Corporate social responsibility and hotel performance: A view from Tehran, Iran

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ABSTRACT

The paper aims to investigate and illuminate critical aspects of the relationship between corporate social responsibility (CSR) and hotel performance with particular reference to four and five star hotels in the Iranian capital of Tehran. A quantitative approach is adopted and the methodology is that of a questionnaire survey of key employees of a sample of hotels. Data collected is analysed using structured equation modelling techniques. Results support the argument that CSR has direct and positive consequences for hotel performance. These effects apply to all the core dimensions of CSR which are social, economic, legal, ethical and environmental. Findings add to understanding of the perceived outcomes of adopting CSR within the context of hotels outside the developed world and make a practical contribution by assisting decision-making. Studies of CSR in developing countries as a whole and in Iran, agreed to be an emerging international destination with considerable potential, are limited. Original insights are thus afforded into attitudes towards CSR and its impacts.

1. Introduction

Corporate social responsibility (CSR) has attracted increased attention from academics and practitioners in recent decades. The concept implies a willingness on the part of businesses to recognise and exercise obligations besides those of a commercial nature, encompassing socio-cultural and environmental considerations (Carroll & Shabana, 2010; Henderson, 2007; Kucukusta, Mak, & Chan, 2013). There is, however, often a gap between rhetoric and realities with various levels of actual commitment and achievement which are not always easily measured. Fundamental tensions can exist between the pursuit of revenue and profitability and promotion of the welfare of society and the environment (Coles, Fenclova, & Dinan, 2013; McWilliams & Siegel, 2001). Dilemmas are illustrated by the civil aviation industry's goal to increase demand for air travel which results in escalating emissions. These are widely agreed to contribute to global warming and the sustainability reporting introduced by several airlines has little effect on resolving the problem (Lee, Seo, & Sharma, 2013).

Nevertheless, the tourism industry as a whole has embraced the notion of CSR. Many hotels and other tourism-related businesses have sought to show their credentials by initiatives intended to bring benefits to societies and environments in addition to those accruing from

business success. For instance, many multinational hotel companies such as Accor, Hilton, and Marriott International have all implemented CSR activities including energy and water conservation, recycling and community involvement (Kucukusta et al., 2013). Research into questions of CSR and hotels is considerable and the focus is commonly on trading implications, notably in terms of finance (Kucukusta et al., 2013; Lee & Heo, 2009; Levy & Park, 2011). Findings are inconclusive overall with conflicting evidence of positive, negative and no influence on monetary and other results (Singal, 2014). Further work is therefore called for in order to enhance knowledge and understanding of how CSR affects both financial and non-financial performance of hotels. Such analyses have a practical as well as academic value, assisting in decision making about CSR particularly in locations outside Western developed nations (Henderson, 2007). Companies in the developing world are frequently overlooked in discussions about CSR in general (Dobers & Halme, 2009), yet it can be argued that its role there has a heightened significance.

This paper aims to contribute to the literature by investigating and illuminating the relationship between CSR and performance with specific reference to selected four and five star hotels in the Iranian capital of Tehran. It reports on a survey of senior managers and key employees who were asked about the impacts of the five core components of CSR

(economic, ethical, environmental, legal and social) on how the hotel performed. The approach adopted and findings are outlined below after a summary of the relevant literature and some background information about Iran's hotel sector in order to set the scene.

2. Literature review

2.1. Definitions of CSR

There is a growing literature on CSR, although different terminologies are used interchangeably in a way which suggests some definitional ambiguities (Coles et al., 2013). Dahlsrud (2008) analyses 37 definitions of CSR and concludes that there is no universal agreement, but certain key dimensions are commonly recognised. Carroll (1999) was one of the first scholars to suggest a multi-dimensional definition of CSR which he models as a pyramid. Economic (be profitable) forms the base on which rests legal (obey the law) and the two are classed as a requirement. Ethical is the third tier and expected while philanthropic (be a good corporate citizen) is desirable and tops the pyramid. The author subsequently depicted a Venn framework incorporating three domains of economic, legal and ethical which yield seven CSR categories (Schwartz & Carroll, 2003). The World Business Council for Sustainable Development (1999, p. 3) also defines CSR as the 'continuous commitment by business through behaving ethically in their trade and contribute to economic development, at the same time improving the quality of life of the workforce and their families as well as the local community and society at large'. While respect for the environment is perhaps implied in these models, it is explicit in other definitions (Dahlsrud, 2008). One regularly cited example is that of the Commission of the European Communities (2001, p. 366) which writes about a 'concept by which companies integrate social and environmental concerns in their operations and in their interaction with stakeholders on a voluntary basis'. This study adopts the definition of Carroll (1979, p. 500) that CSR is the 'economic, legal, ethical, and discretionary expectations that society has of organisations at a given point in time'.

