Tourism and Corporate Sustainability: Fads or Facts? Institutions, Strategies, Activities and Performance in the Hospitality Industry

Final Thesis

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XXXI Cycle

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Introduction

Sustainability is an issue of increasing importance in business and society and the commitment in sustainability programs is becoming fundamental for the organizations in the pursuit of value that goes beyond mere profits, bringing positive impacts to society and environment. Corporate Sustainability (CS), in particular, refers to the involvement of corporations in responsible strategies and activities. More than the past, when companies used to engage in responsibility programs to avoid governance fines, nowadays CS indicates the integration of sustainable activities in the business models aimed at creating value for the company while benefiting economy, society and environment. Companies deal with CS for several reasons. First, the involvement in sustainability and thus the implementation of CS strategies shows the attention of companies towards their stakeholders that tend to reward these companies, as long as their claims correspond to their sustainable performance and so to relevant benefits brought to environment and society. Second, sustainability is synonymous of long-term orientation of companies that have a purpose and that tend to prosper in time more than companies that focus on short-term, non-sustainable strategies. Third, due to such long-term orientation, environmental, social and governance (ESG) indicators are increasingly important in the portfolio strategies and are becoming determinants in the evaluation of investors' decisions that are not driven anymore only by profits-related indicators. Notwithstanding the possible benefits, CS strategies, usually pursued through corporate social responsibility (CSR) practices, are also a cost for companies and the balance between these costs and benefits needs to be investigated and clarified.

Among the tools that help companies in developing products and activities that respect sustainability issues the UN Sustainable Development Goals (SDGs) represent the main framework in driving organizations and institutions towards the implementation of sustainable practices, as they set the main objectives to address in terms of sustainable development. In addition, there are several standards helping companies in defining what are the most relevant aspects on which to focus the attention according to their business and stakeholder needs. The Global Reporting Initiative (GRI) or the Sustainability Accounting Standards Board (SASB), for example, give standardized guidelines to find the most important sustainability aspects on which each company should focus, also providing support on the disclosure of these information through sustainability reports. However, whether such reports correspond to an effective implementation of practices is still an open question in the debate on CS.

The present work tries to address these questions by focusing on the tourism, and particularly on the hospitality industry. Tourism is among the fastest growing industries in the world with a great impact on the global economy (World Tourism Organization, 2017), and the CS commitment of hospitality firms contributes to the development of sustainable tourism, defined as "*tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities*" and that contributes to:

- "*Make optimal use of environmental resources*
- *Respect the socio-cultural authenticity of host communities*
- *Ensure viable, long-term economic operations, providing socio-economic benefits to all stakeholders*" (UNEP & UNWTO, 2005, p.11-12)

The CS commitment of hospitality firms aims at contributing to the achievement of these goals, as the sustainability aspects indicated by tourism companies are in line with the principles of sustainable tourism. However, the diffusion of sustainability practices within international companies is not given for granted, as firms face complex institutional environments that may ease or hinder the practical implementation of such practices with respect to CS strategies disclosed at corporate level.

Given these considerations, this thesis sets two main goals. First, it tries to understand the balance between cost and benefits related to CSR, by showing that the achievement of sustainable tourism goals (i.e., high sustainability performance) may be associated to better financial performance for the companies. Second, it aims at understanding to what extent the CS commitment disclosed at corporate level in the international hotel chains translate into real practices aimed at pursuing sustainability goals, and what is the role of institutional factors on such diffusion of practices.

The thesis is structured as follows: the first chapter analyzes the impact of CSR on the corporate financial performance (CFP) of hospitality listed companies. Adopting a stakeholder theory lens (Freeman, 1984), and running a panel-data regression on 107 observations collected through the database Eikon by Thomson Reuters, the study finds that the relationship between CSR and CFP is U-shaped showing that the mere implementation of socially and environmentally responsible activities is not sufficient to improve financial results that are, instead, negatively affected by management's limited attention to such practices. Rather, exploiting CSR-related advantages depends on the ability of firms to capitalize their efforts in such activities because properly managing CSR results in higher performance through the improvement of stakeholder relationships. The study also finds that such U-shape is negatively moderated by quality management (QM), as companies simultaneously involved in QM and CSR show lower financial returns with respect to firms only involved in socially responsible activities that may be more focused on stakeholder satisfaction, without dispersing efforts on different activities aimed at similar goals.

The second chapter analyzes the transfer of sustainability practices within international hotel chains from the corporate levels to single hotels. In particular, the study focuses on the impact of internal and external institutional pressure, i.e., institutional duality (Kostova & Roth, 2002), on the alignment between hotels sustainability activities and corporate CS strategies disclosed in the materiality analysis. The analysis of 148 hotels across the globe shows that different internal and external factors impact such alignment easing or hindering the effective diffusion of sustainability activities. Data were collected through a survey to hotels belonging to four of the biggest players in the market, i.e. Hilton, Accor, Intercontinental Hotel Group, and Wyndham Worldwide.

Finally, the third chapter further explores the commitment of single hotels with respect to sustainability materiality aspects identified by their parent companies. In order to explore different behaviors of the hotels according to their characteristics, a cluster analysis shows that hotels can act in proactive way or in lazy one when implementing CS activities. These findings contribute to the understanding of which conditions drive hotels to do better in terms of CS.

Chapter 1:

Are You Good Enough? CSR, Quality Management and Corporate Financial Performance in the Hospitality Industry[1]

Introduction

Business strategies and regulations increasingly demand that firms enhance their social and environmental performance (Lubin & Esty, 2012; Meier & Cassar, 2018), assessed through corporate social responsibility (CSR) practices (Theodoulidis, Diaz, Crotto, & Rancati, 2017). This is particularly true in the hospitality sector, where initiatives like the International Tourism Partnership, or the companies' annual CSR reports, demonstrate the increasing involvement of hospitality firms in responsible business practices. Although there are many examples of successful CSR programs, there are also cases where companies' claims do not correspond to virtuous behaviors. Recently, for example, cruise companies that have been blamed for the decline of some sea destinations (The Guardian, 2019) are facing reputational problems. These considerations drive research to deepen the understanding of CSR's effects on corporate financial performance (CFP) by considering that the mere investment in CSR is insufficient to improve performance, recognizing that a more comprehensive view should be developed. According to the literature, the involvement in sustainability programs signals companies' wealth (Eccles, Ioannou, & Serafeim, 2014) and improves their relationships with stakeholders by increasing trustworthiness and reciprocity, consequently benefiting CFP (Barnett, 2007; Barnett & Salomon, 2012). Nevertheless, carrying out CSR activities also implicates costs that may lead to a competitive

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This chapter has been published in the *International Journal of Hospitality Management,* and previously presented at the Sinergie SIMA Conference 2018, University of Venice Ca' Foscari, and at the R&D Management Conference 2018, Politecnico di Milano

disadvantage compared to competitors that do not engage in them (Barnett & Salomon, 2006, 2012; Friedman, 1970). Despite the extensive literature on the CSR-CFP relationship, research is still far from finding a shared view on this relationship and previous articles have found mixed results (Garay & Font, 2012; Theodoulidis et al., 2017).

In particular, the literature focuses on the linear relationship between CSR and CFP, but very few studies try to assess the balance between them (Font & Lynes, 2018) – considering both costs and benefits that characterize CSR – thus testing for a non-linear relationship. Indeed, according to stakeholder theory, the impact of CSR on CFP may be both positive and negative, because stakeholders may reward firms that perform well in CSR, but their reaction does not impact performance when firms achieve poor results in it. In other words, CSR-related costs are not exceeded by gains in CFP until the CSR shows success. Previous research has argued that the impact of CSR on CFP may follow either a U-shape (Barnett & Salomon, 2012; Park & Lee, 2009) or an inverted U-shape (Bowman & Haire, 1975) trend relying on the stakeholder theory and on the theory of the firm respectively. However, these studies do not consider that companies with weak CSR performance may even be penalized by stakeholders, whose negative attitudes towards such firms may be detrimental to their performance (Carlos & Lewis, 2018). Hence, this study intends to contribute to fill this research gap by investigating whether such a CSR-performance "threshold effect" exists by using an updated database of businesses. More specifically, this paper assumes that the relationship between CSR and CFP is likely to follow a U-shaped trend. Hence, the U-shaped relationship represents two kinds of companies: those whose performance decreases when their CSR efforts increase, but at a level that does not allow them to reach and go beyond the "threshold effect" (i.e., the stakeholders tend to punish their relatively weak CSR commitment); and those who overcome the “threshold effect”, thus experiencing an increase in their performance. In other words, this study proposes the idea that involvement in CSR programs is not per se a condition to raise CFP and that a threshold level of responsible performance must be met by hospitality firms to improve their financial performances; in doing so, this study challenges most of the existing studies that suggest that an increase (decrease) in CSR performance always leads to a better (worse) financial performance (i.e., a linear relationship between CSR and CFP).

Moreover, CSR’s impact on CFP should be measured considering the important effects that contingency factors exert on this relationship (Grewatsch & Kleindienst, 2017). In particular, quality management (QM) – an approach aimed at satisfying stakeholders that shares many common grounds with CSR (McAdam & Leonard, 2003; Quintana-García, Marchante-Lara, & Benavides-Chicón, 2018) – plays an important role in determining the effects of CSR on CFP. Although several articles find that employing CSR and QM together benefits performance, very few studies try to assess quantitatively the effects of their interplay on CFP. Moreover, another gap in the existing research is that of the possible tensions between CSR and QM due to the fact that they are two different approaches aimed at similar goals. All that said, this study intends to answer to the following research questions:

RQ1: Does CSR have a U-shaped effect on CFP?

RQ2: Is QM able to exert a moderating effect over the relationship between CSR and CFP?

Through a multiple panel-data-regression methodology, run on a sample of listed hospitality firms, this paper assesses the non-linear (i.e., U-shaped) relationship between CSR and CFP, by considering that stakeholders may react negatively (positively) to low (high) levels of CSR. The stakeholder lens adopted in this research also allows us to provide first compelling evidence that firms' involvement in QM activities shapes the curvilinear impact of CSR on their performance. The implementation of different activities aimed at similar goals diminishes the benefits that CSR has on CFP. In greater detail, this paper takes in consideration quantitative performances of CFP to assess whether a firm's CSR commitment is beneficial for its performance or not, instead of considering perceived management performance as done in some previous studies (McGuire, Schneeweis, & Branch, 1990). This approach, based on financial-based measures, is in line with previous studies that analyze the relationship between CSR and CFP in the hospitality literature (Theodoulidis et al., 2017).

The outcomes of our research show that the simultaneous implementation of CSR and QM is less beneficial to CFP than the isolated implementation of CSR due to the redundancy of different activities aimed at similar goals, i.e., stakeholders' satisfaction. In doing so, we advance academic understanding of the impact of CSR and QM on CFP and we provide practitioners with clear indications on how to balance CSR and QM efforts.

The article is structured as follows: in the next section it discusses possible negative and positive effects that stakeholders have on performance in relation to the firms' level of CSR, and the importance of considering QM as a firm-specific factor that shapes the CSR-CFP relation. The "Methods" section shows how panel data methodology allows us to evaluate the moderated U-shaped relationship. In this section, we also introduce several control variables that allow us to avoid endogeneity problems, as we recognize that performance may be influenced by several organizational variables and also by year dummy variables. In the "Results" section, the statistical analysis confirms how different levels of CSR have different impacts on financial performance due to the response of firms' stakeholders. The "Discussion" section describes how the analysis contributes to the understanding of the complex relation between CSR, QM and CFP. Finally, our "Conclusions" highlight the theoretical and methodological contributions brought about by our analysis's approach, as well as limitations and future research directions.

Theoretical Background and Hypotheses

The Relationship between CSR and CFP

CSR has been defined in various ways and from several perspectives (Freeman & Hasnaoui, 2011), and it is recognized as a multidimensional concept embracing economic, legal, ethical, and philanthropic aspects (Carroll, 1999). According to stakeholder theory (Freeman, 1984), CSR is the strategic orientation of firms, capable of implementing socially and environmentally responsible actions while still pursuing their economic goals (Goffi, Masiero, & Pencarelli, 2018; Russo & Perrini, 2010), taking all the stakeholders into account and trying to create value for them (Carroll & Shabana, 2010; Freeman, Wicks, & Parmar, 2004). Stakeholder pressure is one of the main reasons why international hospitality firms deal with CSR practices (Farmaki, 2018; Iyer & Jarvis, 2019). Indeed, the theory suggests that stakeholders control resources that can be important for companies, and consequently relationships established with them should be managed properly, to assure revenues and profits (Salancik & Pfeffer, 1978; Wang, Dou, & Jia, 2016). To this end, companies should reduce the negative externalities of their activities on natural and social environments (De Grosbois, 2012; Holcomb, Upchurch, & Okumus, 2007; Martínez & Rodríguez del Bosque, 2013). Stakeholders that are aware of a commitment to do so tend to reward firms that demonstrate the positive impact of their activities on society and the environment. Consequently, CSR is an important strategy through which firms create solid relationships with their stakeholders. In particular, through their social commitment, firms improve trustworthiness and reciprocity with their stakeholders, enhancing market opportunities and prices, decreasing transaction costs (Barnett, 2007; Barnett & Salomon, 2012), and improving customer satisfaction (Servaes & Tamayo, 2013) and employee productivity and commitment (Kim, Rhou, Uysal, & Kwon, 2017; Wells, Manika, Gregory-Smith, Taheri, & McCowlen, 2015; Youn, Lee, & Lee, 2018). These positive effects, in turn, raise the CFP. However, it is fundamental that stakeholders perceive the firms' CSR commitment as credible (Font, Guix, & Bonilla-Priego, 2016; Guix, Bonilla-Priego, & Font, 2017; McWilliams, Siegel, & Wright, 2006). Indeed, they do not react to firms whose CSR activities are not perceived as credible, strong and useful for society. Even worse, stakeholders may have negative attitudes towards firms whose claims do not correspond to strong results in socially responsible activities. For example, consumers may no longer be loyal to a firm, or other stakeholders may accuse the company of implementing hypocritical behaviors such as greenwashing (Carlos & Lewis, 2018). Thus, weak results in CSR may constitute reputational risks that, together with the cost of implementing socially responsible actions, have a negative impact on CFP. This means that CSR implies both benefits and costs for companies and the mere implementation of social and environmental activities is not sufficient to raise CFP. For these reasons, the understanding of the level of CSR that maximizes the margin of benefits over costs brought about by such activities is an important topic to be explored. In the tourism and hospitality context, this relationship has been already analyzed in several studies providing mixed results, as reported in Table 1. The table shows that, although previous literature found that the CSR-CFP relationship may be positive or negative, few papers try to acknowledge the fact that both aspects could characterize this relationship, testing whether it could be non-linear. The existing research has made great contributions in defining the possible ways that CSR may exert an influence on financial performance, in particular by disentangling the complex CSR concept into different dimensions and activities. However, the evidence of the mixed results reported in Table 1 suggests that the simultaneous consideration of both negative and positive relations between CSR and CFP represents a relevant gap that still needs to be addressed.

Reference on CSR-CFP	Type of Relationship	Main findings
Rodríguez & del Mar Armas Cruz (2007) Lee & Park (2009) Garay & Font (2012) Theodoulidis et al. (2017)	Linear positive Linear positive Linear positive Linear positive	High CSR results improve profits in large and small hospitality firms
Kang, Lee, & Huh (2010) Lee, Seo, & Sharma (2013) Lee, Singal, & Kang (2013) Kim & Kim (2014) Youn, Hua, & Lee (2015)	Linear positive/negative Linear positive Non-significant linear Linear positive/negative Non-significant linear	Different CSR activities may have different effects on company performances
Inoue & Lee (2011)	Linear positive/negative	Different CSR dimensions have different impacts on company performances
Park & Lee (2009)	U-shaped	Stakeholders need time to recognize companies CSR efforts and reward them
Font & Lynes (2018)	Inverted U-shaped	CSR impact is positive until a point after which costs overcome benefits

Table 1. Papers studying the CSR-CFP relationship in tourism and hospitality

Among the few studies that consider a non-linear relationship between CSR and CFP, Font and Lynes (2018) conceptually argued that the relation between CSR and CFP is likely to follow an inverted U-shape trend. Their reasoning is based on the fact that CSR positively impact CFP, until a point after which the costs of implementing CSR activities overcome the benefits. However, this argumentation does not consider that stakeholders may be more willing to reward companies that reach very high results in CSR, even if these results cost a lot in terms of financial efforts. Park and Lee (2009), on the other hand, found a U-shaped relation between CSR and performance in the restaurant industry. They showed that it takes time for stakeholders to understand the real value of firms' CSR activities and then respond adequately to them. This result is extremely relevant because it shows that CSR can be considered as a long-term investment, which needs time to be repaid. Building on stakeholder theory, we argue that not just time, but also the level of CSR achieved influences the stakeholder reactions to reward virtuous organizations leading to a U-shaped relationship between CSR and CFP. In the general management literature, Barnett and Salomon (2012) empirically evidenced the benefits brought about by high levels of CSR: they demonstrated that companies with strong relationships with their stakeholders gain more benefits due to the increased trustworthiness between them, a factor that in turn generates high returns on the CSR investments. On the other hand, they stated that weak results in CSR do not generate reactions in stakeholders. We argue, instead, that stakeholders tend to punish bad CSR strategies, consequently negatively influencing CFP (Trumpp & Guenther, 2017). Due to this gap in the literature, we follow this argumentation, focusing on the overall concept of CSR instead of single CSR aspects considered in isolation.

We contend that, from a stakeholder theory perspective, weak results in CSR build a bad reputation for the firm, which is thus punished by its stakeholders. As a result, CFP decreases. Conversely, strong results in CSR allow the firm to build strong stakeholder relationships, which in turn lead to high CFP. Differently from previous studies, we apply this line of argumentation to the whole dimension of CSR and in the context of hospitality industry. Moreover, we shed further light on the CSR-CFP relationship in the recent years. The 2008 economic recession, indeed, may have led companies to use their financial resources in less risky and more profit-oriented activities than CSR. We argue that the relationship is likely to follow a similar trend with respect to the pre-crisis period, because the attention of stakeholders, firms and policy makers to the issues of sustainability and CSR has increased in the last decade (BlackRock, 2019). In the assessment of the effect of CSR on CFP, we also take into account the effect of several control variables, since companies' financial performance also depends on other factors different than CSR, such as firms financial and organizational size (Wiklund & Shepherd, 2005). The simultaneous consideration of both negative and positive aspects of CSR on performance leads us to hypothesize a U-shaped relationship between CSR and CFP. Our theoretical reasoning based on stakeholder theory suggests that weak levels of socially responsible activities decrease performance until a turning point arrives, after which they start generating strong relationships with stakeholders, thus bringing about more benefits than costs, thus improving CFP:

Hypothesis1: The relationship between CSR and CFP is U-shaped

The Moderating Role of QM

As highlighted by previous studies (e.g. Grewatsch & Kleindienst, 2017; Kim, Kim, & Qian, 2018; Theodoulidis et al., 2017), a key aspect of CSR-related research focuses on the need to understand which variables might exert an influence on the CSR-CFP relationship. Previous studies have analyzed the role of several factors that shape the CSR-performance relationship by adopting either a macroeconomic or a firm-specific perspective (Table 2).[2] In line with the previous research reported in Table 2, we argue that it is important to adopt a contingency approach to study the impact of CSR on CFP, since the relationship between CSR and CFP cannot be explained by a one-size-fits-all approach. In particular, Table 2 shows how it is relevant to study CSR and QM together and their simultaneous effect on companies' performances, as previous literature found that both approaches together may bring benefits to hospitality companies (Benavides-Velasco, Quintana-García, & Marchante-Lara, 2014). Nevertheless, Table 2 shows that there is no study focusing on the moderating effect of QM.

