

# Corporate social responsibility, total quality management and hotel performance: the role of gender diversity

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**Abstract**— Total quality management (TQM) and corporate social responsibility (CSR) are relevant management philosophies in the hotel industry to be able to generate a sustainable competitive advantage. This paper examines how the implementation of both TQM and CSR influences the results of hotels' stakeholders as an antecedent of business performance. An empirical study of a sample of 122 Spanish hotels from the Andalusian region shows that the adoption of such approaches improves the capacity of hotels to create benefits for their stakeholders, and these results have a positive effect on hotel performance. The study also provides evidence of the complementarity of both management philosophies as TQM can enhance the development of CSR.

**Keywords**— total quality management, corporate social responsibility, responsiveness, hospitality industry, stakeholders.

## I. Introduction

Both CSR and TQM are crucial management philosophies in the hotel industry, which entail huge challenges regarding new tourist profiles [1]. Quality in the hotel industry is a key factor in order to obtain a competitive advantage and market distinction. Additionally, the hotel industry is one of the sectors that can most benefit from the development of CSR. due to the economic, social and environmental impacts of this approach. TQM and CSR could be simultaneously implemented by hospitality organizations to develop a valuable firm strategy. In spite of the benefits of adopting TQM and CSR, there are no contributions that simultaneously analyze both management philosophies to explain their influence on the performance of hotels. The contribution of this study is to fill this gap in the literature. We examine how the commitment to both influences the results of the hotel's main stakeholders, which in turn will have an impact on the business performance. Furthermore, we explore CSR in an integral approach and we study how the implementation of TQM methods and actions may influence the development of CSR. Additionally, we argue that gender diversity in top management team, enriches the behavior exhibited by managers throughout the hotel and may enhance the implementation of CSR.

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This paper is structured as follows. We begin by presenting the theoretical framework and hypotheses. Next, the paper explains the methodology employed in the empirical study and provides its findings. Finally, the last section presents discussions based on the results and conclusions.

## II. Theory

### A. The impact of total quality management

One of the aims of this study is to demonstrate the effects of managing quality in a way that encompasses the whole organization. The EFQM Excellence Model [2], which is a valid representation of TQM in the European context identifies five enabler criteria to improve results with respect to people, customers and society, as follows: leadership, employees, strategy, partnership and resources, and finally processes, products and services.

“Leadership” is required to develop an effective quality-management system [3]. Some studies that analyze a leadership committed to quality as a component of the TQM approach also find a positive influence on other stakeholders such as customers [4, 5]. Excellent organizations value their “employees” and create a culture that encourages the mutually beneficial achievement of organizational and personal goals. Several contributions have verified that training, incentive and reward systems exhibit a positive moderating effect on the relationship between TQM and customer satisfaction as well as performance [6].

Furthermore, to guarantee sustainable results of stakeholders and organizations, there must be an effective deployment of the “Strategy” [3]. In order to ensure an effective implementation of TQM, appropriate communication of the strategic plan and its progress throughout the company has been found essential. Organizations committed to TQM manage “partnerships and resources” in order to support strategy and the effective development of processes. Managing external partnerships and internal resources with quality criteria demands the management of [5]: partners and suppliers to obtain a sustainable benefit, financing to secure sustained success, facilities and all other types of resources in a sustainable way.

Finally, excellent organizations design, manage and improve “processes, products and services”. Considering process management as a construct of TQM, Wang *et al.* [5] demonstrate that this philosophy positively affects the performance of hotels since they are more responsive to changes in internal and external customer needs. A suitable management of the enabler criteria described above may

have a positive impact on the results of the main stakeholders. Accordingly, we propose the following hypothesis:

**Hypothesis 1:** A high level of total quality management implementation (through the five enabler criteria) positively influences the results with respect to employees, customers and society.

### B. *The impact of corporate social responsibility*

Focusing on the hospitality industry, this study tries to demonstrate that the implementation of CSR benefits the results of customers, employees and society, which in turn have a positive impact on the performance of a hotel. Customers and society are demonstrating growing concerns about the negative impacts of the hotel industry and they are increasingly interested in learning about its CSR practices [7]. Operational activities of CSR fall under the economic, environmental and social dimensions [8].

The “economic dimension” of CSR is aimed at generating prosperity at different levels of society and addressing the cost effectiveness of the economic activity. Although without isolating the effect of the economic dimension, some works show that an investment in CSR activities has a positive influence on consumers’ perception, and it is critical for differentiating products and services from competitors [9].

The aim of the “environmental dimension” of CSR is to conserve and manage resources. The environmental dimension plays an important role in the case of hotels because it is increasingly linked to the quality of the tourism product. The environmental conservation of the destination could become a key success factor in terms of hotel competitiveness, since it helps to keep the destination’s appeal and, therefore, to attract tourists. Some research has confirmed these arguments [4].