CSR thus can be linked to stakeholder theory (Barnett, 2007; Clarkson, 1995; Freeman, 1984, 2004; Hopkins, 2005; McWilliams, Siegel, & Wright, 2006) which argues that companies should work for the good of other interested parties besides shareholders and investors such as employees, customers, suppliers, the community and natural environment. These ideas, in turn, are echoed in the principles of sustainability which are manifest in the 17 Sustainable Development Goals set out by the United Nations (2017). The CSR perspective, however, is that of the firm (McWilliams & Siegel, 2001) rather than the multiple groups which are accorded equal representation by sustainability tenets. Practical steps which companies can and do take include pollution controls, innovative human resources management, support for local and small scale enterprises and humanitarian efforts.

2.2. CSR in the hospitality industry

CSR is especially pertinent within the field of tourism because of the industry's potentially disruptive socio-cultural and environmental impacts. Many businesses are exponents (Coles et al., 2013; Miller, 2001), taking action to mitigate the negative changes attendant on development and do what is deemed good generally. A commercial logic can also be discerned given that much leisure tourism depends upon a quality environment and receptive, or at least, tolerant residents. Hospitality is central to tourism and CSR efforts of hotels are the subject of several studies (Akmese, Cetin, & Akmese, 2016; Guetat, Jarboui, & Boujelbene, 2015; Inoue & Lee, 2011; Kang, Chiang, Huangthanapan, & Downing, 2015; Kim, Hlee, and Joun, 2016; Kim, Song, and Lee, 2016; Kucukusta et al., 2013; Lee & Heo, 2009). The large and growing sector is characterised by the rise of international chains which operate globally and have a portfolio of brands. These organisations are very powerful and exercise great influence over the market, although the role of smaller chains and independent properties of assorted sizes should not be forgotten. While hotels might be welcomed at destinations for economic reasons, there are environmental consequences to consider such as excessive use of energy and water alongside waste creation (Bohdanowicz, 2005; Gössling et al., 2005).

Hotels have responded to criticisms of the adverse outcomes of their operations through various CSR programmes designed to protect the environment which have advantages of saving costs (Alexander & Kennedy, 2002; Graci & Kuehnel, 2010). Some may also follow guidelines pertaining to design and construction in a bid to contain inappropriate development and environmental degradation. Other activities are directed towards the well-being of societies by helping the underprivileged and supporting local charities. These actions are increasingly common amongst leading corporations around the world (Bohdanowicz & Zientara, 2008; Cuenlas, 2014; Kucukusta et al., 2013). CSR and sustainable development have become integral to corporate visions and business models (Smith & Ong, 2015) and are made use of as a strategic marketing tool (Luck & Bowcott, 2009).

Prominent hotel groups thus seem to be giving regard to their wider role in society and incorporating environmental and social standards into their management (Tsai, Tsang, & Cheng, 2012), appreciating both the commercial and ethical arguments for so doing. It is more difficult to track progress by smaller enterprises which do not undertake any kind of formal reporting. Cross-cultural differences may exist with contrasts between Asian and Western practices (Henderson, 2007; Smith & Ong, 2015), but this is a topic for further exploration. The almost universal trend towards greater environmental awareness suggests that the ideas underlying CSR will inform the work of all those involved in tourism and hospitality, but the larger businesses have the capacity to achieve more because of their resources and reach.