[2] Regarding the contingency approach, we included in Table 2 only papers related to tourism and hospitality literature. See Grewatsch and Kleindienst (2017) for a review comprising also other sectors.

Relation	Reference	Moderating variable	Main findings
QM-performance relation	Claver-Cortés, Pereira-Moliner, José Tarí, & Molina-Azorín (2008) Wang, Chen, & Chen (2012)		QM is beneficial for companies' competitiveness
	Benavides-Velasco, Quintana-García, & Marchante-Lara (2014) Molina-Azorín, Tarí, Pereira-Moliner, López-Gamero, & Pertusa-Ortega (2015) Amin, Aldakhil, Wu, Rezaei, & Cobanoglu (2017)		QM is beneficial for customer loyalty, customer satisfaction, profitability, and cost savings
QM-CSR relation	Benavides-Velasco et al. (2014)		QM facilitates the implementation of CSR creating benefits for companies' customers and employees
	Molina-Azorin et al. (2015)		The application of QM helps companies reduce their environmental impact
	Quintana-García et al. (2018)		CSR is positively influenced by QM in satisfying stakeholders
CSR-CFP moderated relation (contingency approach)	Lee et al. (2013a)	Economic conditions	The relation between CSR and CFP is moderated both by firms' specific and macroeconomic variables
	Lee et al. (2013b)	Oil prices	
	Youn et al. (2015)	Firms' size	
	Rhou, Singal, & Koh (2016)	CSR awareness	
	Park, Song, & Lee (2017)	Geographical diversification	

Table 2. The role of QM on the relationship between CSR and CFP in hospitality

This lack of research leaves a gap in the literature that we try to address in this paper. Indeed, we contend that QM is a factor that may influence the effect brought about by CSR due to their common focus and organizational efforts (McAdam & Leonard, 2003). Therefore, it is crucial to analyze their simultaneous effects on firms' performance to have a more comprehensive understanding of their effects on CFP. This paper attempts to assess the moderating role that QM has on the relation between CSR and CFP.

QM is defined as an approach aimed at producing high quality products or services, focusing on "the continuous improvement of processes and defect prevention at all levels and in all functions of the organization, in order to meet or exceed customer expectations" (Flynn, Schroeder, & Sakakibara, 1994, p. 339). QM is a positive approach for firms because it brings about several benefits: it reduces waste and errors while improving customer satisfaction, internal communication, employee commitment and motivation, relationships with suppliers, and thus firms' performance (Baird, Jia Hu, & Reeve, 2011; Juran, 1988; Powell, 1995). Recent papers have found that QM is also beneficial for innovation performance (Zeng, Anh Phan, & Matsui, 2015), financial performance (Parvadavardini, Vivek, & Devadasan, 2016), and firms' competitiveness (Claver-Cortés et al., 2008; Wang et al., 2012). These benefits are particularly evident in the tourism and hospitality industry (Table 2). The QM approach allows hotels to adapt to changes in demand through their continuous attention towards new customer needs and towards employee satisfaction. This means that QM, like CSR, requires strong efforts to satisfy various stakeholder needs, with constant attention to customers. In other words, literature suggests that both QM and CSR adopt an ethical perspective that goes beyond the expectations of society, identifying the needs of several stakeholders and working to satisfy them. Therefore, QM is another effective approach aimed at satisfying the stakeholders and benefiting the firm by involving all levels of the organization towards the achievement of these goals. Nevertheless, QM's effect on CFP has been mainly studied in isolation (Chatzoglou, Chatzoudes, & Kipraios, 2015), while the CSR-QM relationship has been analyzed by few studies that focus on only one dimension of CSR, i.e., green performance (Pipatprapa, Huang, & Huang, 2017; Siva et al., 2016), rather than the overall effort, as we do in our study. Studies reported in Table 2 also demonstrate that the application of QM in tourism industries has a positive impact on the implementation of CSR activities and, particularly, on the ability of firms to reduce their environmental impact. Moreover the development of CSR is positively influenced by QM in satisfying stakeholders. In particular, Benavides-Velasco and his colleagues (2014) found that the adoption of both QM and CSR creates benefits for customers and employees, since QM works as a facilitator for effective CSR within organizations (Benavides-Velasco et al., 2014; McAdam and Leonard, 2003). Nevertheless, there is a lack of contributions regarding the joint effect of quality management and corporate social responsibility, measured as the interplay between QM and CSR on CFP. Indeed, in line with some previous research as reported in Table 2, QM and CSR are two aspects that need to be considered together for the effects that they have on companies' performance. Moreover, the literature does not consider the possible tensions deriving from the simultaneous implementation of QM and CSR due to a "two much of two good things" effect, as previous research has mainly analyzed the positive effects that both approaches may have on stakeholder satisfaction and company performance in a conceptual way. These considerations leave space for research, as this issue needs to be addressed quantitatively, also considering that the simultaneous implementation of QM and CSR may hide a dark side.

Based on the above considerations, this paper argues that efforts in QM constitute a crucial contingency that moderates the U-shaped relationship between CSR and CFP. However, although both QM and CSR are positive for firms, it should be taken into consideration that they are two totalizing strategic approaches that lead to an overlap of resources, needs and targets. Managers and decision-makers focus their attention on a limited set of issues, implying that the overlaps and conflicts between similar activities and targets may cause them to disperse efforts, which could be more effective if they were focused on just one kind of activity (Ocasio, 1997; Ocasio & Joseph, 2005). In fact, QM is not a simple mindset, but requires the implementation of structural and systematic processes (Flynn et al., 1994) and day-to-day practices (Tarí, Molina-Azorín, Pereira-Moliner, & López-Gamero, 2018). Hence, since CSR is also oriented towards the satisfaction of firms' stakeholders, the simultaneous implementation of CSR and QM may result in conflicting efforts and activities for the firm. For these reasons, we hypothesize that firms simultaneously involved in both strategies gain less benefits from CSR than firms only focused on CSR, since QM mitigates the effect of CSR on CFP. Thus, the interplay between CSR and QM has a negative impact on the CSR-CFP relationship. The negative moderation of QM on such relation flattens the previously theorized U-shaped curve (Haans, Pieters, & He, 2016). The flattening of the curve indicates that – even if the relationship both for companies engaged and non-engaged in QM remains curvilinear – the trend changes significantly for low and high values of CSR while it remains similar in the middle, where the negative peak of the U-shaped curve is located:

Hypothesis 2: The U-shaped relationship between CSR and CFP is negatively moderated by QM

Data and Methods

Sample and Data Collection

The sample of our study includes worldwide hospitality firms that are listed on stock markets in order to have a high and comparable level of stakeholders involved. For the purposes of this study, a panel data analysis was run on data that cover the 2012-2017 period; all data were sourced from the Thomson Reuters Eikon data base. Thomson Reuters Eikon covers 99% of the world's market cap, which means that we were able to collect information about almost all the listed companies belonging to hospitality industry. For this reason, we believe our sample is representative of the large companies belonging to hospitality industry. We included all of the 649 worldwide companies provided by the database within the industry sector 'Hotels, Motels and Cruise Lines.' Then, we selected all the firms in this dataset for which data about CSR and QM were available. The final sample is composed of 24 companies for which we have complete information about CSR and QM throughout the years, resulting in an unbalanced dataset of 107 firm-year observations. The companies belong to the hotel and the cruise sectors, which are considered as two sectors of the hospitality industry (Kizildag, 2015; Pullman & Rodgers, 2010). In Annex One, we report the full list of companies studied in this paper. The sample size is in line with previous studies that analyze the issue of CSR in tourism (Lee & Park, 2009; Lee, Seo, et al., 2013; Quintana-García et al., 2018) and is numerous enough to test our hypothesis since we have more than five observations per variable for our regression analysis (Austin & Steyerberg, 2015; Cappa, Laut, Nov, Giustiniano, & Porfiri, 2016). In the following subsection, the dependent, independent and control variables are introduced, together with the statistical analyses conducted.

Dependent Variable

Based on previous studies (Kang et al., 2010; Krause, Priem, & Love, 2015; Lee & Park, 2009; Park & Lee, 2009; Wang, Chen, Yu, & Hsiao, 2015), we use the return on equity (ROE) as a proxy of firms' financial performance. ROE is considered a reliable measure of organizations' financial performance (Wan & Yiu, 2009) and it is calculated by dividing net income by total shareholders' equity. Since it is debated whether CSR influences firms' performance or is influenced by it, we collected the ROE data at year $t+1$, while data on independent and control variables were collected at time t. By introducing this time lag, we can strengthen our causality reasoning about the impact that CSR has on future performance.

Independent Variable

The variable used to measure firms' CSR efforts is the Economic, Social and Governance responsibility (ESG) score, built on 178 indicators grouped into the economic, environmental and governance dimensions that cover issues related to ten main themes: resource use, emissions, innovation, workforce, human rights, community, product responsibility, management, shareholders, and CSR strategy (Table 3). Many studies used the ESG score as a proxy for CSR (Kim & Kim, 2014; Theodoulidis et al., 2017), as it considers all three of the dimensions of sustainability, i.e., economic, social and environmental. By using this approach, this paper considers the overall effect of CSR, and not just a specific dimension. Moreover, differently from previous works that divided the CSR in more than one aspect (Kang et al., 2010; Lee, Singal, et al., 2013)(Kang et al., 2010; Lee, Singal, et al., 2013), we used a single measure because our aim is to measure the total performance of a company's responsible performance.

Moderator Variable

As far as QM is concerned, we used a dichotomous variable that measures whether a company has a ISO 9001 certification (1) or not (0). In fact, because quality management is difficult to measure, companies' efforts are assessed by means of quality-standards adoption. More importantly, this measure is coherent with our hypotheses, since we want to understand if the effect of CSR on CFP changes in firms, depending on whether they adopt QM practices or not. Indeed, ISO 9001 constitutes a management tool that gives a clear idea of which companies are involved in such practices (Arumugam, Ooi, & Fong, 2008). ISO 9001 sets forth the requirements that must be adopted to ensure the consistency of products, services, and processes in any type of industry (Chatzoglou et al., 2015), and has been used as a QM measure by several studies (e.g., Levine & Toffel, 2010). In particular, ISO 9001 certification is based on eight quality management principles, i.e.: customer focus, leadership, involvement of people, process approach, system approach to management, factual approach to decision making, mutually beneficial supplier relationships, and continual improvement (Chatzoglou et al., 2015).

Control Variables

Because many operational and financial aspects within large corporations affect CFP, we controlled for some of the most significant variables influencing financial performance within organizations. In particular, business size is relevant to explain performance (Wiklund & Shepherd, 2005), and we controlled for it with two measures explaining the Financial Size, i.e., the amount of "Total assets" and the Organizational Size, i.e., the number of "Employees". Moreover, financial performance is also influenced by the financial structure (Berger & Bonaccorsi di Patti, 2006). For this reason, we included the variable "Net Debt" in our model. Moreover, we also included year dummy variables as controls. Indeed, time is an important factor in determining how firms deal with CSR, since certain activities may change over time (Melissen, van Ginneken, & Wood, 2016) and thus also their impact on performance.

	Category	Indicators in rating
Environmental	Resource use	20
	Emissions	22
	Innovation	19
Social	Workforce	29
	Human rights	8
	Community	14
	Product responsibility	12
Governance	Management	34
	Shareholders	12
	CSR strategy	8
Total		178

Table 3. ESG score dimensions (source Thomson Reuters Eikon)

Statistical Analyses

The analysis was developed through a multiple-regression-panel methodology, to test the effect of CSR and of the interaction term between CSR and QM, on CFP. The statistical method utilized in this study follows what has been used in previous studies in the broader management literature (Haans et al., 2016). However, it constitutes the first attempt to analyze moderation on a U-shaped relationship between CSR and CFP focusing on the tourism industry.

Before running the analysis, we checked the correlations to verify that the data were not affected by multi-collinearity. Following Mela and Kopalle (2002), we consider a correlation coefficient of 0.7 as a threshold for the harmful effect of collinearity. Since the correlation between "Net Debt" and "Total Asset" (0.72) (Table 5) is the only one just above this threshold, we decided to run a VIF test to double check if our sample suffers problems of multi-collinearity. The VIF test clarifies any doubt by showing that none of the variables has a variance inflation factor higher than 10. This result allows us to conclude that our sample is not affected by multi-collinearity. The Breusch and Pagan Lagrange multiplier test and the Hausman test were run to understand whether to use a pooled OLS model, a fixed-effects model, or a random-effects-regression model. According to the general theory about panel data, indeed, these three models are the most appropriate to study datasets in which each cross-sectional unit is repeated over time, and to solve the omitted variables problems (Wooldridge, 2002). The tests suggested running a random-effects analysis. This result is coherent with our research design, in which we have time-invariant variables, i.e., ISO 9001 for some companies, which are extremely relevant for the analysis and cannot be considered as constant. Then, we ran the random-effects panel data analysis, to test the above-mentioned hypotheses. The statistical model of the panel regression is represented by the following equation:

$$\mathrm{CFP}_{\mathrm{it+1}} = \beta_0 + \beta_1\mathrm{CSR}_{\mathrm{it}} + \beta_2{\mathrm{CSR}^2}_{\mathrm{it}} + \beta_3\mathrm{QM}_{\mathrm{it}} + \beta_4\mathrm{CSR}_{\mathrm{it}} * \mathrm{QM}_{\mathrm{it}} + \beta_5{\mathrm{CSR}^2}_{\mathrm{it}} * \mathrm{QM}_{\mathrm{it}} + \mathrm{X}'^{\beta_n}_{\mathrm{nit}} + \varepsilon_{\mathrm{it}} \qquad (1)$$

Where CFP_{it+1} is the ROE of company *i* measured at time *t+1,* CSR_{it} represents the ESG score of company *i* measured at time *t*, and CSR^2_{it} is its quadratic parameter testing for the U-shaped relationship. QM_{it} represents whether company *i* is committed in QM programs or not measured at time *t,* and CSR^2_{it} * QM_{it} measures the interaction term between the ESG score and ISO 9001. The vector $\mathbf{X'}_{nit}$ includes the following control variables: Total asset, Employees, Net debt, and year dummies from 2013 to 2017. We ran a total of five models whose results are reported in Table 6. In Model 1 we regressed the moderator variables and the control variables on CFP. In Model 2 and Model 3 we added our main independent variables respectively to the regression, i.e., CSR and CSR^2. Model 4 tests for the moderation of QM on the linear relationship between the independent and the dependent variables. Model 5 tests our hypotheses with the moderation of QM on the curvilinear relationship between CSR and CFP.

Finally, we ran a *t*-test as robustness check to further validate our results. In addition, the Heckman procedure was run to verify the absence of a sample selection bias in our study.

Results

Table 4 shows the descriptive statistics of our sample. Firms in the sample show, on average, a ROE of 18%. The ESG score has an average value of 56.06 with a minimum of 18.65 and a maximum of 83.24. The average value of total assets is $15.8 billion and firms employ on average almost 45,000 workers, evidencing that our sample is composed of large corporations. The average ISO 9001 value is 0.41, showing that the QM standard is well represented in our sample. In Table 5 the correlations among the variables are reported, showing that there is no issue of multi-collinearity in our sample, evidence supported also by the VIF test conducted. From the results reported in Table 6, it is possible to evidence that the coefficient of the non-quadratic ESG score (CSR) has a significant negative effect on ROE (CFP) when the U-shaped curve is tested, i.e., in Models 3 and 5. These models, in addition, also provide evidence of a positive impact of the quadratic value of the ESG score (CSR^2).

Variable	Observations	Mean	Std. Dev.	Min	Max
ROE	107	0.18	0.28	0.01	1.74
ESG score	107	56.06	17.07	18.65	83.24
Total Asset	107	15,800,000,000	17,000,000,000	180,000,000	89,400,000,000
Net Debt	107	3,470,000,000	3,460,000,000	49,700,000	12,100,000,000
Employees	107	44,986.34	48,509.49	1,495	226,500
ISO 9001	107	0.41	0.49	0	1

Table 4. Descriptive statistics

	ROE	ESG score	Total Asset	Employees	Net Debt	ISO 9001
ROE	1					
ESG score	0.11	1				
Total Asset	-0.25	0.29	1			
Employees	-0.19	0.55	0.43	1		
Net Debt	-0.15	0.44	0.72	0.54	1	
ISO 9001	-0.29	0.37	0.65	0.6	0.61	1

Table 5. Correlations

However, this result is not sufficient to conclude that the U-shaped curve is supported (Haans et al., 2016). Indeed, the Lind and Mehlum (2010)methodology for the U-shaped curves requires, in addition, the analysis of the lower and upper bounds of the relationship and the analysis of the extreme point, i.e., the negative peak. In particular, for a U-shaped curve, the slope of the lower bound has to be negative and significant, while the slope of the upper bound has to be positive and significant; moreover, the extreme point, i.e., the negative peak, has to be located between the extreme values of the curve. All these conditions are satisfied, as shown in Table 7, thus demonstrating that the relationship between CSR and CFP is U-shaped and thus supporting Hypothesis 1. This means that firms located on the left part of the curve (Figure 1) register decreasing performance as their level of CSR increases. Conversely, firms located on the right part of the curve – i.e., after the negative peak – are the ones that see their performance increasing exponentially as their levels of CSR increase.