The “social dimension” of CSR concerns the impacts an organization has on the social system it operates in. Empirical evidence exploring the impact of the social dimension of CSR on stakeholders’ perceptions and results is scarce. Moreover, hospitality is characterized by temporary and precarious employment. Quantitative and qualitative studies find a positive relationship between work-family balance, workplace flexibility and other aspects regarding quality of work life on employees’ outcomes such as turnover intentions, job satisfaction and motivation [10]. Based on these insights, we propose the following hypothesis:

**Hypothesis 2:** A high level of corporate social responsibility implementation (through the economic, environmental and social dimensions) positively influences the results with respect to employees, customers and society.

### C. *TQM, CSR and performance*

Total quality management and CSR practices are in many ways complementary. Both management approaches focus on identified needs and claims of various stakeholders and have common values. The implementation of both TQM and CSR can produce an improvement in the efficiency of the organization, a reduction of bureaucracy by eliminating

duplication of policies and procedures, and the alignment of goals and processes. There are a few case studies that suggest that TQM benefits CSR implementation [11]. These contributions concluded that methodologies established on the broad principles of total quality enable the effective implementation of CSR in organizations. However, in the current literature there is a lack of empirical studies using quantitative methods to support the above statement. The present paper aims to fill this gap. Accordingly, we propose the following hypothesis:

**Hypothesis 3:** A higher implementation of total quality management positively influences a higher implementation of corporate social responsibility.

The performance obtained by an organization depends on its capacity to satisfy the needs and expectations of the stakeholders. Thus, the following hypothesis is stated:

**Hypothesis 4:** The higher the results with respect to employees, customers and society, the higher the performance of the hotel.

### D. *Gender diversity in top management team and CSR*

A company’s behavior is to a large extent a function of its top management team, which makes most of the firm’s important strategic and organizational decisions [12]. In this paper, we expect gender diversity in top management team positively affects corporate social performance. Existing literature on gender diversity at the top of the corporate hierarchy argued that women have a positive impact on task of qualitative nature, such as CSR controls [13, 14]. Within this research stream, this argument is usually attributed to the fact that women are more socially oriented than men. Thus, gender diversity can be helpful in addressing issues of CSR [15] However, previous research examining gender-based differences in managerial behavioral tendencies, have found that women may adopt masculine-type characteristics since they are more highly value in leaderships positions [16]. As a result, women experience tension between two conflicting stereotypes; the gender stereotype and the managerial one. Along similar lines, previous research affirms that CSR can be viewed as a task at decision making level, giving women the opportunity to find a balance between a feminine gender role and a more masculine managerial role [17].

In summary, it can be argue that although women in top management team are motivated by a number of structural forces influencing their practices, when dealing with CSR, they are more likely to enact the female stereotypical behavior, enhancing their firm’s social performance. We accordingly propose:

**Hypothesis 5:** Higher levels of gender diversity in the top management team positively influence a higher implementation of corporate social responsibility.

## III. Method

### A. *Sample*

The database was created in the context of the project “Quality, Productivity and Competitiveness in the Hospitality Industry for Andalusia” [PO7/SEJ-02889]

financed by the Regional Government of Andalusia. The data were obtained from semi-structured questionnaires administered to the hotel managers. According to SIMA (the System of Multiterritorial Information of Andalusia), there were a total of 822 establishments with 3 to 5 stars in Andalusia in 2009. Thus, the database provides direct information on 14.84 per cent of the establishments.

The 822 Andalusian hotels with 3 to 5 stars in 2009 were taken as the statistical population. The survey for this study was conducted in 2010. It was possible to calculate the sample size for a finite population. With a 95 per cent confidence level and a 5 per cent sampling error, we estimated an adequate sample size of 262 hotels. Based on this, a directory of the hotels to be surveyed was created using the Turespaña Hotel Guide, which lists certified hotels. After discarding the questionnaires where all the questions had not been answered correctly, the final sample consisted of 122 hotels. The economic data was obtained directly via questionnaires and the annual accounts filed by firms in the Mercantile Registry. Information regarding gender diversity in top management teams and board of directors was also drawn from such annual accounts. We addressed the potential for nonresponse bias by comparing certain key attributes such as location, category and size of respondents to nonrespondents contained in our database. The results of statistical tests for nonresponse bias (t-test and Kolmogorov-Smirnov two sample test) suggest that there are no significant differences between both groups.

## B. Measures

The performance of the hotels is the dependent variable of the model. We have included two different measures of this variable. The first measure is “net income” (or net loss), which is expressed in euros; we used a logarithmic transformation of this variable to account for its skewed distribution. The second measure is “performance results: Economic-financial goals”, that is a qualitative measure of key results [2], regarding the level of achievement of the economic and financial goals. We created a 7-point Likert-type scale for both measures.