Hospitality scholars too have demonstrated interest in questions of CSR, including implications of its adoption for hotel performance (Benavides-Velasco, Quintana-García, & Marchante-Lara, 2014; de Grosbois, 2012; Inoue & Lee, 2011; Kang, Lee, & Huh, 2010; Levy & Park, 2011; Van Beurden & Gössling, 2008; Youn, Hua, & Lee, 2015). Opinions are divided and some conclude that practicing CSR enhances performance (Garay & Font, 2012; Inoue & Lee, 2011; Lee & Heo, 2009; Margolis, Elfenbein, & Walsh, 2009; Margolis & Walsh, 2003; Rodríguez & Cruz, 2007). Others contend that there is no discernible relationship or that expenditure on CSR can be financially harmful (Gil, Jiménez, & Lorente, 2001; Manaktola & Jauhari, 2007). At the same time, accurate measurement of direct and indirect changes is a challenging task (Goll & Rasheed, 2004). Several studies comment on the traditional short-term perspective of hotel managers and how it frustrates effective CSR which requires a longer term commitment (Coles et al., 2013).

2.3. Iran's hotel industry

Iran's inbound tourism industry as a whole has been impeded by political circumstances, particularly the imposition of sanctions by certain international organisations and countries. It has, however, continued to attract visitors from within the region and there is a high level of domestic activity. Most foreign hotel chains withdrew in the aftermath of the 1979 revolution, to be replaced by local companies. A shortage of accommodation has ensued and that which is available often fails to meet international standards regarding physical condition and service (Euromonitor International, 2015). Internet adoption has additionally been found to be slow, restricting e-commerce opportunities (Salavati & Hashim, 2015). The state is also heavily involved in hotel ownership and operation which has encouraged inefficiencies and financial results overall are comparatively poor (Sohrabi, Vanani, Tahmasebipur, & Fazli, 2012).

The situation is changing following progress over the disputed issue of Iran's nuclear programme and negotiation of the Joint Comprehensive Plan of Action (JCPOA) in 2015, leading to easing of

some sanctions. Doubts remain about the future of the agreement in light of the shift in American foreign policy, but hotel companies from overseas have expressed interest in returning. There are reports of 100 proposed openings, centred on the two largest cities of Tehran and Mashhad. Optimism reflects forecasts of a significant increase in leisure and business travel as relations improve with the rest of the world. The industry is now backed by government which proffers financial incentives for new hotel investment (Khodadadi, 2016). Such developments have ramifications for current hoteliers, possibly motivating them to begin much-needed upgrading and strengthen CSR policy in alignment with global industry trends. The advantages of doing so are highlighted in a study of three, four and five star hotels in Mazarandan which found that CSR had direct and positive effects on corporate reputation, word-of-mouth behaviour and customer trust (Jalilvand, Nasrolahi Vosta, Kazemi Mahyari, & Khazaei Pool, 2017). Some hotels have already embarked upon campaigns as demonstrated by exhibitors at a recent Tehran Tourism Fair, but these are not very advanced and CSR generally appears to be in its infancy in Iran (Nejati & Ghasemi, 2012; Salehi & Azary, 2009).

2.4. Theoretical framework and hypotheses development

The CSR framework proposed by Carroll (1979 and 1999) and the triple bottom line model (Rogers & Hudson, 2011) were integrated and applied to explore the relationships between the various dimensions of CSR and hotel performance from the perspective of key personnel. While Carroll's framework encompasses four dimensions (economic, legal, ethical and philanthropic activities), the triple bottom line comprises economic, social and environmental responsibilities (Singal, 2014). The positive links between the exercise of CSR and performance (de Grosbois, 2012; Inoue & Lee, 2011; Kucukusta et al., 2013; Tsai et al., 2012) which includes financial and non-financial elements (Sainaghi, 2010) have been highlighted in research. Items such as hotel value, profitability, revenue and cost savings can help measure the former while reputation and innovation pertain to the latter (Sainaghi, Phillips, & Zavarrone, 2017). There is a tendency to concentrate on financial matters with evidence of positive returns from investment in CSR (Kang et al., 2010; Lee et al., 2013; Lee & Park, 2009; Van der Wagen & Goonetilleke, 2015), but the importance of environmental and other consequences are acknowledged (Garay & Font, 2012; Gil et al., 2001; Lee & Heo, 2009) This study therefore seeks to encompass the multiple facets of CSR embracing economic, ethical, environmental, legal and social domains by testing a set of hypotheses linked to the five dimensions.