	Model 1	Model 2	Model 3	Model 4	Model 5
CSR*QM				-0.01** (-2.03)	0.02 (1.52)
CSR^2*QM					-0.01** (-1.97)
CSR^2			0.01** (2.14)		0.01*** (2.85)
CSR		0.01** (2.42)	-0.01* (-1.65)	0.01*** (2.62)	-0.23** (-2.52)
QM	-0.14 (-1.5)	-0.19* (-1.69)	-1.17 (-1.56)	0.10 (0.68)	-0.31 (-1.06)
Financial size	0.001* (-1.9)	0.01 (-1.62)	0.01 (-1.21)	0.01* (-1.93)	0.01 (-1.27)
Organizational size	0.01 (-1.48)	0.01** (-2.54)	0.01*** (-2.92)	0.01** (-2.19)	0.01** (-2.39)
Leverage	0.01 (1.16)	0.01 (1.24)	0.01 (1.05)	0.01 (1.28)	0.01 (0.44)
2013	0.01 (0.30)	0.01 (0.14)	0.01 (0.14)	0.01 (0.37)	0.03 (1.10)
2014	0.05 (0.96)	0.04 (0.84)	0.05 (1.01)	0.04 (0.83)	0.06 (1.26)
2015	0.02 (0.84)	-0.01 (0.00)	-0.01 (-0.04)	0.01 (0.20)	0.01 (0.40)
2016	0.05 (1.57)	0.13 (0.40)	0.01 (0.37)	0.02 (0.68)	0.03 (1.08)
2017	0.05 (1.41)	0.02 (0.47)	0.18 (0.51)	0.03 (0.70)	0.04 (1.19)
WaldChi^2	(7) 5.94	(8) 11.30	(9) 12.88	(9) 11.33	(11) 16.97
Prob>Chi^2	0.54	0.18	0.17	0.25	0.10
R-sq	0.09	0.17	0.19	0.18	0.27
Rho	0.82	0.84	0.84	0.84	0.84

Table 6. Panel data regression (Random effect) with ROE as dependent variable. Z-statistics are in parentheses. *, **, *** denote significance at 10%, 5% and 1% level respectively.

In addition, Model 5 shows that the interaction effects of QM and the quadratic values of CSR^2 have been found to be statistically significant, with a negative effect, providing support for Hypothesis 2 (Table 6). The negative moderation of a U-shaped curve implies a flattening of the U (Haans et al., 2016) that shows how financial performance associated with low and high values of ESG scores (the tails of the U-shaped curve) are lower for firms that adopt ISO 9001 standards. Interestingly, Model 4 strengthens these findings by showing that QM has a negative moderating impact also on the linear relationship between CSR and CFP.

In order to provide solid support for our findings, we have conducted several robustness checks on the analysis. First, our sample represents the entire population of 'Hotels, Motels and Cruise Lines', listed companies for which we were able to collect data for the analyses; however, since the sample was reduced from the initial one, we conducted a *t*-test to check if the dependent variable is affected by the reduction of the number of observations.

The result, reported in Table 8, shows that the mean of the ROE of our final sample is not different from that of the whole population of 649 firms, and therefore the firms in our analysis are representative of the entire sample. Finally, we checked the absence of any sample selection bias with respect to the overall hospitality-industry firms using the Heckman's procedure (Heckman, 1977) (Table 9). To carry out this procedure, we included an exclusion restriction variable that has the function of influencing the probability that an observation appears in our sample, but – since it is not included in our final regression model – does not influence the dependent variable (Certo, Busenbark, Woo, & Semadeni, 2016). More specifically, we have included the geographical location of firms' corporate headquarters in the Heckman model, as this factor can influence the approach to CSR (Maon, Swaen, & Lindgreen, 2017). The results allow us to conclude that our sample is not affected by a sample selection bias (Table 9).

Discussion

The aim of this study is to theoretically clarify and empirically quantify the impact that CSR has on CFP, overcoming the mixed, and sometimes contradictory, results found in literature so far (Font & Lynes, 2018). Literature suggests that CSR is strictly related to the strength of the relationship of the focal firm with its stakeholders, and strong relationships are beneficial to financial performance. On the other hand, previous findings also suggest that weak performances in CSR are detrimental to financial performance since they imply costs and uncertainty (Park et al., 2017) that are not counterbalanced by relationships that allow exploiting social and environmental investments.

Group	Lower bound	Upper bound
Interval	18.65	83.24
Slope	-0.01* (-1.56)	0.03** (2.32)
	t-value	**P-value**
Overall test	1.56	0.06
Extreme point	37.32	

Table 7. Test for the U-shaped curve. t-values are in parentheses. *, **, *** denote significance at 10%, 5% and 1% levels respectively.

Group	Observations	Mean	Std. Dev.
Censored	1822	0.13	0.73
Uncensored	107	0.17	0.27
Combined	1929	0.14	0.71
Ha: diff<0	Ha: diff!=0	Ha: diff>0	
Pr(T<t)=0.29	Pr(|T|>|t|)=0.58	Pr(T>t)=0.71	

Table 8. Robustness check 1: t-test between censored and uncensored observations for ROE (dependent variable of our regressions).

Variable	Coefficient
CSR*QM	0.03* (1.73)
CSR^2*QM	-0.01** (-2.11)
CSR	-0.03** (-2.54)
CSR^2	0.01*** (2.65)
QM	-0.48 (-1.48)
WaldChi^2	24.68
Prob>Chi^2	0.00
Select	
Asia	-0.11 (-0.46)
Americas	0.84*** (3.61)
Europe	-0.54** (-2.33)
WaldChi^2	0.02
Prob>Chi^2	0.89
Rho	0.03

Table 9. Robustness check 3: OLS, with Heckman procedure, with the independent and the moderator variables and their interactions. ROE is the dependent variable.

In order to test whether both positive and negative aspects coexist in the relationship between CSR and CFP, we examined this relation considering both the negative and positive effects of CSR, by testing a U-shaped relation. To do so, we ran a random-effects panel regression, using very recent data covering the 2012-2017 period, to assess the impact of the direct and quadratic value of the ESG score on the ROE of the companies reported in our sample. Our results provide empirical evidence that supports the hypothesis that the relationship among these variables is U-shaped (Figure 1), which in turn suggests that only optimal results in CSR are beneficial for CFP in large hospitality corporations. Interestingly, this result indirectly confirms previous findings about the positive linear effect brought about CSR on CFP (e.g., Lee & Park, 2009; Theodoulidis et al., 2017). Indeed, Model 2 and Model 4 in Table 6 show that the total linear effect of CSR on CFP is positive and significant, and thus that high results in CSR performance are related to high financial performance. In addition, Model 5 shows that this relationship is much more complex than a linear one. Indeed, this model shows that the relationship tends to be negative until a point after which the relationship becomes positive, reaching impressive results in terms of performances. The shift from negative to positive – and so the evidence of the U-shaped trend – is represented by the coefficient of the quadratic CSR parameter, which has an opposite sign with respect to the linear CSR parameter. Graphically, the U-shaped relationship is represented in Figure 1. The figure shows that companies need to overcome a threshold of CSR performance in order to start gaining financial benefits. We argue that this threshold coincides with the point after which stakeholders start to perceive CSR efforts as effective and credible, and so they reward companies by easing the access to the resources they control. In other words, we demonstrate that the simultaneous consideration of negative and positive aspects helps to understand the complex relationship between CSR and CFP. CSR activities implicate costs that companies need to recover and exceed in order to make them valuable. We hypothesized that weak levels of CSR are not able to cover such costs because stakeholders tend to penalize companies whose sustainable commitment is not enough to be perceived as strong and credible. Companies that perform badly in CSR, indeed, face reputational risks due to poor commitment that may be deemed as hypocritical by their stakeholders (Carlos & Lewis, 2018). The negative attitudes that stakeholders assume in response, in turn, have a negative effect on the CFP. These companies are the ones located on the left side of the curve – i.e., before the negative peak (Figure 1).

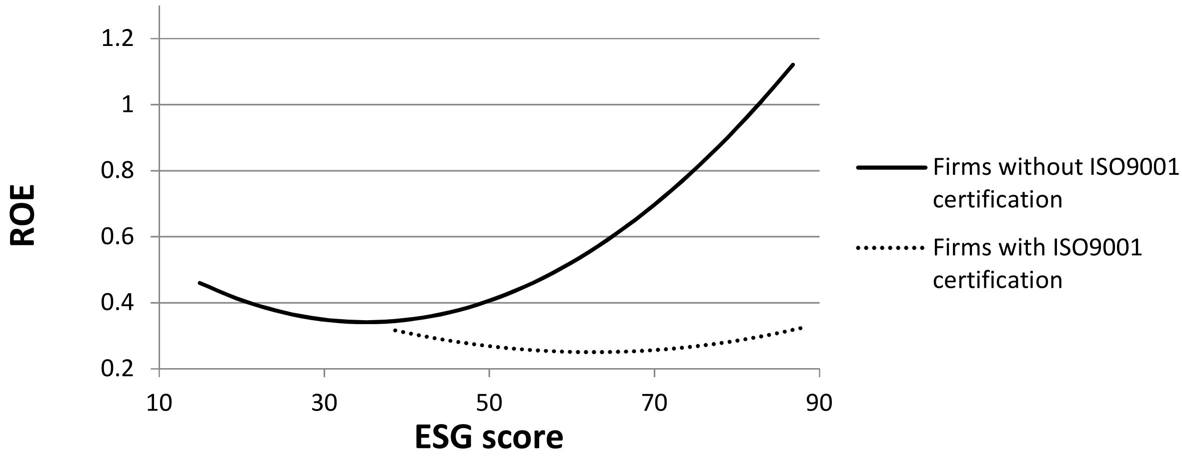

Figure 1 The U-shaped relationship between CSR and CFP, moderated by QM

Conversely, high levels of CSR increase financial performance: strong sustainable performances improve relationships with stakeholders who perceive them as credible. Indeed, stakeholders tend to have good attitudes towards virtuous organizations giving these firms easy access to the relevant resources that their stakeholders control (Salancik & Pfeffer, 1978). Customers, suppliers, and employees are all more willing to reward high CSR-performing companies, respectively, by: paying premium prices, decreasing transaction costs, and improving productivity. The benefits coming from these behaviors meet the goals of firms that put strong efforts into sustainable activities, thus overcoming their costs exponentially. These companies are the ones located on right side of the curve – i.e., after the negative peak. These considerations support the U-shaped relationship between CSR and CFP, rather than a linear one. Figure 1 shows that weak levels of CSR are associated with poor financial performance that – until the turning point – tend to decrease due to two effects: (1) as the CSR level increases, costs increase; (2) the increased performance in CSR is not sufficient to improve stakeholder relations and thus financial performance. After the negative peak, the CSR level continues to increase, generating trustworthiness and reciprocity between firms and their stakeholders. That is why the effect of CSR on CFP is divided into negative and positive parts, which translate into a U-shaped curve. The evidence of the U-shaped-curve relationship between CSR and CFP is particularly important for hospitality managers because it shows the importance of appropriately managing CSR in large corporations, in an era in which hospitality firms are increasingly facing sustainability challenges (Horng, Hsu, & Tsai, 2018). Our results also suggest that the relationship between CSR and CFP should not be explained by a one-size-fits-all approach but requires the consideration of contingency firm-specific factors that may determine how involvement in socially responsible activities impacts firms' financial performance. Among several factors that can be considered, this paper highlights the role of QM, which is relevant in determining the effect of CSR within organizations. In particular, we provide empirical evidence of the negative impact of the interplay between QM and CSR on CFP. Model 5 in Table 6 shows that the coefficient of the interaction term between QM and the quadratic CSR parameter has a negative sign, meaning that the implementation of ISO 9001 hinders the positive effect that CSR performance has on CFP. It is important to note that the negative-moderation effect of QM flattens the curve. Indeed, the two tails of the curve showing the firms involved in ISO 9001 programs are lower with respect to the tails of the curve showing the other firms. Since the tails of the curves represent the parts in which CSR has the higher benefits on CFP, we can conclude that the effect of QM mitigates the benefits brought by CSR to CFP. However, this effect does not imply that, for firms involved in ISO 9001 processes, CSR has a negative effect on CFP. Such relationship follows, instead, the same curvilinear trend showing that firms with high ESG scores obtain higher financial returns than those with low scores. In other words, the impact of CSR on CFP, represented by a U-shaped trend, is present regardless of whether the firm adopts QM standards or not. This finding reinforces previous literature (Benavides-Velasco et al., 2014; Molina-Azorín et al., 2015; Quintana-García et al., 2018), by showing that the total effect of CSR on CFP is positive both for firms involved in QM programs and those that are not. However, the negative moderation of QM shows that CSR is more profitable in firms not involved in QM activities. Indeed, those that do engage in QM show lower returns before and after the negative peak, presenting a flattened U-shape. Thus, companies should carefully consider the possibility of engaging in QM practices through ISO 9001 certifications while implementing CSR actions. In fact, since QM and CSR are strategic approaches aimed at reinforcing performance through better relationships with the stakeholders – such as suppliers, customers, and employees – their joint implementation may create confusion among different actions and procedures aimed at similar goals. CSR and QM require the implementation of structural and systematic activities, and managers should focus their attention on a limited set of issues, to avoid redundant practices that are detrimental for firms' performance (Ocasio, 1997).

Conclusions

With this study, we provide a more fine-grained assessment of CSR's impact on firm performance. In line with previous studies, we find evidence of a positive effect on CFP brought about by high levels of CSR (e.g., Garay & Font, 2012; Lee & Park, 2009; Lee, Seo, et al., 2013; Rodríguez & del Mar Armas Cruz, 2007; Theodoulidis et al., 2017). In addition, we argue that a U-shaped relationship is appropriate to describe the CSR-CFP relationship, where weak results in CSR are associated to negative performances, but after a negative peak CSR implementation positively affects CFP. Moreover, we demonstrate that the simultaneous implementation of QM practices through ISO 9001 standards mitigates the effect of CSR on CFP.

In doing so, this paper brings three main contributions to the literature. First, it contributes to stakeholder theory by showing that stakeholders react negatively to firms with weak levels of CSR and positively to firms with high levels of CSR. This result leads us to suggest that the relationship between CSR and CFP can be better represented by postulating a U-shaped relationship rather than a linear one, as suggested by most of the existing research. Furthermore, when compared to previous studies suggesting that the U-shaped form of the CSR-CFP relationship can be explained by referring to a temporal dimension (i.e., stakeholders need time to recognize good CSR results and positively react to them: Park & Lee, 2009), this study argues that the U-shaped relationship rather depends on the level of CSR performance achieved by a company. Companies should put strong efforts in CSR, trying to avoid those medium levels associated to reputational risks and thus to poor financial performance. These outcomes focus on the hospitality sector, rather than looking at the average effect of CSR among all the sectors. They include worldwide companies, thus increasing the generalizability of the results, which focus on a more recent time horizon with respect to previous studies. In particular, we provide evidence of the curvilinear relationship in the post-2008 crisis period. The outcomes of this study regarding the positive impact of CSR on CFP, even in a period with scarce firm resources, reinforce the importance of stakeholders' interest towards corporate sustainability. In fact, we find that the highest results in CSR are associated with the highest instances of financial performance, notwithstanding the economic downturn which may have led companies to invest in less risky and more profit-oriented activities. This finding is in line with what was recently outlined by the largest US investment fund, regarding stakeholders' increasing interest towards firms' commitment to sustainability (BlackRock, 2019).

Second, this paper contributes to the literature on the effect of QM and CSR on companies' performance (e.g., Benavides-Velasco et al., 2014; Molina-Azorín et al., 2015) by developing a contingency approach that considers QM as being able to exert a moderator effect over the CSR-CFP relationship. Hence, our study purports that companies simultaneously involved in QM and CSR show lower financial returns with respect to firms only involved in socially responsible activities that may be more focused on stakeholder satisfaction, without dispersing efforts on different activities aimed at similar goals.

Finally, to the best of our knowledge, this is the first study that has quantitatively investigated the moderated U-shaped relationship between CSR and CFP in a hospitality-based service setting following the methodological approach suggested by Lind and Mehlum (2010) and also considering the suggestions that Haans et al. (2016) provided based on their systematic literature review to overcome the eventual critical issues in theorizing and testing this kind of relationships.

Managerial Implications

This research shows that the mere implementation of socially and environmentally responsible activities is not sufficient to improve financial results that are, instead, negatively affected by management's limited attention to such practices. Rather, exploiting CSR-related advantages depends on the ability of firms to capitalize their efforts in such activities because properly managing CSR results in higher performance through the improvement of stakeholder relationships. Consequently, it is important for hospitality firms to realize that “being good” is not sufficient, because it is fundamental to understand “how good they need to be” as well as “how they need to be good” by finding the right balance between CSR and CFP (Font and Lynes, 2018). Such firms’ awareness and consciousness are essential because when the level of CSR exceeds a critical threshold, firms’ performance reaches impressive results that are much higher as compared to CFP associated to a minimum level of CSR. Thus, managers who intend to carry out CSR initiatives must be aware of the need to reach high results in CSR to achieve the threshold effect. At the very least, they should avoid reaching only that medium level of CSR efforts, which happens to coincide with the negative peak. This result is very important both for firms and policy-makers, since it shows that the higher the benefit brought to the environment and to society by hospitality firms, the higher their financial returns will be. Thus, these considerations push hospitality corporations to continue investing into CSR policies with great efforts. Our results lead us to conclude that hospitality companies should continue in investing into socially and environmentally responsible activities, as they represent a value both for business and society since tourism is one of the industries with the greatest impact on the world economy (World Tourism Organization, 2017). In this vein, we suggest hospitality managers to keep on effectively engaging their companies in CSR practices and activities (e.g., listing the locals needs and properly considering them when planning their business development, investing in programs contributing to preserve the local heritage and local biodiversity, etc.) in their day-to-day undertakings, and then effectively disclosing these investments through their communication operations (on their websites and in CSR reports). At the same time, companies should stop implementing behaviors that are objectively or subjectively perceived as not being in line with their claims about sustainability and CSR.

Such behaviors, in fact, constitute important risks for the environment and the society in which they operate and are recognized and punished by their stakeholders.

In addition, our findings suggest that CSR is a challenging strategy on which hospitality managers need to focus, trying to avoid overlap with demanding activities aimed at similar goals such as QM. Indeed, the involvement in ISO 9001 programs mitigates the positive effect that CSR has on CFP. QM is widely diffused in hospitality companies and is an approach aimed at satisfying their stakeholders (Benavides-Velasco et al., 2014). For this reason, its implementation – despite its positive effect for companies' performance and stakeholders – constitutes a redundant cost and a conflicting totalizing approach. This is why hospitality managers should carefully consider the implementation of such activities simultaneously with CSR. Our results suggest that pushing exclusively on CSR performance, and thus focalizing the attention on this strategy, is better than dispersing efforts on the implementation of multiple activities aimed at similar goals. A possible solution to this tension may be suggesting that hospitality firms implement ISO 9001 after their CSR strategies have achieved satisfying levels for their stakeholders.

Limitations and Future Research

This study is not exempt from limitations that leave space for several further promising research directions. First, although the sample is numerous enough for the analyses conducted, and notwithstanding all the robustness checks run in this study, subsequent research should extend the number of observations to further support the outcomes. Second, as our sample is composed only of listed firms, we encourage scholars to conduct future studies including also non-listed corporations and small and medium enterprises operating in the hospitality industry. Third, while we relied on ISO 9001 to assess firms' efforts in QM, future studies should use alternative and more finely grained proxies for measuring QM involvement. Finally, we believe that future research should further explore other possible tensions between CSR and other totalizing activities, different from QM. Possible new evidence of this kind of conflicts may suggest to hospitality scholars that CSR is an approach that needs to absorb a huge amount of resources and attention that cannot be shared by other approaches aimed at similar goals.

