement, etc.) (He et al., 2019) and local communities (e.g., brand image, quality of life, etc.) (Lee et al., 2018; Serra-Cantallos et al., 2018).

### Declaration of competing interest

None.

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None.

### Appendix I. Study Scenarios

#### CSR Scenario

Imagine that you're planning on booking a hotel room for your next vacation, during the COVID-19 pandemic. As you search for an appropriate hotel, you find below information about Renaissance hotel from the hotel website.

The renaissance hotels provide the upscale rooms with ergonomic chairs, tea, coffee making facilities, and wide-screen TVs. Wi-Fi is offered and most room service is available. Due to COVID-19 pandemic, an indoor pool, a gym, and a business centre are temporarily closed in our hotels. The renaissance hotels are offering support to health care institutions by allowing free stays in hotel chain rooms to frontline medical professionals leading the fight against COVID-19.

#### Non-CSR Scenario

Imagine that you're planning on booking a hotel room for your next vacation, during the COVID-19 pandemic. As you search for an appropriate hotel, you find below information about Renaissance hotel from the hotel website.

The renaissance hotels provide the upscale rooms with ergonomic chairs, tea, coffee making facilities, and wide-screen TVs. Wi-Fi is offered and most room service is available. Due to COVID-19 pandemic, an indoor pool, a gym, and a business centre are temporarily closed in our hotels.

### Appendix II. Measurement Items

#### Perceived CSR engagement

- The Renaissance hotel participates in activities, which aim to help overcome the COVID-19 crisis.
- The Renaissance hotel tries to help others to deal with the COVID-19 pandemic.

### Hotel booking intention

- I am willing to book a room at the Renaissance hotel for my vacation.
- It is possible that I would book a room at the Renaissance hotel for my vacation.
- I would intend to book a room at the Renaissance hotel for my vacation.

### Impact Statement

Strategic philanthropy is intended to help society, and it has been argued that its ultimate goal is to help the company. During the COVID-19 pandemic, hospitality and tourism organizations have been proactively engaging in CSR activities to assist frontline workers and others involved in the “fight”. In particular, major hotel corporations have donated their hotel rooms and food for health care workers. While the hotel CSR activities will benefit society in the current unprecedented times, it is nonetheless important to understand how these activities are perceived by hotel stakeholders. This study found that the hotel CSR during the pandemic results in negative influences on hotel firms’ performance and prospective hotel customers’ booking behavior. Caused by potential safety risks posed by room provisions for healthcare workers, this negative effect indicates that hotels should always emphasize the hotel’s commitment to guest safety when engaging in CSR during a crisis.

### Authors’ contribution

All authors contributed equally to this article.

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**Hakseung Shin** is a lecturer in the School of Hospitality and Tourism Management at the University of Surrey. His research interests include service management and marketing strategy.



**Abhinav Sharma** is a PhD candidate in the Howard Feiertag Department of Hospitality and Tourism Management in the Virginia Tech Pamplin College of Business.



**Juan Luis Nicolau** is the J. Willard and Alice S. Marriott Professor of Revenue Management in the Howard Feiertag Department of Hospitality and Tourism Management in the Virginia Tech Pamplin College of Business.



**Juhyun Kang** is an assistant professor in the department of tourism management at the Jeju National University. Her research centers on organizational behavior, management strategy, and technology applications in the hospitality and tourism industry.