The economic dimension refers to the financial or socio-economic aspects of the business.

considered from an operational perspective (Lee et al., 2013). A number of studies indicate a positive interaction between this dimension and firm performance (Kang et al., 2010; Kitzmueller & Shimshack, 2012; Lin, Yang, & Liou, 2009; Singal, 2014; Youn et al., 2015) and are the basis for the first hypothesis that:

H1. *There is a positive relationship between the economic dimension of CSR and hotel performance.*

Ethical responsibility refers to meeting expectations of society above what is mandated by law and includes avoiding harm or social injury, respecting people's moral rights and doing what is proper and just (Galbreath, 2010). There is support in the literature for the claim that considering ethics in their dealings has favourable consequences for the performance of companies (Galbreath, 2010; Saeidi, Sofian, Saeidi, Saeidi, & Saaeidi, 2015) and hence the following hypothesis that:

H2. *There is a positive relationship between the ethical dimension of CSR and hotel performance.*

The environmental dimension pertains to actions that help conserve the natural environment such as minimising pollution and energy consumption, saving water and other resources and protecting biological diversity and natural heritage (Benavides-Velasco et al., 2014; Chung & Parker, 2010). The hospitality industry has witnessed a surge of professed interest in caring for the environment which is reflected in the concepts of green hotels, eco-lodges and eco-friendly accommodation (Gao & Mattila, 2014). The relationship between the environmental dimension of CSR and firm performance has been studied (Agan, Kuzey, Fatih Acar, & Açıkgoz, 2014; Alexander & Kennedy, 2002; Lee, Hsu, Han, & Kim, 2010; Youn et al., 2015) and findings indicate a positive association, backing the hypothesis that:

H3. *There is a positive relationship between the environmental dimension of CSR and hotel performance.*

Legal responsibility denotes compliance with local, state, federal and relevant international laws (Galbreath, 2010). Investigations suggest that meeting or exceeding legal requirements and demonstrating outstanding care for communities is reflected in a firm's enhanced performance (Choi & Jung, 2008; Galbreath, 2010), leading to the fourth hypothesis that:

H4. . *There is a positive relationship between the legal dimension of CSR and hotel performance.*

Finally, the social dimension covers relations between business and society (Lee et al., 2013) which incorporates a company's stance on labour practices, human rights and product responsibility (Benavides-Velasco et al., 2014). Again, prior research highlights how actions in this sphere can boost firm performance (Agan et al., 2014; Cheon & Cheon, 2016; Kim, Woo, Uysal, & Kwon, 2018; Korschun, Bhattacharya, & Swain, 2014) which accounts for the fifth hypothesis that:

H5. *There is a positive relationship between the social dimension of CSR and hotel performance.*

3. Methodology

A quantitative approach was selected as most appropriate for the purpose of investigating the relationships between CSR activities and financial and operating performance in four and five star hotels in the Iranian capital of Tehran. Hotels were chosen from a listing produced by Tehran's Hotel Association Network and the focus was on those with marketing strategies which included mention of CSR engagement. The target population was senior and line managers and key employees in the hotels and respondents were identified through criteria sampling based on who were decision makers, knowledgeable about CSR and aware of hotel policies. Personal links were additionally made use of in the search for suitable participants.