Annex 1

Company	Industry	Area
Accor SA	Hotel	Europe
Belmond Ltd	Hotel	Americas
Carnival Corp	Cruise	Americas
Carnival PLC	Cruise	Americas
City Lodge Hotels Ltd	Hotel	Africa
Extended Stay America Inc	Hotel	Americas
Formosa International Hotels Corp	Hotel	Asia
Genting Bhd	Hotel	Asia
Genting Malaysia Bhd	Hotel	Asia
Guoco Group Ltd	Hotel	Asia
Hilton Gran Vacations Inc	Hotel	Americas
Hilton Worldwide Holdings Inc	Hotel	Americas
Hyatt Hotels Corp	Hotel	Americas
InterContinental Hotels Group PLC	Hotel	Europe
La Quinta Holdings Inc	Hotel	Americas
Marcus Corp	Hotel	Americas
Marriott International Inc	Hotel	Americas
Marriott Vacations Worldwide Corp	Hotel	Americas
Millenium & Copthorne Hotels Plc	Hotel	Europe
NH Hotel Group SA	Hotel	Europe
Norwegian Cruise Line Holdings	Cruise	Europe
Royal Caribbean Cruises Ltd	Cruise	Americas
Shangri La Asia Ltd	Hotel	Asia
Wyndham Worldwide Corp	Hotel	Americas

Table 10. List of the companies analyzed in the study

Chapter 2:

The Transfer of CS Practices within MNEs in the Hotel Sector: Do Institutions Matter?[3]

Introduction

Multinational enterprises (MNEs) work in the global context that make it challenging for them to operate trying to pursue their goals and implement their strategies, since they face a strong institutional complexity (Kostova, 1999). Such complexity is evident when MNEs try to implement their strategies at operational level through the transfer of practices from corporate unit to their subunits. Researchers recognize that institutional factors have an influence on how practices are diffused within MNEs (Kostova & Roth, 2002; Surroca, Tribó, & Zahra, 2013), and this is particularly true in the implementation of corporate sustainability (CS) practices. According to the UN Global Compact, all companies, regardless their dimensions, can contribute to the sustainable development goals (SDGs) doing business responsibly and helping in solving societal problems addressing global challenges as climate change, poverty, and inequalities. The contribute that MNEs may bring in this sense is perhaps more relevant than with respect to small and medium firms, because they act in global markets having the opportunity to diffuse responsible practices in the different countries in which they operate. Sustainability, indeed, is an issue of growing importance for MNEs that they try to face at global level, but that also needs focus on specific strategies depending on the local context in which a subunit is located (Marano & Kostova, 2016). Such twofold consideration maybe considered as *institutional duality*, defined by Kostova and Roth

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This paper has been presented at the Sinergie SIMA Conference 2019, University of Roma La Sapienza, and at the Corporate Responsibility Research Conference 2019, Tampere University.

(2002) as the situation in which a subunit is confronted with two sets of isomorphic pressures: one coming from the host environment (external pressure) in which it is located and the other coming from the organizational structure of the company (internal pressure). Institutional theory, indeed, argues that institutional environments are present both inside and outside of a MNEs as their subunits are at least as much dependent to their parent companies as to their external institutional environment (Kostova, Roth, & Dacin, 2008). In summary, MNEs sustainable contribution depends on how they are able to practically implement their sustainability strategies through their subunits. To do that they have to overcome the complexity coming from the institutional duality, that may ease or hinder the transfer of sustainability practices and, in turn, the effective contribution of MNEs to the achievement of sustainable goals.

Previous studies tried to assess the role of exogenous institutional factors on the transfer of CS practices within MNEs (Marano & Kostova, 2016), while other papers analyzed the effect of the internal factors (Ansari, Reinecke, & Spaan, 2014), but, surprisingly, there is a lack of studies that consider how both aspects simultaneously affect to what extent practices diffuse from a corporate to its subunits. This aspect is a very relevant topic to investigate since through the simultaneous analysis of internal and external institutions it is possible to detect which factors determine a more effective spread of sustainable practices within MNEs, and so under which conditions global companies bring a higher contribution to the sustainability goals.

The present paper addresses this gap by considering the joint effect of both the sets of pressures (internal and external) on the transfer of practices. We analyze this gap by focusing on the alignment between the practices implemented by the subunits at local level and the strategies of their MNEs, instead of assessing the degree of headquarter transfers or the degree of subunits autonomy in implementing certain activities. The alignment between corporate strategies and subunits implementation is, indeed, useful to achieve important results such as sustainable competitive advantage, better strategic implementation and performance (Ahlvik, Smale, & Sumelius, 2016; Gottschalg & Zollo, 2007; Van Riel, Berens, & Dijkstra, 2009). CS represents a good empirical setting for the present analysis because it is a complex strategy that focus on multiple, heterogeneous factors and so it needs great alignment efforts in order to be implemented effectively in accordance with companies' strategies. Moreover, in order to achieve the global goals of sustainability, understanding what drives such alignment is crucial to find the best institutional setting to let MNEs achieve their goals and so to make their sustainable commitment effective, credible and valuable for their stakeholders (Carlos & Lewis, 2018). For this reason, MNEs subunits managers need to perceive very clearly what are the corporate priorities and the importance of the strategic aspects of their parent company, in order to align their subunits' activities to the corporate strategies (Eccles & Klimenko, 2019). Thus, this paper aims at answering at the following research question: what is the simultaneous impact of institutional external and internal conditions on the alignment of the subunits' practices with the corporate sustainability strategies? Building on the theory about the diffusion of practices within MNEs, we try to provide an answer to this question by focusing on the subunits of 4 MNEs belonging to the hotel industry. This sector is a good setting for our analysis since hotel MNEs are spread around the whole globe with thousands of hotels (subunits), serving different countries with different governance structures. This means that this industry is complex enough to understand how different internal and external factors influence the alignment between the single hotel (subunit) and its parent company (corporate). We capture the alignment by pairing the responses of subunits managers to a survey and the CS strategies detected by an analysis of the sustainability materiality aspects disclosed by MNEs in their sustainability reports. Hotel companies, indeed, are increasingly involved with the analysis of sustainable, material aspects (Guix, Font, & Bonilla-Priego, 2019), and the lodging industry is one of the most involved into the development of CS practices and policies (Jones, Hillier, & Comfort, 2016; World Tourism Organization, 2018). We adopt a methodological approach that combines different sources of data (i.e., surveys, secondary databases and content analysis of corporate reports), and uses an econometric analysis to assess the impact of the institutional factors on the alignment of sustainable practices to corporate strategies. The results show that companies should focus on a more effective resource allocation since usually subunits lack the elements to adequately implement sustainable practices. Moreover, corporate managers should carefully manage the peculiarities of host communities as they have specific needs that may collide with corporate sustainability strategies.

The paper is structured as follows: in the next section we discuss the literature about the transfer of sustainability practices and institutional pressure, developing our hypotheses. Then we will describe in detail the methodological approach designed to conduct this research. In the end of the paper we make discussion, highlighting the contribution of this paper and providing some managerial implications.

Theoretical Background and Hypotheses

The Adoption of CS Practices

CS practices are increasingly common in MNEs nowadays (Marano & Kostova, 2016; Muller & Kolk, 2010). Although an extensive literature studies how such practices are diffused and what is the impact of institutional factors on this transfer (Aguinis & Glavas, 2012; Matten & Moon, 2008), few papers tried to analyze the multiplicity of internal and external institutional factors in an *institutional duality* perspective (Kostova & Roth, 2002). Previous studies recognized that the institutional context in which company transfer CS practices needs to be studied in his complexity (Marano & Kostova, 2016). However, our conceptualization goas a step further by trying to consider simultaneously how both external and internal factors shape the way with which such practices are diffused through MNEs. Moreover, we apply this idea to the concept of alignment, defined by Ahlvik and his colleagues (2016) as "*the degree of similarity between corporate transfer intentions for a specific subsidiary and that subsidiary's implementation of practices*". Following Ahlvik and colleagues (2016) – who focus on HRM practices -, we recognize that the concept of alignment implies reciprocity between the corporate intentions (intended as strategies) and the subunit actions, in a bidirectional relationship: subunits tend to align their activities to corporate intentions, and corporates tend to adjust their intentions for subunits. We argue that this reciprocity may even involve more than two subjects in the case of CS, since it involves several stakeholders in the definition of the strategies to be implemented. However, in this paper we only take into account how subunits activities align to corporate intentions due to the following reason: the sustainability strategy is disclosed by the companies periodically (e.g., every year or every couple of years) and through the publication of a document, i.e. the CS report, which sets the agenda of the entire group for the following period. Our analysis focus, indeed, on one side of the coin, i.e. on the alignment of subunits activities to corporate intentions after the disclosure of the sustainability goals by the corporate.

Building on the idea that middle managers are the ones who commit resources for achieving strategic objectives (Eccles & Klimenko, 2019), we argue that the alignment can be thought as a set of two dimensions: a practical dimension which reflects the effective implementation of CS practices, and a cognitive dimension which reflects the way in which the middle-managers (i.e. subunits managers) perceive the importance of each CS aspect with respect to the corporate intentions. Our hypotheses are built on the idea that the corporate intentions need to find correspondence in the subunits activities, in order to be effective. Such correspondence needs to be met both at the practical and at the cognitive dimension because the alignment of people's interests and motivations within companies is fundamental to achieve goals (Gottschalg & Zollo, 2007). In this way this study aims at understanding which conditions allow the corporates to reach a better subunits alignment with their intentions, and so to fulfill its sustainability tasks.

Internal Institutional Pressure on the Adoption of Sustainability Activities

Multinational organizations work with their subunits in different complex and conflicting environments, characterized by spatial, cultural, and organizational impediments caused by external and inter-organizational factors (Kostova et al., 2008). According to neo-institutionalism, this complexity lead companies to imitate the behaviors of other successful organizations located in the same cultural environment (Kostova & Zaheer, 1999). However, MNEs are also characterized by complex internal environments with their own set of norms, culture and cognitive structures that are as much important as the external ones and that – differently - represent the uniqueness of an organization (Kostova & Zaheer, 1999). MNEs, in fact, are stressing a lot on their sustainable commitment denoted by a certain number of general macro-goals that the companies try to achieve globally. The integration of sustainable development goals (SDGs) in business practices, for example, goes in this direction. The diffusion of CS practices is thus also influenced by the internal institutional environment, i.e. by organizational factors that may foster or hamper the diffusion of such practices from the corporate level to the subunits level (Ansari et al., 2014). Following this line of research, we argue that the internal pressure within MNEs is a factor as much important as the external pressure in determining subunits' behaviors as inter-organizational environment has to be considered as an organizational field per se.

The governance structure of the subunit is a factor that may influence the way in which they perceive and implement strategic practices, because it influences the relationship with the corporate. Firms strongly linked to their corporates tend to feel a higher pressure in complying with corporate guidelines as they have a solid relationship with them. Moreover, they are also willing to commit more since MNEs award subunits highly committed into sustainable activities highlighting this aspect through the assignment of specific labels that certify the high sustainable performance of the subunit. These internal certifications, in turn, translate into a higher reputation for the subunit that gains reputation for their customers (Servaes & Tamayo, 2013). On the other hand, subunits whose relationship with the corporates are weaker (e.g. franchisees), may be less willing to comply with the corporate guidelines as they tend to behave in opportunistic way (Dada & Watson, 2013). In fact, in a strategy/governance structure fit perspective (Yin & Zajac, 2004), some governance structures (e.g. owned-companies vs franchisees) are better than others to implement specific strategies. We argue that local subunits with a stronger relationship with their corporate headquarters (i.e. owned-companies) are more effective in implementing sustainability activities and perceive them as more important due to two effects: first, they feel a stronger pressure to comply to the corporate guidelines. Second, the owned-companies are closer to the strategic orientation of their corporate headquarters because they are directly owned by them. On the other hand, subunits with weaker relationships with their corporate headquarters (i.e. franchisees) may face the difficulties coming from the agent-principal relationship associated to an opportunism typical of these kind of governance structures that does not translate into a willing to collaborate or to align to the group's strategic orientation (Dada

& Watson, 2013). In the hotel industry the most diffused governance structures of the hotels are: franchising companies, managed-companies, and owned-companies. With respect to these three forms of governance structures, that indicate progressively a stronger relationship between the corporate and the subunits, we contend that franchising companies perceive sustainability aspects as less important with respect to owned-companies and so they tend to commit less to such practices, with managed-companies that fall in the middle of such continuum:

HP1. *Subunits with a governance structure closer to their corporates will over-align their activities to their corporate strategies related to CS.*

The successful transfer of CS practices, and so the integration between strategy and activities also depends on organizational barriers that make it difficult for subunits to implement CS activities (J.-P. Gond, Grubnic, Herzig, & Moon, 2012). We argue that, when organizational barriers put subunits in the conditions of not being able to adequately implement CS practices, they tend to give less importance to such practices due to two effects: 1. They have objective difficulties in implementing and so giving attention to them, 2. High organizational barriers are associated with lack of specific, basic resources. In this case, subunits tend to give more importance to the achievement of a satisfiable level of resource allocation rather than focusing on sustainability that, in turn, becomes a low-priority commitment:

HP2. *Subunits that face organizational barriers that hinder the implementation of sustainability activities will under-align their activities to their corporate CS strategies.*

The corporate-subunit relationship is influenced by the approach that the top management at central levels uses to diffuse practices within the organization. This issue may be problematic since companies face the dilemma between standardization and local adaptation of the practice. In fact, companies have the possibility to diffuse strategic practices forcing subunits to maintain the integrity of the practice or leaving space for adaptability of practices to local contexts and different organizations. Previous research (Ansari, Fiss, & Zajac, 2010; Ansari et al., 2014) proposed that practices cannot be designed for a "one-size-fits-all" approach as the possibility of subunits to adapt the practices to their needs and specificities eases the diffusion of practices in the whole organization. Adaptability, indeed, increases both the degree to which a subunit accepts the practice and its practical implementation. On the other hand, hindering the possibility of adaptation may even prevent the diffusion of practices (Ansari et al., 2014). According with this view, we argue that a more adaptive style in the communication of CS practices is associated with an over-alignment of local subunits activities. Local units that are free to adapt practices to their specific situations, are more willing to adopt them while ones that perceive the practices to be *untouchable* tend to be more rigid perceiving them as a duty:

HP3. *The more the subunits are free to adapt CS practices, the more they will over-align their activities to their corporate CS strategies*

External Institutional Pressure on the Adoption of Sustainability Activities

According to institutional theory, organizations need to comply with external institutional pressures in order to survive (Kostova et al., 2008). Indeed, in a neo-institutional perspective (Zaheer, 1995) it is recognized that CS strategy is influenced by the external institutional factors (e.g., Park & Ghauri, 2015), intended as all the factors related to the regional or national context in which a subunit is located and that MNEs cannot directly control. CS practices, for example, tend to vary in different countries (Williams & Aguilera, 2008) due to isomorphism or to stakeholder pressure (Surroca et al., 2013). Park and Ghauri (2015), for example, found that when local stakeholders in host countries are highly demanding, subsidiaries tend to avoid conflicts with them implementing activities that are closer to their expectations gaining legitimacy and improving their image and reputation.

There is an extensive literature on the effects of host country institutions on the behaviors and practices of MNEs as well as on the transfer of practices within them (Marano & Kostova, 2016; Rathert, 2016; Surroca et al., 2013). Agree with this literature, we argue that country or region specific factors may influence the adoption of CS practices from subunits for several reasons: first, due to isomorphism, they tend to behave like other companies in the same context, and second, because sustainability is an issue that embraces a broad set of issues that may vary in different geographical areas due to institutional and cultural differences. For example, CS implications differ in developed and non-developed countries (Julian & Ofori-Dankwa, 2013). Actors located in different institutional contexts may have a subjective interpretation of strategies, translating actions in their own manners (Kok, de Bakker, & Groenewegen, 2017). Similarly, Kumar and colleagues (2019) show how differences between countries translate into different natures of CS. So, stakeholders pressures and differences among institutional contexts, lead subunits located in host countries to interpret CS strategies. This reasoning leads to the conceptualization that the middle managers (i.e. subunits managers) may give different importance to the various sustainability aspects strategized by the corporate level. In turn, middle managers may give high priorities to specific aspects not considered as much important by the corporate and vice versa. For example, various subunits may be willing to exploit business opportunities coming from polluting practices in some developing countries, while others would not do that in more sensitive developed ones. The same effect may be caused by local stakeholders pressure that induces local businesses to behave differently with respect to the strategies developed at corporate level due to the need of gaining legitimacy in local communities. Thus, in line with previous literature this research argues that differences in institutional contexts are related to a misalignment between subunits activities and corporate intentions on the issue of sustainability. However, the direction of such relationship is not clear. In other words, although subsidiaries perceive things differently – and in turn behave differently – with respect to their corporate levels, is not clear if they tend to give higher or lower importance to specific sustainability aspects with respect to their belonging to a country which has a better or worse institutional quality than the home country. We argue that sustainability is an issue which is very important for every institutional context, but its importance is higher where countries experience a lower institutional quality. This reasoning is based on the consideration that the most developed countries – the ones with a higher institutional quality - are already characterized by satisfying levels of sustainable commitment, while less developed ones see it as a relevant factor to increase the institutional quality of the whole context. So, businesses located in better institutional contexts perceive the overall sustainability to be less important with respect to businesses located in worse institutional contexts. Vice versa, subunits located in worse institutional contexts give a higher importance to sustainability issues:

HP4. *The higher the institutional quality of the host country with respect to the home country, the lower will be the alignment between the subunits activities and their corporate strategies related to CS.*

We apply a similar reasoning to the specific needs that a local context may have in terms of sustainability. CS reports are disclosed by MNEs at global level, and in rare cases they disclose reports related to specific geographical areas. At the same time, non-financial reports – through which MNEs disclose their sustainable goals and commitment – set the line for all the companies of the group in a standardized approach that requires the subunits to behave in line with the corporate macro-strategies. However, sustainability policies also need to be adapted to host contexts because local communities have specific requirements that can change with respect to several factors. For example, aspects related to the protection of biodiversity acquire more importance in rural contexts with respect to urban ones. In fact, research found that there are several differences in the implementation of CS activities by businesses located in different sub-national contexts depending on regions specificities, despite standards that create international isomorphism that tend to harmonize sustainability approaches (Gond, Kang, & Moon, 2011; Maon et al., 2017). Local peculiarities are thus associated with the need of implementing activities that in some cases may differ from the global policies designed by MNEs in their reports. Businesses are aware of these needs and try to adapt strategies to the requirements of local communities. At the same time, local subunits have to adopt the CS guidelines because the compliance is a fundamental aspect to reach sustainability goals (Houghton, Gabel, & Williams, 2009). So, if from one side local subunits should comply with corporate intentions, on the other they have to satisfy local needs finding a balance between the two sides of the same coin. Following these argumentations, we hypothesize that subunits that feel local needs to be different from the aspects disclosed by their corporates are more sensible to sustainability aspects, perceive CS to be more important with respect to what their corporate levels do and so they will be over-aligned to corporate intentions:

HP5. *Subunits that perceive local needs to be different from corporate intentions, will over-align their activities to their corporate strategies related to CS.*

The aim of the research described above are represented by a conceptual model which graphically represent the hypotheses of our study (Figure 1).