As far as the impacts on stakeholders are concerned, we included three variables “*Employee Results*”, “*Customer Results*” and “*Society Results*”. These constructs explain the performance of the hotel and are explained by TQM and CSR approaches. Thus, they are endogenous variables in the model. The items of each construct have been formulated based on the EFQM Excellence Model and the Global Reporting Initiative (GRI) framework. For statistical analysis, we created a 7-point Likert-type scale for all of the items.

Total Quality Management implementation, represented in the model as “TQM”, is an exogenous variable that explains the impacts on stakeholders and CSR. This variable is built up by five constructs related to the following enablers: leadership, employees, strategy, partnership and resources, and finally processes, products and services. We created a 7-point Likert-type scale for the items of each enabler.

Corporate Social Responsibility implementation, represented in the model as “CSR”, is an endogenous variable explained by TQM as well as gender diversity in the top management team, and that explains the impacts on

stakeholders. This variable is built up by three constructs regarding the economic, environmental and social dimensions. The items of each construct have been formulated based on the GRI framework and on previous literature [4]. We created a 7-point Likert-type scale for the items to measure the level of commitment depending on the implementation of actions and practices of each dimension of CSR.

When multiple-item scales are used to measure constructs, it is important to assess the reliability and validity of such scales. The selection of scale items on the basis of the accepted frameworks provided by the EFQM and GRI, and previous literature helped ensure content validity. We employed confirmatory factor analysis (CFA) to test the validity of all the measures. A sample size of 150 units (122 hotels in our case) requires a factor loading of 0.45 or above for each item [18]. The CFA results lend support to the convergent validity of all the measures because all the estimated loadings of indicators for the underlying constructs are significant (minimum factor loading = 0.528). The general agreement regarding the lowest limit for Cronbach  $\alpha$  is 0.70 [19]. The Cronbach alpha reliabilities for each construct were above this value, thus there is internal consistency.

Based on a recommendation made by MacKenzie, Podsakoff and Ahearne [20] on the weighing of individual items in estimating a structural model, we used the average of multiple measures to create a single scale score for each construct after seeing that the results of the confirmatory factor analyses and reliability test proved affirmative. Then, we conceptualized “TQM” as a latent variable, in which the dimensions: leadership, employees, strategy, partnership and resources, and processes, products and services, act as indicators of this latent construct. Likewise, we conceptualized “CSR” as a latent variable, using the economic, environmental and social dimensions as indicators.

“Gender diversity in the top management team” is an exogenous variable that explains the level of implementation of CSR. The top management team is defined as all inside top-level executives. This definition includes all of the C-level positions, e.g., CEO, chief financial officer (CFO), chief operating officer, as well as all executives above the rank of vice presidents and senior vice presidents. Following previous literature, we measured this variable as the percentage of women in the top management team.

We included two control variables: size and gender diversity in the board of directors. “Size” was measured as the number of rooms in the hotel. This variable controls for the effect of scale economies, and for the advantages resulting from the superior availability of resources [3]. We included “gender diversity in the board of directors”, which is measured as the percentage of women on the board, as a control variable to explain CSR (data described above are available upon request).

## C. Results

Descriptive statistics and correlations for the variables in the study are reported in Table 1. To test the hypotheses proposed, structural equation modeling has been considered the most suitable statistical technique. We used Stata software to estimate the model whose paths, are given

in Table 2. Taking into account that we could not obtain information of the net income for a few hotels, maximum likelihood with missing values was employed.

TABLE I. DESCRIPTIVES STATISTICS AND CORRELATIONS

Variables	10. GD on BD	9. GD in TMT	8. Size	7. CSR	6. TQM	5. Society Results	4. Customer Results	3. Employee Results	2. Performance Result: Economic financial goals	1. Net income (log)
Mean	0.20	0.20	137.3	4.63	5.29	5.10	5.70	5.14	4.65	10.97
S.D.	0.32	0.29	144.8	1.11	0.68	1.12	0.86	1.08	1.42	4.42
1	0.26	0.15	0.30*	0.63*	0.39*	0.51*	0.70*	0.54*	0.75*	1.00
2	0.03	0.05	0.05	0.50*	0.35*	0.43*	0.59*	0.41*	1.00	
3	0.11	0.07	0.09	0.30*	0.56*	0.37*	0.45*	1.00		
4	0.17	0.15	0.05	0.41*	0.41*	0.33*	1.00			
5	0.15	0.04	0.10	0.71*	0.25*	1.00				
6	0.02	0.16	0.15*	0.24*	1.00					
7	0.02	0.19	0.18*	1.00						
8	0.08	0.00	1.00							
9	0.71	1.00								
10	1.00									

GD: Gender diversity; BD: Board of directors; TMT: Top Management Team.  $p < 0.05$

For the proposed model we got a satisfactory fit. We obtained a goodness-of-fit index (GFI) of 0.929 for our model, and it is desirable for this measure to be close to or above 0.90 (Hair et al. 1998). The normed chi-square, where the  $\chi^2$  is adjusted by the degrees of freedom, has a value of 1.75, which is in the recommended range (1.0 to 2.0). The root mean square error of approximation index (RMSEA) is 0.078, and falls within the 0.05–0.08 range recommended [21]. The comparative fit index (CFI) is 0.907 that fulfills the acceptable standard of 0.90 or higher.