The main data collection tool was a self-administered questionnaire developed for this particular exercise and drawing on those utilised in previous research. The questionnaire comprised two main parts covering CSR dimensions (Carroll, 1999) and hotel performance (Kang, Stein, Heo, & Lee, 2012; Kucukusta et al., 2013; Ratajczak & Szutowski, 2016). Hotel performance was assessed by financial, reputation, productivity and innovation items while CSR items were social, economic, ethical, legal and environmental. Constructs were measured in accordance with a 5 point Likert scale in which 1 represented strongly disagree and 5 equalled strongly agree. A total of 410 questionnaires were distributed during the months of August and October in 2015 and 390 were returned. Of these, 350 or 85% were usable and came from staff in 15 hotels. A pre-test involving 30 participants was undertaken in order to verify the questionnaire and measuring instruments as advised (Kothari, 2004) and only a few minor changes were subsequently made. Data was analysed by LISREL structural equation modelling (SEM) software, employing a two-step method (Anderson & Gerbing, 1988). Confirmatory Factor Analysis (CFA) estimated the measurement model for items in the first stage while SEM hypothesised relationships amongst constructs in the second stage.

Table 1
Profile of respondents (*n* = 350).

	n	%		n	%
Gender			*Age*		
Male	252	72	< 25 years old	33	9.4
Female	72	28	25–34 years old	192	54.9
Work experience			35–45 years old	93	26.6
< 3 years	55	15.7	Over 45 years old	32	9.1
3–9 years	141	40.3	*Education*		
9–15 years	126	56	Diploma and less	28	8.0
Over 15 years	28	8.0	Associate degree	31	8.9
			Bachelor	242	69.1
			Masters and PhD	49	14

4. Analysis and results

4.1. Respondent profile

Information about the 350 survey respondents can be found in Table 1 which shows that 72% were male and 28% female. Over half were aged from 25 to 34 and almost 27% were in the 35 to 45 category, the remainder almost evenly divided between under 25 and over 45. The majority (56%) had been working in the industry for 9 to 15 years with only 8% having worked longer. Nearly 70% had a university degree and 14% had a postgraduate qualification. The associate degree held by 9% is common in Iran and the next academic step after a diploma.

4.2. Factor analysis

Exploratory factor analysis (EFA) was conducted using the aforementioned software to verify the factor structure of the observed variables and underlying latent constructs. The fitness of the data for factor analysis was initially evaluated by examining the sample size and strength of the relationships amongst variables using the Kaiser-Meyer-Olkin (KMO) measure and Bartlett's Test of Sphericity which are recommended techniques (Kucukusta et al., 2013; Williams, Onsman, & Brown, 2010). The KMO index is advisable when the cases to variable ratios are < 1:5 and ranges from 0 to 1 with 0.50 considered suitable for factor analysis. Bartlett's Test is deemed suitable at a significance level of *p* < .05. The KMO result for this study was 0.925 and the Bartlett Test yielded a value of 7749.05 at *p* = .000 which are both within the range of acceptability.

Factors were extracted at the next stage in order to reduce the large amount of items and determine the smallest number which would give the best representation of all the variables (Williams et al., 2010). There are several methods such as Principal Axis Factoring and Generalized Least Squares, but the popular Principal Component Analysis (PCA) was chosen due to its ability to provide relatively simple solutions which retain sufficient explanatory power. The Varimax PCA alternative was used in alignment with the scree plot dispersion and factors retained in the final analysis are summarised in Table 2. In addition, Cronbach's alpha was employed to assess reliability and the coefficient of 0.70 is statistically sound, indicating internal consistency (Nunnally & Bernstein, 1994). As revealed in the table, the social factor had the highest variance (64.39) while the environmental factor recorded the highest mean score (3.15) in contrast to the lowest mean score (2.63) for the innovation factor. Expectations were therefore greatest for the environmental element of hotel CSR practice.

4.3. Structural model test

Using the LISREL software for model testing, fitness indices were examined. There is no consensus amongst scholars about which indices provide the best estimation, but those listed in Table 3 are some of the most popular. The table shows that the CFI, GFI, NFI and NNFI are above 0.90 while the RMSEA index is equal to 0.068 which demonstrates a good fit between the data and proposed model.