Data and Methods

The subunits, i.e. the hotels, represent our level of analysis. We selected our MNEs among the top 50 hotel companies in the world (Hotels Magazine, 2018), as done by previous studies (Guix et al., 2017). In order to have a reliable instrument that reports the sustainability strategy of the companies, we focused only on MNEs which periodically disclose their non-financial information on a CS report. Among these companies, we selected the ones that adopt the GRI standard for their sustainability disclosure. The focus of our analysis, indeed, is to look at how MNEs can implement more effectively CS practices that positively contribute to the society and the environment around them. In other words, we look at how companies can positively impact their stakeholders. For this reason, we decided to look at companies that adopt the GRI materiality principles, which adopts a stronger stakeholder-based approach than other principles like SASB which is more focused on the relevance of sustainability for shareholders and investors (Guix, Font & Bonilla-Priego, 2019). Out of the top 50 hotel companies, only 9 adopt the GRI standard. Moreover, we made a further selection taking into account only companies whose CS reports – we collected the most recent available on their websites at April 2019 – provide a list of material issues and, in particular, the materiality matrixes. We ended up with 6 MNEs belonging to the hotel industry. Thus, we built a dataset of subunits (hotels) belonging to these MNEs.

In order to quantitatively measure the alignment between the MNEs CS strategy - at the corporate level – and the subunits CS practice – at the level of the single hotel or the subunit -, we have developed two different indexes – one *Corporate CS index* and one *Subunit CS index* – and then measure the difference between them for each hotel. Since we include corporate level and subunit level data in our analysis we merged information from two different data sources. For the corporates, we analyzed the CS corporate reports in which MNEs disclose their sustainable commitment. For the subunits, we collected data via surveys.

The surveys were designed based on the information disclosed in the corporate reports. For this reason, we have six different surveys for the six different MNEs. The questions are the same in each survey, but the CS aspects change with respect to what material issues are identified and reported by MNEs. In the following sub-sections, we describe in greater details the construction of our sample, and the methodology used to build respectively the *Corporate CS index* and one *Subunit CS index.*

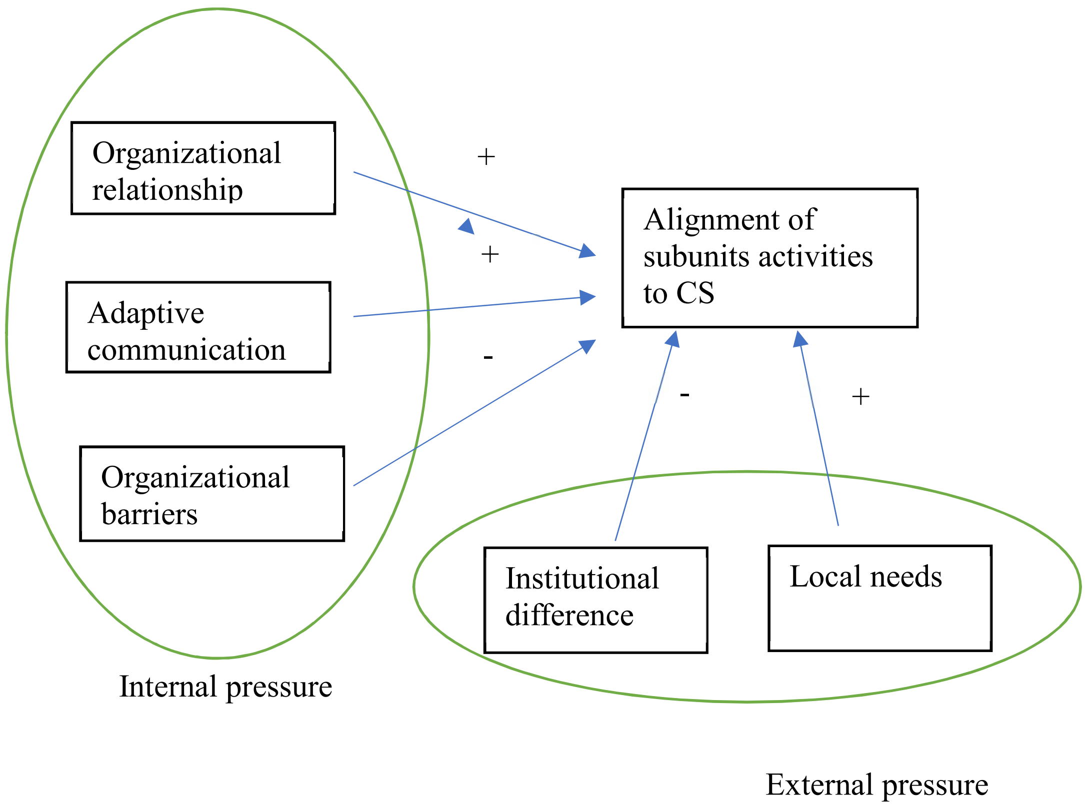

Figure 1 – The conceptual model

The Corporate CS Index

The materiality matrix allowed us to clearly detect the issues on which MNEs focus their strategy, in fact "Material Aspects are those that reflect the organization's significant economic, environmental and social impacts; or substantively influence the assessments and decisions of stakeholders" (GRI, 2015). More importantly, on the materiality matrixes, companies rank each material aspect on each of two dimensions: (1) the importance of that aspect for the business, and (2) the importance of that aspect for company's stakeholders. The matrixes divide each of the two axes in three parts: low importance, medium importance, and high importance. We assigned a number to each of the three levels of importance: 1 (low importance), 2 (medium importance), and 3 (high importance). In this way, since each of the materiality aspect is mapped on the matrix, we were able to give a score to each aspect for each of the two dimensions of the matrix, i.e. the importance for the business and the importance for the stakeholders. Then, we combined the two scores by summing them and obtained a global score for each aspect highlighted by each MNE. This means that the possible scores of each single aspect is between 2 (1+1) and 6 (3+3).

Thanks to the guidelines provided by the GRI reporting standard we were then able to group each material aspect into a specific sub-category in turn grouped into a specific category. The categories correspond to the triple-bottom-line: economic sustainability, social sustainability and environmental sustainability. In Table 1 we provide an example of the categorization of the GRI G4 standard. In order to achieve a good level of aggregation, we grouped each aspect – materiality matrixes indicate the aspects, not the indicators (Table 1) – into the different categories, and for social sustainability also into different sub-categories. In order to group the different aspects, a content analysis was done independently by two researchers. Once that every aspect was allocated to its specific category, we calculated the category score through a average of all the aspects belonging to one specific category.

Sustainability Category	Sub-category	Aspect	Indicator
Economic	-	Economic performance	Direct economic value generated and distributed
Environmental	-	Energy	Reduction of energy consumption
Environmental	-	Products and services	Packaging materials reclaimed
Social	Labor practices and decent work	Employment	Benefits provided to employees
Social	Labor practices and decent work	Training and education	Programs for skills management and lifelong learning
Social	Society	Local communities	Impacts of operations on local communities

Table 1 - Example of categorization of sustainable indicators according to GRI G4 standards

Similarly, we run the same operation in order to have a final, global score for the MNEs and specifically for the corporate. We called this score the *Corporate CS score.* In this way, we had the chance to calculate four scores: one that takes into account all the CS dimensions, and three specific for the economic, social, and environmental dimensions. In the following lines we explain the steps adopted to calculate the *Corporate CS score.* As we will explain also later in the text, we used the same methodology for the *Subunit CS index:*

We began by assessing the score of each specific aspect:

$$\alpha_{icj} = \theta_{ij} + \gamma_{ij} \qquad (1)$$

Where α_{icj} is the total score of the aspect *i* of category *c* for the company *j,* θ_{ij} is the score of the importance for business of the aspect *i* of the company *j,* and γ_{ij} is the score of the importance for the stakeholders of the aspect *i* of the company *j.* As we have previously indicated, α_{icj} may assume values between 2 and 6, because both θ_{ij} and γ_{ij} assume values from 1 to 3. Then we calculated the category score as the arithmetic average of the aspects belonging to one specific category in this way:

$$\mu_{cj} = \frac{\sum_{i=1}^{n} \alpha_{icj}}{n} \qquad (2)$$

Where μ_{cj} is the arithmetic average of the CS category *c* for company *j.* Thus, *c* represents the economic, social or environmental dimension of CS. Once that we have the three scores, we measured the final CS score by calculating the average of the three previous scores, weighted on the number of aspects that belong to each category for each company:

$$\delta_j = \sum_{c=1}^{3} \mu_{cj} * rf_{cj} \qquad (3)$$

Where δ_j is the *PC CS score* of company *j, rf* represents the relative frequencies of the aspects belonging to each *c* category for the company *j*.

The Subunit CS Index

In order to quantitatively measure the alignment between subunits activities and corporate intentions we study the perceived importance that subunits managers give to each CS aspect disclosed by their relative MNE, as we assume that middle managers are the ones who commit resources for achieving strategic objectives (Eccles & Klimenko, 2019). To detect managers' perceptions, we decided to send a survey asking them to rank each CS aspect disclosed by their MNE on the two dimensions provided by the materiality matrix, i.e. the importance for the business and the importance for the stakeholders. For this reason, we developed six different questionnaires, with the same questions and structures but different CS material aspects, i.e. to the Hilton hotels we submitted the survey which reports the materiality aspects disclosed by Hilton. The surveys were based on in-depth literature reviews and developed through several rounds of interaction between four academics, and finally pre-tested with interviews to one corporate manager and one NGO manager, both experts of sustainability in the hospitality industry. The questionnaires were submitted in English, Spanish, French, and Italian. We tried to cover hotels belonging to all the countries in the world in order to have a more complex view on the phenomenon. For this reason, we sent surveys via CAWI to hotels belonging to the MNEs in our sample, whose contacts were provided by STR Global. The first round of surveys was sent in the last week of June 2019. We collected 148 answers from hotels belonging to four MNEs and located in the following countries: Australia, Bulgaria, Canada, El Salvador, France, Greece, Italy, Japan, Jordan, Mexico, Peru, Poland, Portugal, Russia, Spain, Thailand, UAE, UK, USA (Table 2).

Since companies rank each aspect on a three-points scale (low, medium, high importance), we asked to hotel managers to rank the *importance* of each aspect - both on the importance for the business and on the importance for the stakeholders - on an even number-point Likert scale, i.e. six-points scale. Moreover, we asked them if they practically implement activities related to each aspect.

In order to measure the *Subunit CS score* we apply the same methodology described for the *Corporate CS score.*

The new score is represented by the following equation:

$$\varphi_{zj} = \sum_{c=1}^{3} \rho_{czj} * rf_{czj} \qquad (4)$$

Where φ_{zj} is the *Subunit CS score* of the *z* hotel belonging to the *j* company, ρ_{czj} is the score of the category c of the *z* hotel belonging to the *j* company, and *rf* represents the relative frequencies of the aspects of each *c* category for hotel *z* belonging to the company *j*.

Variables and Analyses

Dependent Variable

Once we calculate the two indexes, we have the chance to measure our dependent variable, i.e. the alignment of CS subunits' activities with the corporate sustainable strategies (from now on CS alignment). The CS alignment (*y*) is equal to the differences between the *Subunit CS score* and the *Corporate CS score:*

$$y_{czj} = \varphi_{zj} - \delta_j \qquad (5)$$

The value of y_{czj} will, thus, represent the CS alignment of each of the hotels in our sample.

Country	Number of hotels	Share
Australia	26	17.5%
Bulgaria	1	0.7%
Canada	3	2%
El Salvador	1	0.7%
France	1	0.7%
Greece	3	2%
Italy	39	26.3%
Japan	1	0.7%
Jordan	1	0.7%
Mexico	3	2%
Peru	1	0.7%
Poland	2	1.3%
Portugal	11	7.4%
Russia	2	1.3%
Spain	24	16.2%
Thailand	2	1.3%
UAE	1	0.7%
UK	1	0.7%
USA	25	16.9%

Table 2 List of hotels in the analysis

Independent Variables

The *organizational relationship* between the subunit and the corporate is represented by the governance structure with which the hotel is run (Melissen et al., 2016). In particular, the governance forms of the hotels may be: affiliation (directly owned and managed by the corporate), management contract (owned by the company and managed by a third subject), franchising (owned and managed by third subject under a corporate brand). Our goal is to measure the level of organizational relationship through the control that – depending each kind of business model – the parent company may exert on the single hotel. By conceptualizing the three forms of governance structures as three steps of a continuum that determines the strength of the relationship between the corporate and the subunits, we measured the organizational relationship as a multicategorical variable ordered by the level of corporate control, which depends on the property and the management of a specific hotel. The higher the value, the lower the level of corporate control (i.e., the variable assumes value 1 for affiliated hotels, 2 for management contract-hotels, 3 for franchising). In our questionnaires, we asked each hotel manager to specify whether their hotel is affiliate or run through a management contract, a franchising.

The *organizational barriers* reflect eventual obstacles that may make it more difficult for a hotel to implement CS activities (J. P. Gond, Grubnic, Herzig, & Moon, 2012). In particular, we focused on three aspects that are fundamental for the implementation of sustainability activities within hotels and are related to the lack of technologies, skills or financial resources that make it hard for a hotel to implement responsible practices. In details, we asked the managers to indicate separately if they lack *skills, technological* or *financial resources* in order to appropriately implement CS activities. We used a seven-points Likert scale to measure it. After the data collection we measured the Cronbach's alpha of the three items, whose value of 0.89 allows us to calculate the average value of the three items that measure the construct of *organizational barriers.*

The *adaptive communication* is the style with which a company communicates its policies to its subunits and it has been found as important in the process of transferring practices within MNEs (Ansari et al., 2014). Assuming that subunits need to carefully manage the balance between following the corporate strategy and satisfying local stakeholders, we decided to detect the style of the internal communication by asking the managers to indicate to what extent they agree with the following sentence on a seven-points Likert scale: *We are free to adapt CS activities transferred by the group.*

The *local needs* are defined here as the degree of how much the CS activities implemented by a subunit reflect the issues of the local community in which it is located. In particular, the higher will be such degree, the lower will be the local needs. In other words, when this variable has high values it means that CS strategies do not adequately reflect the necessities of the local community that, in turn, needs the implementation of further activities. In order to measure such degree, we asked the managers to indicate to what extent they agree with the following sentence on a seven-points Likert scale: *The local community requires the implementation of activities different from these ones* (i.e. the materiality aspects provided by the corporate strategy).

The *institutional difference* reflects the difference in the institutional quality between different countries. In particular, we are interested in understanding how the difference in the institutional environment between the country which hosts the subunit and the home country of the parent company is important in determining an alignment in the implementation of CS activities. The institutional context is one of the main factors to determine why companies behave in specific ways (Di Maggio & Powell, 1983) and this is true also in the case of CS activities (Marano, Tashman, & Kostova, 2017). Our goal is to measure the differences between home and host country using the Worldwide Governance Indicators (WGI) provided by the World Bank. These indicators cover data about six macro-dimensions (Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law, Control of Corruption) that, put together, describe the institutional context of a specific country. We assess the institutional score of a country by running a principal component analysis among the 6 dimensions of the WGI scores. Then, we measured the difference between the host country score and the home country score.

Control Variables

We control for the *level of country sustainability* of the subunits, for the *corporate monitoring* over the implementation of sustainability practices on the subunits and for the *motivations* that push middle-managers to implement sustainability practices. As far as the *country sustainability* is concerned, we believe it is a relevant factor to measure when considering if and how companies deal with CS issues. Indeed, the level of sustainable commitment of a single hotel located in the host country may depend on the overall performance that a specific country has reached. For example, a country that performs better in sustainability may implement laws and regulations that forces businesses to comply to specific policies that increase their level of sustainable commitment. For this reason, we include the SDGs country scores provided by the Sustainable Development Report 2019 (Sachs, Schmidt-Traub, Kroll, Lafortune, & Fuller, 2019) as a measure for the *level of country sustainability.*

We included the control variable *corporate monitoring* because we argue that the level of corporate monitoring over the subunit practices may influence the level of implementation of specific activities (Ambos, Andersson, & Birkinshaw, 2010). Following Ambos et al. (2010) we asked to the subunits managers how often the group monitors the hotel on a number of activities. However, differently from Ambos et al. (2010) – that control for the corporate control over general management practices - we focused the questions on the monitoring of activities related to CS: *(i) Achieving a minimum CS level required, (ii) Achieving all the CS goals, (iii) Providing evidence of the implementation of the CS activity.* After the data collection we measured the Cronbach's alpha of the three items, whose value of 0.96 allows us to calculate the average value of the items that measure the *corporate monitoring.*

Moreover, we control for the motivations that push managers to implement sustainability activities. In order to avoid endogeneity problems, indeed, we argue that it is needed to control for motivations that may determine the level of commitment of managers towards sustainability issues. We were able to collect data about the specific managers' motivations trough the survey addressing motivations related to: increased performance, legitimacy with local stakeholders, ethics, and compliance with group strategies. These ones represent the main motivations that push managers to implement CS practices (Van Marrewijk & Werre, 2003). Further, we disentangled the performance motivations by considering that the involvement in sustainability programs may favor firms' performance by (i) increasing customer satisfaction, (ii) reducing costs through the implementation of energy efficiency activities and technologies, (iii) aligning to competitors that already implement such activities. For these reasons we asked managers to indicate to what extent they agree that each of the six motivations – *customer satisfaction, cost-efficiency, competitiveness, legitimacy, compliance, ethics* - is the main reason why they implement sustainability activities, on a seven-point Likert scale.

Finally, we control for the belonging of a hotel to its relative chain as some MNEs may be more active than others in the implementation of CS practices.

We run a multiple OLS model with robust standards errors on 148 subunits data. The results are shown in the following sections.

Results

Table 3 shows the descriptive statistics of our sample. The average value of the alignment between corporate intentions and subunits implementation shows that hotels in our sample are slightly over-aligned with respect to their parents' intentions since the value is closer to the maximum level with respect to the minimum. This means that, on average hotels tend to perceive material aspects with a higher importance with respect to the importance assigned by their parents. The average value of business models signals that all the three different organizational structures are well represented in the sample. The organizational barriers have an average value 4.173, close the medium value of the scale (1-7), similarly to the adaptive communication and to the local needs of the communities hosting the subunits. Country sustainability varies between 66.7 and 81.5 with an average value of 75.207 that shows how the countries in our analysis record a good sustainability performance with respect to the entire sample. Finally, corporate monitoring has an average value of 4.919 that means that the corporate control on the implementation of subunits sustainable activities is quite strong. Table 5 – in the Annex section - reports the correlations among the variables in our sample. We also checked the variance inflation factors. This analysis confirms that our sample does not suffer of issues of multicollinearity.

Variable	Mean	St. Dev.	Min	Max
Alignment	1.17	0.66	-1.162	1.823
Governance structure	2.31	0.72	1	3
Organizational barriers	4.17	1.59	1	7
Adaptive communication	5.65	1.25	1	7
Institutional difference	-0.36	0.75	-2.73	0.85
Local needs	4.45	1.61	1	7
Country sustainability	75.21	2.24	66.7	81.5
Corporate monitoring	4.92	1.22	1	7
Customer satisfaction motivation	5.91	1.34	1	7
Legitimacy motivation	5.76	1.38	1	7
Cost-efficiency motivation	5.61	1.55	1	7
Ethical motivation	6.26	1.12	1	7
Compliance motivation	5.87	1.24	1	7
Competitiveness motivation	5.35	1.53	1	7

Table 3. Descriptive statistics

	Model 1	Model 2	Model 3	Model 4
Alignment				
Internal pressure				
Governance structure			0.03 (0.46)	0.01 (0.24)
Organizational barriers			-0.05* (-1.73)	-0.06** (-2.24)
Adaptive communication			0.07 (1.66)	0.04 (0.93)
External pressure				
Institutional difference		-0.13** (-2.13)		-0.12** (-2.03)
Local needs		0.06** (2.02)		0.06** (2.17)
Controls				
Country sustainability	0.02 (0.90)	0.03 (1.38)	0.02 (0.98)	0.03 (1.39)
Monitoring	- 0.02 (-0.49)	-0.02 (-0.47)	-0.02 (-0.43)	-0.01 (-0.31)
Group1	0.77*** (2.83)	0.83*** (3.20)	0.83*** (3.18)	0.89*** (3.65)
Group2	0.19 (0.68)	0.24 (0.89)	0.25 (0.91)	0.30 (1.18)
Group3	0.60* (1.89)	0.55* (1.83)	0.68** (2.21)	0.63** (2.20)
Customer satisfaction motivation	-0.01 (-0.23)	-0.01 (-0.15)	0.01 (0.23)	0.01 (0.12)
Legitimacy motivation	0.14*** (2.94)	0.14*** (3.13)	0.12*** (2.76)	0.13*** (3.09)
Cost-efficiency motivation	-0.05 (-1.43)	-0.05 (-1.48)	-0.04 (-1.22)	-0.04 (-1.12)
Ethical motivation	0.01 (0.07)	-0.02 (-0.23)	-0.03 (-0.36)	-0.05 (-0.57)
Compliance motivation	0.09 (1.51)	0.11** (2.00)	0.08 (1.41)	0.11* (1.94)
Competitiveness motivation	0.04 (1.22)	0.02 (0.45)	0.04 (1.13)	0.02 (0.47)
Number of obs.	148	148	148	148
Prob>F	0.00	0.00	0.00	0.00
R-sq	0.38	0.42	0.40	0.44
Root MSE	0.54	0.52	0.53	0.52

Table 4. OLS multiple regression. t-statistics are in parentheses. *, **, *** denote significance at 10%, 5% and 1% level respectively.

Table 4 shows the results of our analysis. In particular, Model 4 reports the results of the whole model comprehending internal and external pressure variables. The findings partially confirm our hypothesis. Hypothesis 1 is not confirmed, showing that the organizational relationship between the subunits and the parent company does not have any impact on the alignment between subunits implementation and corporate intentions. Thus, there are is no governance structure that influence, more than the others, to what extent a subunit aligns its sustainability activities with the CS strategies. Hypothesis 2 is confirmed as showed by the negative and significant coefficient of organizational barriers. This means that as the lack of resources increases, subunits tend to be increasingly under-aligned with respect to corporate intentions. The results show that Hypothesis 3 is also not confirmed as the adaptive internal communication does not translate into a higher or lower alignment. On the other hand, the hypotheses about the effect of the external pressure on the alignment are both significant. Hypothesis 4 is confirmed showing that when the subunit is located into a national context characterized by a higher institutional quality with respect to the home corporate country, it tends to under-align its activities with corporate intentions. Finally, hypothesis 5 is also confirmed and local subunits whose local communities need the implementation of activities different from the ones strategized by the corporates, subunits are over-aligned as they tend to comply to corporate guidelines and to implement activities that reflect local needs.

Discussion

The aim of this paper is to test what is the role of institutional factors on the transfer of sustainability practice within MNEs from corporate level to subunits ones, adopting an *institutional duality* lens that takes into account simultaneously internal and external institutional factors. Internal factors are the ones related to firms' specific characteristics that include organizational relationships between the different parts of an organization. The external ones are referred to the characteristics of the context in which an MNE run its business, mainly related to the national and regional factors that influence headquarters and subunits, and to the different needs that stakeholders with respect to different contexts. The simultaneous consideration of internal and external factors is relevant to describe the complex institutional environments in which MNEs run their businesses, characterized by different regulatory and cultural contexts, different stakeholders' requirements, different governance structures that reflect different relationships between headquarters and subunits. These different sources of complexity may have an impact on the way companies achieve their goals by implementing management practices in the whole organization. Indeed, management practices are the instruments through which companies implement their strategies and thus try pursuing their objectives. Thus, the effective transfer of practices within an MNE – i.e. from the corporate levels to the subunit ones – is determinant for implementing the intentions and achieve strategic goals. This paper tries to bring some clarification to the understanding of the extent to which institutional factors influence the transfer of practices by focusing on the alignment between subunits activities and corporate intention, disclosed through the materiality matrixes. We do that by analyzing strategies and activities related to corporate sustainability, which is becoming increasingly central in business strategies (Business Roundtable, 2019). Moreover, CS activities are also relevant for companies to create value for their stakeholders, the environment and society in which they are embedded. For these reasons we believe that CS is a relevant topic to study since it is a strategy that is material to companies performance (Eccles et al., 2014) and to stakeholders satisfaction (McWilliams & Siegel, 2001).

The findings of the OLS multiple regression model run on 148 subunits belonging to 4 different MNEs show that external and internal factors have a significant impact on the alignment between implemented activities and intentions. Our results partially confirm our hypothesis. As far as the internal institutional (i.e. organizational) factors are concerned, we find that there is a negative relationship between organizational barriers and the extent to which subunits tend to perceive CS strategies as less important with respect to their corporate guidelines. This finding confirms our hypothesis 2. Indeed, local subunits that do not have enough resources to adequately implement sustainability activities perceive them as less important due to a scarce education on the issues of sustainability (i.e. they lack adequate skills) and due to a lack of technologies and financial resources needed to invest in such activities. In other words, subunits characterized by high organizational barriers in the implementation of CS activities tend to focus on aspects more related to operations as usual giving less importance to the issues of sustainability. This would suggest that headquarters responsible for these subunits should give them the opportunities to adequately implement such practices, for example through a more effective resource allocation that eases the ability of local subunits to focus on sustainability. On the other hand, hypothesis 1 and hypothesis 3 are not supported by our model. Hypothesis 1 shows that there is no relation between the organizational structure and the alignment. Surprisingly, such alignment and so the transfer of practices does not depend on the fact that a company is directly owned or run in franchising or in management contract. We expected that an owned subsidiary should be more aligned due to the fact that it has a more solid and direct relationship with the headquarter that eases the transfer of practice translating into a higher commitment with respect to franchisees. However, literature suggests that some governance structures may be more adequate than others in implementing different strategies and CS may be equally important to all the subunits regardless the ownership and the relation between corporate and local firm. Another possible explanation is given by the coefficient of the compliance motivation, which is positive and significant. This result suggests that the motivation to comply to corporate guidelines pushes local subunits to give a higher importance to CS activities independently from their governance structure. Hypothesis 3 is not supported meaning that the possibility, for subunits, to adapt the practices with respect to the corporate guidelines does not translate into a more effective transfer as it does not affect the higher importance that subunit managers give to sustainability aspects with respect to corporate intensions. Thus, there is no evidence that giving a certain freedom to subunits favors the transfer of practices and the importance given to material aspects.

Both the external factors, instead, have a significant impact on the alignment, and support Hypotheses 4 and 5. A high, positive difference in the institutional quality between host and home country has a negative impact on the alignment, meaning that subunits located in countries with a higher institutional quality with respect to the home PC country are less aligned with respect to corporate intentions. We argue that this effect reflects the fact that countries with a higher institutional quality are also more committed in sustainability policies. So, if one hand they do more in terms of sustainable development, on the other hand they – and the organizations located there - do not tend to perceive sustainability activities as extremely relevant because they consider them to be normal. On the other hand, in countries with lower institutional quality, companies tend to perceive sustainability to be more important as it is something needed to improve their institutional quality. In turn, companies are over-aligned with respect to corporate strategies as they sustainability as a factor needed to improve the institutional and social context in which they are embedded. This result sounds like good news for MNEs since subunits located in lower institutional quality national contexts are more sensitive to sustainability issues. In turn, MNEs may push more on initiatives for subunits located in these countries as their commitment would be amplified by the involvement of local subunits. Finally, our results support hypothesis 5. The needs of local communities are positively associated with a positive alignment of local subunits' activities. This result is very important as it shows that, when local communities need the implementation of activities different from the ones designed by corporate strategies, local subunits tend to give a higher importance to sustainability aspects due to two effects: first, they comply with corporate guidelines – as also confirmed by the positive and significant coefficient of the compliance motivation parameter -, and second they are motivated to do more by recognizing that the local communities need something different in addition – as shown by the positive coefficient of the legitimacy motivation parameter, that display how legitimacy with local stakeholders is one of the main reasons that drives the sustainable commitment of local subunits.

Conclusions

This paper contributes to the literature in international business by shedding light on the effective transfer of management practices from headquarters and corporate levels to subunits levels in different national contexts, by considering together the role of internal and external institutional factors on the transfer of practices in an institutional duality perspective. We find the pressure of external stakeholders and the different institutional contexts are determinant in the transfer of practice. On the other hand, the relationship between the corporate level and the local subunits impacts the alignment between activities and intentions only when organizational obstacles prevent the implementation of sustainability practices. Indeed, the organizational structure of the subunits and the adaptive approach to the diffusion of practices by the headquarters do not impact the transfer of sustainability practices. These results suggest that – on the organizational point of view - MNEs should focus on a more efficient resource allocation that allows subunits to correctly implement sustainability activities. In addition, MNEs should take care of the local specificities of the host communities when transferring practices to their subunits. Focusing on lower institutional quality countries, they have the possibility to increase the value of their sustainability activities also exploiting CS performance-related factors since companies located into these contexts perceive sustainability issues as much more important. Moreover, MNEs should design local strategies finding the right balance between standardization and adaptation of sustainability practices since companies located in high-demanding local communities are more committed and could allow MNEs to deliver a higher social and environmental value to their stakeholders.

This paper also contributes to the literature on CS since it tries to underline which are the organizational and institutional conditions that allow MNEs to transfer more effectively the sustainability activities achieving the sustainability goals and creating value for their stakeholders.

Although these contributions, this paper is not free from limitations. First it uses survey as data collection methodology that does not allow to study the effect over time. Second, although our sample covers companies located in many different institutional contexts in the world, future studies should include a higher number of observations in order to further validate our analysis. Third, we find no impact of the organizational structure and of the adaptive communication on the transfer of practices. Future studies may try to consider cofounding factors not contemplated in our theoretical background, that may make such relationships significant.

Annex 2

	Alignment	Business model	Organizational barriers	Adaptive communication	Institutional difference	Local needs	Country sustainability	Corporate monitoring	Group1	Group2	Group3	Customer satisfaction motivation	Legitimacy motivation	Cost-efficiency motivation	Ethical motivation	Compliance motivation	Competitiveness motivation
Alignment	1																
Business model	-0.04	1															
Organizational barriers	-0.06	0.09	1														
Internal communication	0.01	0.24	0.23	1													
Institutional difference	-0.07	-0.09	0.02	-0.08	1												
Local needs	0.12	0.19	0.30	0.31	-0.12	1											
Country sustainability	0.18	-0.11	0.03	0.04	0.31	-0.01	1										
Corporate monitoring	0.07	-0.06	0.12	0.09	0.10	0.03	0.22	1									
Group1	0.45	-0.24	0.03	0.09	0.24	-0.06	0.38	0.23	1								
Group2	-0.35	0.14	-0.01	-0.03	-0.05	0.02	-0.23	-0.21	-0.73	1							
Group3	-0.03	0.10	0.07	-0.11	-0.29	0.03	-0.19	-0.04	-0.38	-0.14	1						
Customer satisfaction motivation	0.27	0.01	0.09	0.09	-0.06	-0.01	0.03	0.04	0.06	-0.01	-0.02	1					
Legitimacy motivation	0.34	0.12	0.02	0.27	-0.06	0.02	-0.12	-0.03	0.01	0.04	-0.03	0.64	1				
Cost-efficiency motivation	0.16	0.13	0.23	0.13	-0.03	0.09	-0.02	-0.01	0.04	-0.01	0.01	0.60	0.44	1			
Ethical motivation	0.28	0.07	-0.07	0.33	-0.08	-0.01	0.04	0.07	0.11	0.01	-0.15	0.55	0.54	0.36	1		
Compliance motivation	0.38	-0.03	0.04	0.24	0.01	-0.07	0.05	0.05	0.26	-0.17	-0.06	0.59	0.48	0.54	0.66	1	
Competitiveness motivation	0.29	0.12	0.19	0.20	-0.07	0.25	-0.03	0.01	0.09	-0.09	0.04	0.53	0.48	0.58	0.35	0.46	1

Table 5 Correlation matrix

Variable	**VIF**	**1/VIF**
Group1	5.24	0.19
Group2	4.02	0.25
Compliance motivation	2.68	0.37
Customer satisfaction motivation	2.66	0.38
Ethical motivation	2.41	0.41
Group3	2.28	0.44
Legitimacy motivation	2.13	0.47
Cost-efficiency motivation	2.12	0.47
Competitiveness motivation	1.91	0.52
Local needs	1.39	0.72
Adaptive communication	1.38	0.72
Country sustainability	1.34	0.75
Institutional difference	1.26	0.79
Organizational barriers	1.24	0.80
Business model	1.16	0.86
Corporate monitoring	1.13	0.89
Mean VIF	2.15	

Table 6 VIF test

Chapter 3:

Hotels' sustainability commitment and materiality: a cluster analysis of hotels belonging to international chains[4]

Introduction

Hospitality firms commitment in sustainability activities is an issue of increasingly importance and contribute to the achievement of sustainability goals in the whole tourism industry (World Tourism Organization, 2018). Business has to play its role in the game of sustainable tourism by integrating sustainability practices in their activities. Among others, the hotel sector is particularly relevant as it is the industry more diffused on the territory and so it is closer to micro-environmental and social issues. In particular, the international hotel chains have the opportunity to bring the main contribution in terms of sustainable impact since they are spread across the world through thousands of hotels that practically represent the operational units through which international chains pursue their goals (Henderson, 2007). Not differently from other approaches, Corporate Sustainability (CS) is a strategy designed by companies that needs to be pursued through the implementation of practices and does not have to be considered as a set of general principles, since it may bring benefits both to the business performance and to stakeholders (Eccles et al., 2014; McWilliams & Siegel, 2001; Russo & Perrini, 2010). To this aim, materiality analysis defines CS goals and strategies that takes into account business and stakeholders needs giving the possibility to identify the

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actions needed to pursue such goals. Previous literature in hospitality has widely discussed the issue of CS, and particularly its relationship with companies performance (Franco, Caroli, Cappa, & Del Chiappa, 2020; Theodoulidis et al., 2017) and with its stakeholders (Benavides-Velasco et al., 2014). At the same time, research has focused on the role of materiality analysis recognizing its important role in the design and implementation of CS strategies, but finding at the same time relevant problems that show how materiality is still not very effective (Font, Guix, et al., 2016; Jones et al., 2016). Surprisingly, these papers focus on the corporate side of the business, but there is no evidence of the level of commitment of single hotels in the materiality aspects designed by their corporates, that is a relevant aspect to be investigated because through hotels activities the international chains pursue their goals. The aim of this paper is to analyze to what extent hotel managers belonging to international chains give importance, and thus priority, to the CS activities designed in the materiality reports by their parent companies. Moreover, the paper wants to understand if there are differences related to specific characteristics of the hotels and to the complex environment in which they work considering both the factors that influence their relationship with their parent companies, and the local environment that they face in terms of institutions and stakeholder pressure (Kostova et al., 2008; Marano & Kostova, 2016). In greater detail this paper wants to provide an answer to the following research question: what is the level of CS commitment of hotels with respect to the strategies provided by their parent companies in materiality analysis? To answer we analyze descriptive statistics, running a cluster analysis and a principal component analysis on primary data collected on 148 hotels belonging to four of the biggest hotel chains in the market that adopt materiality principles provided by the Global Reporting Initiative (GRI). We find that, on average, hotels are willing to implement sustainability but sometimes they face objective difficulties that create obstacles in pursuing sustainability goals. With respect to different characteristics shown by the cluster analysis we find that some hotels are more willing than others in trying to overcome such difficulties, while others seem to be lazy in their approach to CS.

The article is structured as follows: first it provides the theoretical background of CS with a focus on hospitality industry. In the same section, it shows the state of the art of research about materiality in tourism. Then, it shows the data, the methodology and the variables used in the analysis. Finally, it provides discussions and conclusions.

Theoretical Background

Sustainability in the hotel industry has recently become a hot topic in the literature since hotel companies are increasingly focusing their attention CS, even if they seem to react slower with respect to companies belonging to other industrial sectors (Jones et al., 2016). In fact, the concept of CS still seems to show some confusion appearing as a general set of principles more than a central strategy in the hotel business that needs to be pursued through the implementation of clear activities (Linneberg, Madsen, & Nielsen, 2019). CS has been widely analyzed on the strategic point of view both in big corporations and SMEs (Baumann-Pauly, Wickert, Spence, & Scherer, 2013; Eccles et al., 2014; Marano et al., 2017; Van Marrewijk & Werre, 2003), and on its relationship with financial performance

(Barnett & Salomon, 2012; Franco et al., 2020; Inoue & Lee, 2011; Lee, Singal, et al., 2013; Perrini, Russo, Tencati, & Vurro, 2011; Serra-Cantallops, Peña-Miranda, Ramón-Cardona, & Martorell-Cunill, 2018; Youn et al., 2015), however less is known about how practices are effectively implemented, and so about how effectively companies contribute to the pursuit of sustainable goals – and to the creation of value for economy, environment and society – putting in practice their CS strategies. In particular, in large companies a relevant aspect to be addressed regards how CS practices are implemented in an intra-organizational level perspective according to precise guidelines provided by the group to its single components (i.e. hotels) through which a large company pursue its corporate goals (Linneberg et al., 2019). Indeed, as other strategies are implemented through the spread of specific guidelines, CS should not be considered as a set of general principles, rather it needs to identify goals and strategies to be implemented through practices. In particular, materiality aspects are fundamental to clearly identify the priorities of companies in terms of sustainability both for companies performance and for their stakeholders (Font, Guix, et al., 2016). However, previous research found that "materiality is not treated comprehensively within the hospitality industry, which undermines the credibility of the sustainability reporting process" (Jones et al., 2016). Similarly, Guix, Font, and Bonilla-Priego (2019) suggest that hotel groups sustainability disclosures only have a symbolic role since they do not embed materiality considerations into their business practices. Based on this literature, we argue that, in order to correctly implement a sustainability strategy, international hotel chains should make their materiality aspects effectively implemented by their hotels. In order to achieve this result, hotel managers should perceive materiality aspects as at least as much important as their parent companies do, in order to set priorities that aims at implementing CS strategies legitimating their commitment in sustainability activities (Font, Guix, et al., 2016). Based on this consideration this paper aims at understanding what is the level of such commitment of hotel companies with respect to corporate materiality aspects and how different hotel characteristics change the way in which they commit to sustainability practices. In greater detail, this paper wants to provide a clear understanding of how different factors characterize different levels of commitment of hotels into sustainability practices. To do so, we try to capture the characteristics that may ease or hinder hotels commitment to CS. These characteristics can be grouped in three sets: firms' specific characteristics, external characteristics related to the local environment in which a hotel is located, and characteristics that reflect the relationship between the hotel and its parent company. This broad set of factors, indeed, determines the complex environment in which multinational companies are embedded (Kostova et al., 2008). More importantly we included the CS hotel score to assess the sustainable commitment of hotels. Firms' specific characteristics considered here are the stars of the hotels that represent different market segment in which they run their businesses and the governance structure (i.e., company-owned, management contract, franchising) as it is relevant to understand to what extent they influence the implementation of sustainability practices within hotels (Melissen et al., 2016). The variables that explain the external characteristics of the local environment are the local needs of the stakeholders and the institutional quality of the host country. To analyze the factors that influence the relation between the hotel and the corporate in the transfer of sustainability activities, we selected two variables based on previous studies (Ansari et al., 2014; J. P. Gond et al., 2012), i.e. the organizational barriers, the adaptive style of communication between the parent and the hotel.