Direct causal relationships between measured structures are apparent from examination of the value of parameters and confidence levels depicted in Table 4. The structural model shows that CSR in general has a positive and significant effect on hotel financial and non-financial performance (PC: 0.92, T: 16.60, P < .01). Such an effect is observable for the different dimensions of social (PC: 0.68, t: 7.92, P < .01), economic (PC: 0.83, t: 9.90, P < .01), legal (PC: 0.26, t: 2.98, P < .01), ethical (PC: 0.32, t: 3.87, P < .01) and environmental (PC: 0.20, t: 2.40, P < .05). It would appear therefore that hotel performance is enhanced by engagement in CSR activities. Table 4 also includes information about the responsibility variable and it seems that 85% of the changes in performance can be attributed to the hotel. The remaining 15% are related to other factors which have not been identified in this study, but could be explored in future research.

5. Discussion and conclusion

The results of this study reveal the existence of a positive relationship between CSR and performance within the context of four and five star hotels in Tehran as seen by those at work in the industry. Perceived favourable connections were evident across all the key dimensions. Regarding economic, there has been much debate about whether and how CSR affects financial outcomes (Godfrey & Hatch, 2007; Inoue & Lee, 2011; Margolis & Walsh, 2003; McWilliams et al., 2006). The current findings are aligned with analyses which argue that CSR does increase hotel profits and value (Orlitzky, Schmidt, & Rynes, 2003). CSR can have direct and indirect financial consequences for stakeholders such as employees, shareholders, customers and government with potential to benefit economies through local purchasing and the employment of residents.

Socially, and consistent with what appears to be a general pattern (de Grosbois, 2012), respondents believe that CSR brings advantages. Support for community and society well-being, charities and the protection of local culture and heritage may significantly enhance hotel productivity, reputation and innovative capabilities. Positive effects of attention to the legal dimension underline the need to adhere to official laws and regulations as failure to do so could damage financial and non-financial performance. Despite also being positively related to CSR, the ethical dimension is perhaps more complex and raises questions about the extent to which businesses should prioritise commercial interests over other responsibilities (Freeman, 2004). A main purpose of the private sector is to generate revenue and profitability, giving shareholders a return on capital invested, yet this should not preclude a commitment to staff welfare and fair wages. Ethics should also inform policies pertaining to resident communities and resources. The satisfactory exercise of this commitment seems lacking, however, echoing calls for better policies on local employment, staff welfare and the preservation of local culture (Kasim, 2006).

Finally, the environment dimension is critical in accordance with its role as a core CSR theme practically and theoretically (Dahlsrud, 2008). As previously observed, the actions of a hotel can have damaging impacts on the physical environment and exacerbate existing problems of degradation and over-exploitation. It is therefore important for management to be aware of possible repercussions and take mitigating steps in areas such as energy and water consumption and treatment of waste as well as developing sophisticated environmental management systems (Agan et al., 2014). There is scope for cooperative initiatives with government and environmental agencies to help reduce energy demands. Given the ever-increasing costs of energy and other resources, it makes economic sense to invest in state-of-the-art eco-friendly technologies that in the longer-term will transform into significant savings (Bohdanowicz & Zientara, 2008). It must also be noted that guests now have certain expectations about good environmental practices in the

Table 2
Factor analysis results with varimax rotation of CSR dimensions (n = 350).

Variable	Subcomponent	Items	Loading factor	t-Value	Eigen value	Variance explained	Mean
Social responsibility (0.93)	Social (0.72)	1	0.63	** 12.06	7.73	64.39	2.93
		2	0.71	** 13.99			
		3	0.63	** 12.03			
		4	0.41	** 7.28			
	Economic (0.75)	5	0.67	** 13.22	1.07	8.9	2.81
		6	0.69	** 13.82			
		7	0.57	** 10.78			
		8	0.66	** 12.86			
	Legal (0.79)	9	0.67	** 13.75	0.82	6.83	2.98
		10	0.69	** 13.04			
		11	0.73	** 14.58			
		12	0.67	** 13.29			
	Ethical (0.76)	13	0.64	** 12.62	0.51	4.25	3.10
		14	0.78	** 16.29			
		15	0.67	** 13.48			
		16	0.58	** 11.25			
	Environmental (0.77)	21	0.73	** 14.51	0.35	2.88	3.15
		22	0.55	** 10.17			
		23	0.80	** 16.34			
		24	0.60	** 11.31			
Hotel performance (0.93)	Financial (0.80)	25	71.0	** 14.63	0.33	2.71	2.74
		26	0.79	** 16.49			
		27	0.77	** 16.24			
		28	0.65	** 12.58			
	Reputation (0.77)	29	0.77	** 15.98	0.30	2.46	2.98
		30	0.56	** 10.61			
		31	0.47	** 8.74			
		32	0.66	** 13.21			
	Productivity (80/0)	33	0.58	** 11.19	0.26	2.19	2.47
		34	0.77	** 16.44			
		35	0.79	** 16.75			
		36	0.80	** 17.52			
	Innovation (82.0)	37	0.79	** 16.86	0.00	00.1	2.63
		38	0.78	** 16.81			
		39	0.77	** 16.14			
		40	0.58	** 11.20			
KMO and Butler test	Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.925					
	Bartlett's Test of Sphericity	C^2 = 7749.05					
		df = 990					
		p = .00					