Research Design

In order to address the research question, we perform an exploratory study aiming to describe the hotels characteristics with respect to how they commit in sustainability activities. The data to measure this variable were collected through a survey to the hotel managers. Since the hotels belong to 4 different parent companies, we developed four different surveys, with the same questions and structures but different CS material aspects, i.e. to the Accor hotels we submitted the survey which reports the materiality aspects disclosed by Accor. The surveys were based on literature reviews and developed through different rounds of interaction between four researchers, and tested with interviews to a corporate manager and a NGO manager, experts of sustainability in the hotel sector. The questionnaires were submitted in four languages: English, Spanish, French, and Italian. We tried to cover hotels belonging to all the countries in the world in order to have a more complex view on the phenomenon. Thus, we sent surveys via e-mail to hotels belonging to the international hotel chains in our sample, whose contacts were provided by the company STR Global. The first round of surveys was sent in the last week of June 2019, for a total number of 148 answers from hotels located in Australia, Bulgaria, Canada, El Salvador, France, Greece, Italy, Japan, Jordan, Mexico, Peru, Poland, Portugal, Russia, Spain, Thailand, UAE, UK, USA.

Variables

The variable that assesses the sustainable commitment of hotels is the CS hotel score. Based on the materiality matrixes that their parent companies disclose periodically, we asked the hotel manager to assign a level of importance to each material aspect for each of the two dimensions of materiality, i.e. the importance of the aspect for the business and the importance of the aspect for the stakeholders. The two scores, added together, measure the single aspect score. After that, we performed a content analysis to assign each specific aspect to one of the three sustainability categories: economic, environmental, social, following the standard provided by the Global Reporting Initiative (GRI). Through the measurement of weighted averages, we finally calculated specific economic, environmental and social scores and the total sustainability score, renamed as the corporate sustainability (CS) hotel score.

The organizational barriers represent the lack of skills, technological and financial resources that create an obstacle for the hotel to implement the sustainability practices as transferred by the parent company. In order to detect the level of organizational barriers we asked the manager to what extent they lack skills, technologies and financial resources to adequately implement sustainability activities with a 7-points Likert scale question. The adaptive communication is referred to the degree of adaptability that single hotels have in the implementation of sustainability activities, internally communicated by the headquarters and that may influence the tendency of the hotel to engage effectively in the activity. We asked the hotel managers to indicate to what extent they are free to adapt sustainability practices communicated by the corporate headquarters on a 7-points Likert scale. The other two variables are the contextual, external factors. Local needs represent the pressure that local stakeholders exert on the focal hotel. We asked the hotel managers to what extent the local communities in which they are located require the implementation of sustainability activities different from the ones provided by the parent companies with a 7-points Likert scale question. Finally, the institutional quality of the host country takes into account the local context that may influence the willingness of firms to commit in sustainability activities. Differently from the previous variables, data for the institutional quality were collected from the World Bank World Governance Indicators database (Kaufmann, Kraay, & Mastruzzi, 2010).

In addition, to have a further and more precise characterization we included in the analysis the market segment of the hotels (i.e. the hotels stars), the governance structure (i.e. direct-ownership, management contract and franchising), and the motivations that drive hotels in implementing sustainability activities. Indeed, our goal is to provide practical implications that help hotel companies to understand what the best organizational solutions are to achieve their goals through an effective implementation of sustainability practices. In the case of motivations, we asked managers to indicate to what extent they perceive the following reasons as the drivers to implement sustainability practices: customer-satisfaction motivations, legitimacy motivations, cost-efficiency motivations, ethical motivations, compliance motivations, competitiveness motivations. These motivations can be summarized are the most important to drive firms to implement sustainability activities (Van Marrewijk & Werre, 2003).

The analysis is structured in the following three steps: first, we analyze the descriptive statistics that characterize our sample in order to explore the level of sustainable commitment of the hotels disentangling it through the observation of its various sub-components. In this phase we also analyze how the hotels perceptions about the importance of sustainability issues differs from the importance given to the same aspects by the parent company. Furthermore, we look at what are the reasons that push hotels in implementing sustainable activities and at the level of organizational barriers that hotel managers perceive to be as an obstacle to implement such practices. Second, we run a principal component analysis (PCA) on the variables used for the cluster analysis, i.e. the CS hotels score, the organizational barriers, the adaptive communication, the local needs, and the institutional quality of the host country[5]. The PCA allows to identify constructs that summarize the information of all the variables considered. Finally, we perform a cluster analysis in order to identify hotel groups that have different characteristics and different levels of sustainable commitment. The two-step cluster analysis was performed as it allows to include both continuous and categorical variables in the analysis (Besner & Hobbs, 2013; Font, Garay, & Jones, 2016).

[5] The stars, the governance structure and the motivations were not included in the PCA

Results

In order to have a clearer picture of the involvement of hotels in sustainability we try to disentangle their sustainable commitment by analyzing in depth how they perceive sustainability with respect to their characteristics. The first thing to note is that, on average, hotels have higher sustainability scores with respect to their parent companies (Table 1). However, the trend of the scores is the same for hotels and parent firms. Indeed, in both cases, social aspects have the highest importance, while environment has the lowest one, with the economic dimension that is in the middle between the two (Figure 1). Going more in depth in the analysis, we see how these results reflect the sub-components of each category score, with Figure 2 that shows where hotels differ from their parent companies. The hotel chains give the lowest importance to the relevance for business of the environmental aspects. Instead, the relevance for the stakeholders of these aspects has the second highest score among all the dimensions, showing that hotel chains commit themselves into environmental programs to satisfy the needs of the society, and they don't see them as valuable for their businesses, while economic and social aspects are more relevant for the business than for the stakeholders. Single hotels, on the other hand, show a higher focus on the business as all the categories achieve the highest value on the relevance for the business rather than on the relevance for the stakeholders, with the social dimension that is the most important one. Social aspects have the highest score also when the importance for the stakeholders is considered. To summarize, the social dimension of sustainability is the most relevant in the hotel chains, both for hotels and for their parent companies. Hotels always see sustainability aspects to have a higher impact on their business rather than on their stakeholders, while their parent companies see environmental sustainability as a commitment towards their stakeholders that has a low impact on their performances.

The understanding of what drives single hotels to implement sustainability activities allows to interpret these results (Figure 3). Ethical reasons are the ones that drive the sustainable commitment of the hotels showing that hotel managers are aware to sustainability issues. However, the motivations related to the customer satisfaction are also high. This result shows why hotels give a higher importance to the business side of sustainability, since they see sustainable activities to increase the value for the customers and so the value for the business. On the other hand, motivations related to stakeholders (i.e., legitimacy motivations) are below compliance motivations, and above cost-efficiency and competitiveness motivations. Figure 4 shows the different focus on sustainability by the different segments of the market assessed through the stars of the hotels. Surprisingly, two stars hotels are the ones more committed into sustainability. However, the upper/luxury segment (i.e. 4 and 5 stars hotels considered together) is the one more focused on sustainable activities, confirming that the strong relationship between luxury and sustainability is not a paradox in the hotel sector (Kapferer & Michaut-Denizeau, 2014). Finally, we look at the relationship between hotels and their parent groups. Specifically, we tried to capture what are the factors that hinder the implementation of sustainability activities within the hotels. Figure 5 shows that, more than the others, financial resources are the ones that hotels miss the most for adequately implementing sustainability practices. On the other hand, hotels do not perceive to lack the right skills to be involved in these practices more than the right technologies to do that.

Variable	Mean	St. Dev.	Min	Max	
Hotels CS score	5.48	0.59	3.48	6.00	
Parent company CS score	4.30	0.19	4.17	4.64	
Organizational barriers	4.17	1.59	1	7	
Adaptive communication	5.65	1.25	1	7	
Local needs	4.45	1.61	1	7	
Institutional quality of the host country	0.43	0.73	-1.66	1.54	
Frequencies					
Stars	1	2	3	4	5
	4,1%	15.5%	21.6%	46.6%	12.2%
Organizational structure	Affiliated	Management contract	Franchising		
	15.5%	38.5%	45.9%		

Table 2 Descriptive statistics and frequencies

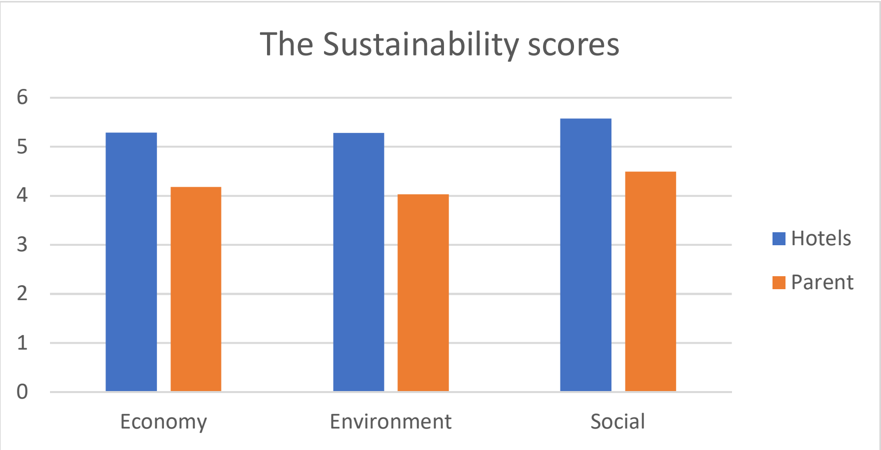

Figure 2 Sustainable scores: hotels vs parent companies

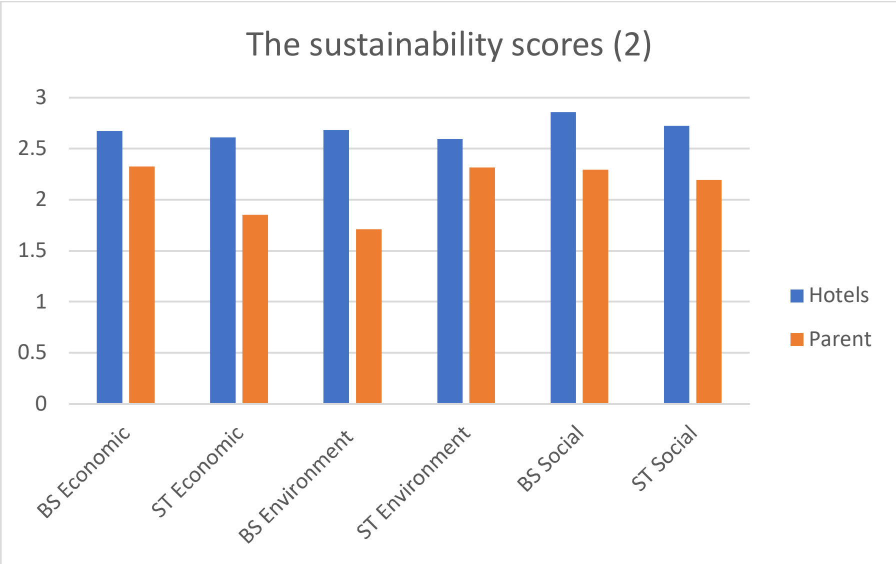

Figure 3 Business and stakeholder importance of the three categories of sustainability

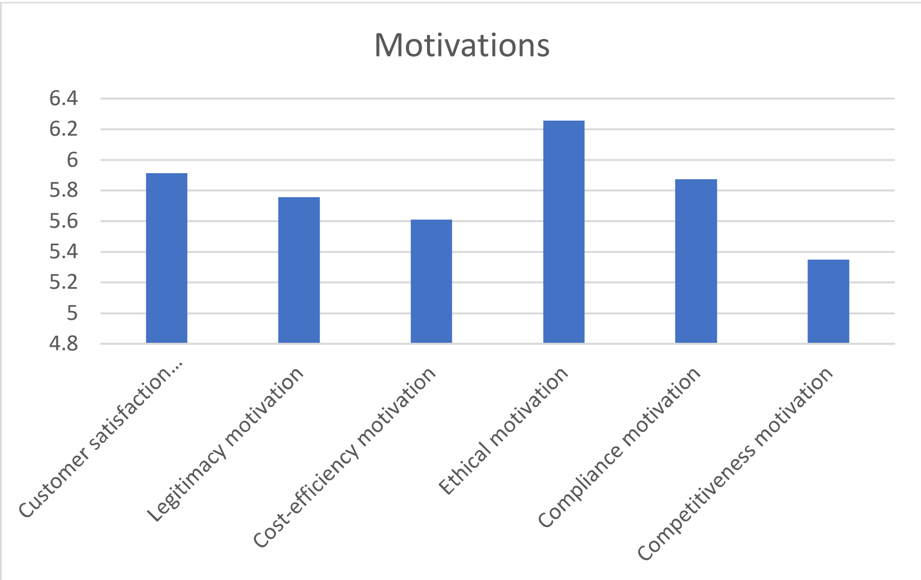

Figure 4 Why hotels commit themselves in sustainability activities

Figure 5 The sustainability scores per market segment

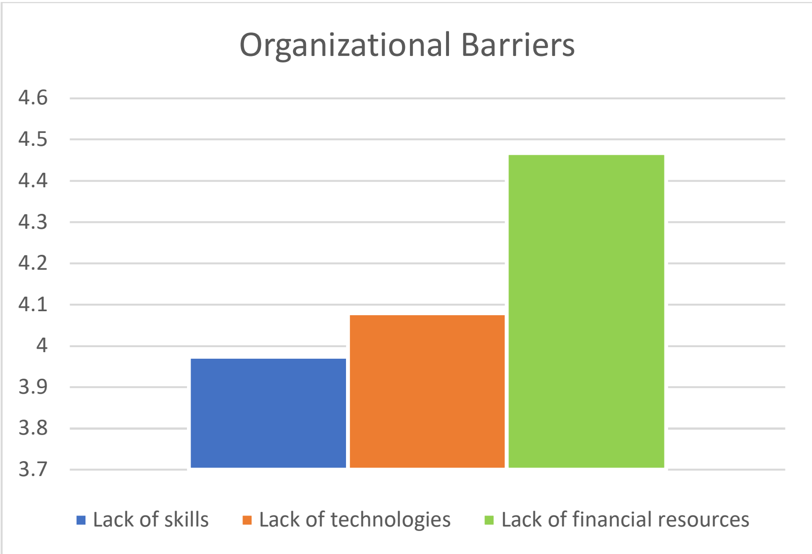

Figure 6 Organizational barriers that hinder the implementation of sustainability practices

Principal Component Analysis and Cluster Analysis

In order to have a complete description of our sample we run a cluster analysis to understand the characteristics of the hotels for the understanding of how they are groupable with respect to their sustainable commitment, the variables that indicate the relationship between the hotels and their parent companies, and the external conditions that influence such commitment. Before running the cluster analysis, we run a principal component analysis (PCA) to group the variables of interests into a lower number of factors that synthesize the information of all the indicators. The variables selected are: the CS score of the hotel, the organizational barriers that hinder the effective implementation of the sustainability practices, the adaptive style used by the corporate to communicate the sustainability activities to their hotels, the needs of the local stakeholders and institutional quality of the host country.

	Component 1	**Component 2**
Hotel CS score	0.52	-0.57
Organizational Barriers	0.39	0.75
Adaptive communication	0.71	-0.13
Local needs	0.74	0.33
Institutional quality of the host country	-0.37	0.40

Table 3 Output of the principal component analysis

We selected the components with eigenvalues higher than 1. Only the two components shown in Table 2 exceed this threshold, for a total cumulative variance of 55.85%, with the first component that accounts for a variance equal to 32.30%. There is no issue of collinearity between the two components as the correlation coefficient is equal to 0.00. Component 1 is mainly characterized by the *local needs* variable and by the *adaptive communication* variable. This component is also associated with higher values of the *CS score* and low values of *institutional quality*. Since the needs of the local stakeholders determine more than the others variable this component, we renamed component 1 as the *local stakeholder needs component.* So, to high values of the *local stakeholder needs component* correspond high values of the local needs and of the adaptive communication, medium-high values of the CS score and of organizational barriers and low values of the institutional quality of the host country.

The component 2 is mainly characterized by high values of organizational barriers. For this reason, we renamed it the *organizational barriers component*. High values of the component are characterized by medium values of the institutional quality and the local needs, while are associated with low values on the CS score and of the adaptive communication. Once the components were calculated we run a two-step cluster analysis in order to group hotels based on the two principal components, detecting clusters of hotels characterized by a low variance within the groups and high variance between them. The value of the silhouette (0.5) shows that clusters are different between themselves and at the same time maintain internal consistency. The output of the analysis shows that the hotels are grouped into four clusters, whose descriptive statistics are reported in the tables below. In particular, the tables show the descriptive statistics of the variables used to detect the principal components and so the clusters. In addition, we report the frequencies of the hotel stars and governance structure for every cluster. Table 3 shows that cluster number 1 is the largest one, composed by 61 hotels. Looking at the mean values, this cluster is characterized by medium level of the adaptive communication by the parent companies. On the other hand, the hotels in this cluster are not particularly affected by high organizational barriers neither by a strong local stakeholder pressure, and they are located in countries characterized by a medium-high level of institutional quality. Although many conditions seem to ease the implementation of sustainability activities, these hotels do not reach the best results in the CS score. Graphically, this cluster is represented in Figure 6 by the orange dots. This cluster is thus characterized mainly by negative values of the local stakeholders needs component and medium values of the organizational barriers component. To summarize, these hotels do not experience strong pressures from local stakeholders and do not suffer from high impediments that hinder their commitment in sustainability activities. Nevertheless, their overall sustainability commitment is just average. This cluster comprehend mainly 2, 4 and 5-stars hotels as their frequencies in this cluster are higher with the total ones reported in Table 1. Moreover, these hotels are mainly owned by the parent or run through a management contract and so show a stronger relationship with the corporate level.

Table 4 shows the descriptive statistics of cluster 2, which groups 34 hotels. The cluster is characterized by high values of the CS score and by the highest degree of adaptive communication by the corporate. These hotels feel a higher pressure from local stakeholders with respect to the ones in cluster 1. At the same time these hotels do not suffer from problems related to organizational barriers as they do not perceive to lack skills, technologies or financial resources to implement sustainability practices. In other words, these hotels are the ones that are put in best conditions to implement sustainability activities, and this aspect is reflected in their level of sustainable commitment which is very high. Figure 6 confirms this finding by showing that cluster 2, represented by the green dots, are characterized by medium-high values of the local stakeholders needs component and by low values of the organizational barriers component. On average, these are mainly five-stars hotels run in franchising.

The third cluster (Table 5) groups 25 observations that have the lower level of CS score. However, these hotels are the ones that experience very high organizational barriers with a lower possibility to adapt the sustainability practices with respect to the corporate strategies, compared to the hotels in the other clusters. Interestingly these hotels are located in countries with high institutional quality. Definitely, these hotels are the ones not performing well in sustainability due to the presence of obstacles that hinder an effective implementation of CS practices. Cluster 3 is characterized by the highest values of the organizational barriers component and by medium-low values of the local stakeholders needs component (Figure 6). Not surprisingly, none of the hotels belonging to this cluster is directly owned by the parent company. Rather, there is a high share of hotels run in management contract. Moreover, most of the hotels are in the middle-scale segment (3-stars hotels). Finally, cluster 4 groups 28 hotels. On average, these hotels have the highest CS scores, similarly with the hotels in cluster 2. However, they face the highest organizational barriers with respect to other hotels. This means that these hotels are the most virtuous ones because, although the objective difficulties they face, they still perform very well in the CS score, probably because they are free to adapt the sustainability practices to their characteristics, having the chance to address the needs of the local communities that are highly demanding. In Figure 6, these hotels are represented by the blue dots, that reach the highest values on the local stakeholders needs component and medium-high levels of the organizational barriers component. These hotels are mainly 4-stars ones and are almost exclusively run through a franchising contract.

Variable	Number of observations	Minimum	Maximum	Mean	Standard deviation
Hotel CS score	61	3.96	6.00	5.37	0.55
Organizational Barriers	61	1.00	7.00	3.69	1.31
Adaptive communication	61	1	6	5.08	1.43
Local needs	61	1	6	3.62	1.45
Institutional quality of the host country	61	-1.24	1.54	0.59	0.68
Stars					
	1	2	3	4	5
Frequency	4.9%	11.5%	21.3%	49.2%	13.1%
Governance structure					
	Affiliate		Management contract		Franchising
Frequency	23%		42.6%		34.4%

Table 4 Descriptive statistics of cluster 1

Variable	Number of observations	Minimum	Maximum	Mean	Standard deviation
Hotel CS score	34	5.59	6.00	5.90	0.11
Organizational Barriers	34	1.00	4.67	2.72	0.92
Adaptive communication	34	5	7	6.53	0.56
Local needs	34	1	6	4.32	1.55
Institutional quality of the host country	34	-1.66	1.54	-0.05	0.71
Stars					
	1	2	3	4	5
Frequency	2.9%	17.6%	17.6%	44.1%	17.6%
Governance structure					
	Affiliate		Management contract		Franchising
Frequency	11.8%		38.2%		50%

Table 5 Descriptive statistics of cluster 2

Variable	Number of observations	Minimum	Maximum	Mean	Standard deviation
Hotel CS score	25	3.48	6.00	4.72	0.51
Organizational Barriers	25	3.67	7.00	5.21	1.07
Adaptive communication	25	4	7	5.08	0.86
Local needs	25	2	6	4.52	1.16
Institutional quality of the host country	25	-0.11	1.54	0.96	0.38
Stars					
	1	2	3	4	5
Frequency	4%	20%	44%	28%	4%
Governance structure					
	Affiliate	Management contract	Franchising		
Frequency	0%	52%	48%		

Table 6 Descriptive statistics of cluster 3

Variable	Number of observations	Minimum	Maximum	Mean	Standard deviation
Hotel CS score	28	4.31	6.00	5.89	0.21
Organizational Barriers	28	3.33	7.00	5.74	0.94
Adaptive communication	28	5	7	6.21	0.74
Local needs	28	5	7	6.21	0.63
Institutional quality of the host country	28	-1.66	1.34	0.18	0.67
Stars					
	1	2	3	4	5
Frequency	3.6%	17.9%	7.1%	60.7%	10.7%
Governance structure					
	Affiliate	Management contract	Franchising		
Frequency	17.9%	17.9%	64.3%		

Table 7 Descriptive statistics of cluster 4

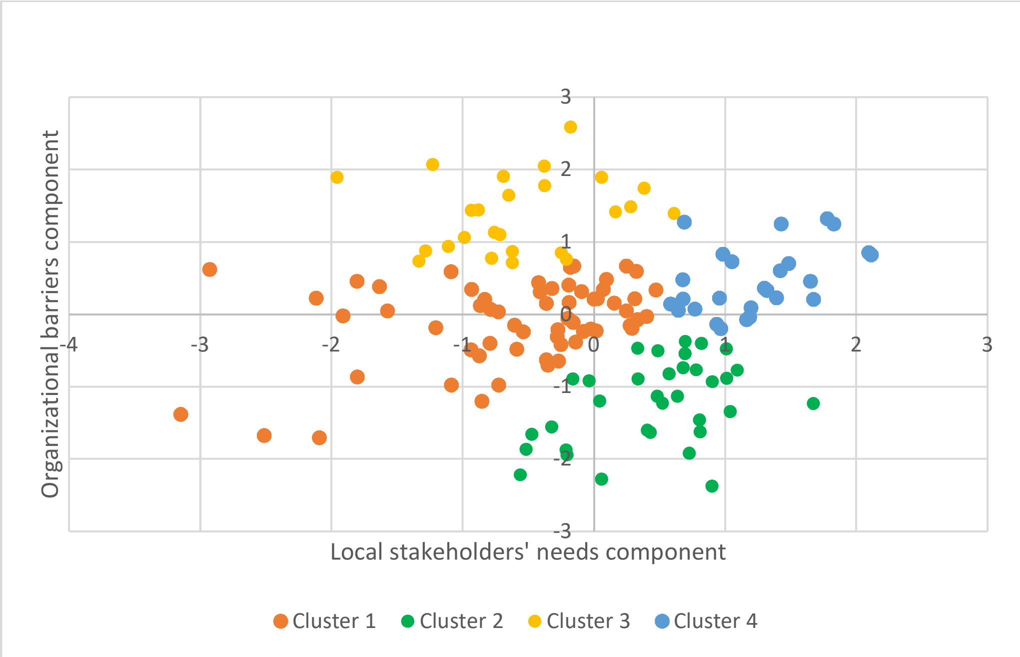

Figure 7 Cluster analysis run on the principal components

Discussion and Conclusions

The aim of this paper is to shed light on how hotels commit in sustainability activities in relation to specific characteristics that may influence such commitment, finding different groups that behave in diverse ways according to their specificities. A first interesting finding is that, on average, the single hotels appear to be more committed in sustainability than the parent companies to which they belong and that disclose their strategies and commitment through the materiality matrixes in their non-financial reports. We argue that this difference depends on the fact that single hotels are embedded in local communities that directly or indirectly push them in implementing responsible practices. Being closer to day-by-day problems represents a factor that make single hotels perceive sustainability issues as more important with respect to the corporates that disclose their commitment in general strategies designed at global level. The local embeddedness suggests that hotels are more committed in the social sphere of sustainability – rather than the economic and the environmental ones – since the issues related to the local communities are typically associated to social sustainability. In fact, when considering the different sustainability sub-scores, the social dimension is the one in which hotels are committed most. On the other hand, environmental aspects are the less important. Regarding this consideration, hotels are aligned to their corporates that, similarly, appear to be more committed in social issues, then in economic and finally in environmental ones. In order to further explore this finding, we analyzed the importance given by the chains and their hotels both to the importance for the business and the importance for the stakeholders of each of the three sustainability categories. Corporate headquarters give the highest importance to business-related factors when considering the economic and social dimensions of sustainability. However, results are much different when the environmental concerns are considered. Hotel chains corporates give to the environmental issues the lowest importance on the business side, while they give them the highest scores when considering stakeholder needs. In other words, environmental issues are very relevant for hotel chains and, even if they don't see them as particularly important for the success of their business, they represent a way through which the companies commit for their stakeholders. On the other hand, single hotels seem to give the business-related factors the highest importance in all the sustainability dimensions. This result is partially confirmed by the fact that customer satisfaction is one main reasons why hotels implement sustainability practices. However, this is not the most important driver of their sustainable commitment. Indeed, hotel managers are driven by ethical motivations more than others as they see sustainability as a very important issue to be pursued. Among others, also compliance is a very important factor that pushes hotels to commit in sustainability practices, confirming the fundamental role that corporate strategies play in influencing single hotels in implementing sustainable activities. Another important finding to consider is that, on average, when compared to the budget and economy segment, the upper scale and luxury (i.e., 4 and 5-stars hotels) hotels are the ones that are more committed into sustainable activities confirming the relationship that exists between luxury and sustainability (Kapferer & Michaut-Denizeau, 2014). However, 2-stars hotels are in absolute the most aware of sustainability as the CS score reach the highest levels with respect to this specific category, followed very closely by 4 and 5-stars hotels, while 1 and 3-stars ones give the lowest importance to this issue. Finally, our analysis also focused on the understanding of the barriers between hotels and corporates that hinder an effective implementation of sustainability practices, and on the lack of skills, technologies and financial resources. The scarcity of financial resources is the most important factor that negatively affects the sustainable commitment of hotels. On the other hand, hotels seem to be ready to embrace sustainability as they do not perceive to have relevant problems when the skills are concerned.

These findings are corroborated by the PCA and the cluster analysis that find four different paths among the hotels according to the *local stakeholder needs component* and the *organizational barriers component.* When considering together the variables of our analysis, indeed, the local needs variable and organizational barriers are the most relevant in defining the two principal components that synthesize the information of the main indicators of the analysis. Interestingly the two components are characterized respectively by an external and by an internal factor. Based on the two components the hotels are grouped into four clusters. Clusters 1 and 3 are characterized by medium-low levels of sustainable commitment (i.e., CS score). However, there are difference between the two groups: cluster number 1, can be defined as the cluster of *lazy* hotels. These structures, indeed, seem to be in good conditions in order to implement adequately sustainability practices since they don't face high organizational barriers. They are mainly 2, 4 and 5-stars, chain-owned hotels with a strong tie with their parent, but surprisingly they perform just average in sustainability. One reason to this is that they are mainly located in relatively good institutional quality countries that do not need a strong focus on sustainable issues. Moreover, the stronger relationship they have with the corporate does not push them to achieve particularly high results since they run lower risk of disinvestment with respect to franchisees, even in the case they experience low performances. Differently, hotels in cluster 3 – the ones with the lowest commitment in sustainability – experience high organizational barriers that hinder the implementation of sustainable practices. Moreover, the lack of resources shifts their attention towards factors more directly related to their business performance. The hotels belonging to this cluster are mainly 3-stars ones run in management contract and franchising while none of them is directly owned by the corporate. This finding reflects the relatively poor attention that the chains give to the middle-scale market when transferring sustainable strategies to their hotels. Opposite to the *unable* hotels in cluster 3, cluster 2 groups the *privileged* hotels with the highest sustainable commitment, that do not face major concerns when implementing sustainability (Table 8). In fact, these hotels experience the lowest levels of organizational barriers and are free to adapt the practices according to their characteristics. They mainly serve the high-end of the market through a franchising contract. Cluster 4, finally, is composed by the *proactive* hotels, i.e. the ones that achieve very high levels of sustainable commitment despite they face high organizational barriers. At the same time, these hotels work in context characterized by high stakeholder pressure and are relatively free to adapt the practices with respect to the corporate strategies. These factors push them in the virtuous implementation of sustainability activities. Hotels in this cluster are mainly 4-stars one run in franchising.

		CS commitment	
		Low	**High**
Difficulties in implementing CS activities	**Low**	Lazy	Privileged
	High	Unable	Proactive

Table 8 The four hotels clusters by commitment and resources

The contrast between the four clusters shows that upper-scale and luxury hotels experience more favorable conditions for implementing sustainability practices rather than budget and middle scale hotels. Interestingly, these conditions also refer to franchisees while hotels run through management contracts face major difficulties that do not allow them to adequately implement sustainable practices.

Finally, hotels directly owned by their parent companies are the laziest ones that achieve average performance in CS even if they seem to have all the means to reach higher results.

This paper contributes to the literature on sustainability in hotel industry by showing that hotels belonging to international chains perceive sustainability aspects to be more important that their parent companies, that organizational barriers represent relevant obstacles for them and that the external pressure of local stakeholders benefits the hotels' sustainable commitment. Moreover, it contributes to the literature on materiality (Font, Guix, et al., 2016; Guix et al., 2019) by focusing on the implementation side of materiality principles showing that hotel companies are increasingly starting to implement aspects related to materiality analysis but there is still much to do since most of them seem to be lazy in implementing CS strategies. To the authors knowledge this is the first paper to analyze the implications of materiality analysis on the practical implementation of CS activities as previous studies focused on how materiality aspects are designed and to what extent they really take into account stakeholders needs (Guix et al., 2019).

Managerial Implications

This paper offers interesting implications for hotel managers. First, hotels belonging to international chains are highly committed in sustainability and they are mainly motivated by ethics. They believe that sustainability is something needed and are willing to invest resources in these kinds of programs. Simultaneously, they believe that sustainability activities are particularly relevant for the success of their business, mainly because they increase the customer satisfaction. These findings suggest to international chains that aim to increase their level of sustainable implementation – through the day-by-day activities of their hotels – that they should focus on ethics motivations and, at the same time. stress the importance of these activities to increase the customer satisfaction when they transfer CS strategies to their hotels. In addition, they should implement an effective resource allocation plan that give to the hotels an easy access to adequate financial and technological resources. Moreover, corporates strategies should try to diffuse sustainability practices trying to make them coherent with the issues that characterize the specific local communities in which the hotels are embedded. Hotels serving the high-end of the market are the ones that gives the highest importance to sustainability and so are the ones that may deliver the best CS performances, while the budget and mid-scale hotels need to be pushed in order to increase their commitment which is still relatively poor. However, taken individually, 2-stars hotels are the most committed ones. In addition, the cluster analysis shows that there are differences in the governance structures that are associated with diverse levels of sustainable commitment. In particular, affiliated hotels, i.e. the ones that are directly owned by the parent companies, appear to be "lazy" in pursuing sustainability objectives. International chains should try to motivate them more or to find the right way to make them comply with the CS strategies. Management contracts hotels are the ones that show the highest difficulties in reaching high levels of sustainability commitment because they experience the highest organizational barriers as they lack relevant resources.

Corporate levels should carefully manage the resource allocation and create the best conditions for these hotels to implement sustainability activities. Finally, franchising hotels perform relatively well in sustainability thanks to two effects: first, they have more freedom in adapting sustainability practices according to their characteristics and external conditions, and second they have a weaker relationship with their parent companies that means that they feel a lower organizational pressure in pursuing sustainability activities and have more freedom to focus on addressing their practices towards the satisfaction of specific needs of local communities to which they belong. Hotel corporates should reward these hotels in order to make them feel that it is not just the right thing to implement sustainable activities, but it is also worth from an economic and reputational point of view.

Limitation and Future Research

Although the deep and multifaceted analysis conducted in this study, there are still some limitations that leave space for further important research. First, although the global focus is very relevant in order to find a strong external validity of our results, and notwithstanding the fact that we account for countries institutional quality in our study, future works may try to focus the analysis on specific geographical areas since hotels may show different behaviors with respect to their belonging to a specific country or region. Second, we find that 2-stars hotels are the ones with the highest level of sustainable commitment, as opposite to 1 and 3-stars hotels that are the ones with the weakest performances. Future studies should try to explain these differences by focusing their attention particularly on the budget, economy and mid-scale segments trying to understand how and why they differ.

Conclusions

Previous literature has extensively analyzed the issues of CS and CSR, focusing on their relationship with corporate performance and on the transfer of practices within multinational hotel chains. This thesis has made an advancement in these fields of research by considering both costs and benefits in the assessment of sustainable performance. The findings show that the mere implementation of sustainability programs is not enough to improve companies' financial performance. In fact, the best financial performances are reached when CS performance are high too, while weak results in such practices are associated to decreasing financial performances. This depends on the fact that stakeholders are increasingly aware about the importance of sustainability and so they tend to punish hypocritical behaviors such as greenwashing, while they are willing to rewards companies that show consistent results in their CS commitment.

On the other hand, this work shows that the institutional duality exerted by internal and external institutions, may ease or hinder the commitment of single hotels in sustainability activities with respect to CS strategies designed in the materiality analyses. Moreover, the third chapter shows that there is difference among hotels that face good or bad conditions to adequately implement sustainability activities. According to such conditions and to the consequent CS level of commitment, hotels may be grouped in four categories: the lazy, the unable, the privileged and the proactive. These results show that, although hotels are committed in sustainability, they often face objective difficulties in implementing CS activities. Thus, international chains should find better strategies, according to different institutional and organizational characteristics, to overcome barriers and to find the best solution to adapt to different conditions in order to diffuse CS practices in a more effective way, in turn improving their CS performance and so contributing to the achievement of sustainable goals.

From a methodology point of view, this thesis used a quantitative approach that combines the use of econometrics, principal component and cluster analysis, and content analysis, with secondary and primary data collected through surveys.

In conclusion, we can provide an answer for the main question of this work asked in the title: *Tourism and Corporate Sustainability: Fads or Facts?* The analyses suggest that CS in tourism is a fact more than a fad, first because it has concrete impacts on the corporations by affecting their corporate performance, and second because the operative units of the international hotel chains are aware of the importance of committing in sustainable activities and they practically implement actions aimed at the creation of economic, environmental and social value for the local communities. However, this work also suggests to hotel chains that there is still much to do in order to make CS strategies more effective by creating the best conditions for hotels to implement sustainable practices and focusing more on the issues that reflects the problems of local stakeholders adapting global strategies to local needs. Working in this direction may help international hotel chains in generating a higher value for their business and their stakeholders, enhancing their contribution to the development of a sustainable tourism.

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