≤0/01 P **.

Table 3
The fitting indices for research conceptual model.

Index name	Allowed value	Value obtained
X^2/Df	< 3	2.60
The *Root Mean Square Error* of Approximation (*RMSEA*)	< 0.08	0.068
GFI (goodness of fit index)	Higher than 0.9	0.92
Adjusted goodness of *fit index* (*AGFI*)	Higher than 0.9	0.90
NFI (fitness softened)	Higher than 0.9	0.92
NNFI (not soft elegance)	Higher than 0.9	0.94
CFI (comparative fit index)	Higher than 0.9	0.94

Table 4
The results of path coefficients for the proposed model.

	Path coefficients	t-Value	R^2
Social responsibility ← Performance	0.92	** 16.60	0.85
Social dimension ← Performance	0.68	** 7.92	0.84
Economic dimension ← Performance	0.83	** 9.90	
Legal dimension ← Performance	0.26	* * 2.98	
Ethical dimension ← Performance	0.32	** 3.87	
Environmental dimension ← Performance	0.20	* 2.40	

P ≤ 0/01 * P ≤ 0/01 **.

hospitality industry, especially on the part of luxury properties (Kang et al., 2012), and hotels cannot afford to be seen to neglect this

responsibility if they are to retain customers. The industry should go beyond the introduction of assorted CSR-centred initiatives and make CSR a cornerstone of its business models.

CSR thus comprises a mix of elements which must all be given due regard by hotels if their policies are to be effective. Its pursuit also corresponds with the principles of sustainable development which are widely accepted by the tourism industry and business in general. Attempts to protect the environment, balance corporate and community interests and act ethically and legally appear advisable and crucial to long-term success. It can be argued that any costs incurred in the shorter term by adopting these policies are a worthwhile investment, although persuading smaller companies with resource constraints of this may not be an easy task.

Nevertheless, there are lessons to be derived from the study for Tehran hotels. All aspects of CSR have been shown to impact positively on hotel performance so launching any schemes will potentially bring rewards in terms of finance, reputation, productivity and innovation. Various CSR initiatives should therefore be devised and introduced in consultation with stakeholders. Employees are key actors in executing policies, but also affected by them. It was apparent that hotel employees surveyed thought there should be justice in remuneration payments and staff treatment, but complained about the legal and ethical dimensions of CSR being neglected by hotels regarding staff welfare. Hotels are advised to consider these issues of staff engagement in order to avoid employee dissatisfaction which can damage the working environment and service quality. They must strive to develop an inclusive CSR

strategy that is closely aligned with the company's business strategy, drawing on examples of good practice from overseas. Such a move necessitates being innovative and flexible, seeking market-driven opportunities while addressing important challenges within the domains of society and the environment.

Finally, this study has limitations which must be acknowledged. It is confined to a relatively small number of hotels in Tehran, the majority under a mix of public and private ownership and operation, which may restrict the ability to generalise from the particular survey results. Future research could focus on more and different types of hotels in other areas. Although based on a sound theoretical foundation, the empirical model is not comprehensive and certain important aspects which are not included merit greater attention such as customer satisfaction. An additional topic to explore is the details of the processes by which CSR impacts financial performance and relevant mediators.

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