Hypothesis 1 predicted that developing a high level of total quality management implementation positively influences the results with respect to employees, customers and society. This hypothesis 1 is partially supported. Results in Table 2 confirm the positive impact of TQM on results of two groups of stakeholders: employees and customers. Nevertheless, such management approach does not have a

significant influence on society results. Findings strongly support hypothesis 2. The level of CSR implementation has a significant and positive influence on the results regarding employees, customers and society. The results also provide support for hypothesis 3. Hotels that have a higher implementation of total quality management show a higher level of development of CSR.

TABLE II. STRUCTURAL EQUATION MODEL ESTIMATION RESULTS

	Path	Effect Estimate	z-statistic
H1	TQM → Employee Results	1.143***	6.35
	TQM → Customer Results	0.657***	5.18
	TQM → Society Results	0.186	1.582
H2	CSR → Employee Results	0.453**	2.57
	CSR → Customer Results	0.540***	5.20
	CSR → Society Results	0.881***	8.32
H3	TQM → CSR	0.452***	3.71
H4	Employee Results → Net income (log)		
	Employee Results → Performance: Economic-financial goals	0.724**	2.61
	Customer Results → Net income (log)	0.171*	2.04
	Customer Results → Performance: Economic-financial goals	2.476***	8.05
	Society Results → Net income (log)	0.750***	7.16
	Society Results → Performance: Economic-financial goals	0.666*	2.64
	Size → Net income (log)	0.330**	3.45
	Size → Performance: Economic-financial goals	0.007***	4.33
H5	Gender diversity in the top management team → CSR	1.145*	2.31
	Gender diversity on board of directors → CSR	-0.104	-1.23

\* $p < 0.05$ ; \*\* $p < 0.01$ ; \*\*\* $p < 0.001$  (two-tailed tests for hypothesized variables)

$\chi^2 = 159.81$  (91 d.f.) Normed  $\chi^2 = 1.75$ ; GFI = 0.929; RMSEA = 0.078; CFI: 0.907

Results provide evidence that confirms hypothesis 4. The results with respect to employees, customers and society have a significant and positive effect on the indicators employed to measure the performance of hotels.

Finally, the results confirm hypothesis 5. The higher presence of women in the top management team seems to enhance the hotel's commitment to corporate social responsibility. In examining the effect of control variables, size is significant and positively related to net income. Gender diversity in the board of directors has not a significant influence on the implementation of CSR practices.

#### IV. Discussion and Conclusion

The results of our study indicate that managing quality in a way that encompasses the whole organization through the selected enablers has a positive influence on two main stakeholders: employees and customers. This is consistent with previous contributions that demonstrate the importance of quality management in the hospitality industry to support and improve its competitiveness [5]. Nevertheless, it seems that quality management has no direct influence on the satisfaction of society's needs. The image and reputation of hotels and the level of satisfaction of society regarding their actions are more related to the

implementation of CSR actions. Moreover, findings support our assumption that CSR actions benefit the results regarding employees, customers, and society.

Our study confirms that the level of development of corporate social responsibility is positively influenced by TQM implementation. The adoption of both approaches improves the capacity of hotels to create benefits for its stakeholders. This result is coherent with those works that suggest that quality management models and methodologies established on the broad principles of quality are a foundation and catalyst for effective CSR in organizations. Complementary, we find that gender diversity in top management teams is a key driver of the implementation of CSR practices. Thus, as mentioned before, female management style may enable women to enrich decision-making within their TMT's and thereby improve CSR implementation. Empirical evidence from this study also shows that it is necessary to fulfill the expectations of the three groups of stakeholders as their results have a significant and positive relationship with the performance of hotels.

The current study provides theoretical and managerial implications. From a stakeholder framework, this study tests, in an integral way, the benefits of two relevant management philosophies to achieve a sustainable competitive advantage. Examining the combination of both philosophies can provide new insights about the capacity of a hotel to improve the results with respect to stakeholders and its level of competitiveness. From the management perspective, evidence of the potential synergy of TQM and CSR contributes to their added-value. Particularly, quality management, which is used already in many hotels, can stimulate and facilitate the development of CSR. Understanding this complementary implementation can encourage hotels to reconsider their commitment to TQM and CSR. Moreover, gender diversity in top management teams provides different values, sociocognitive perspectives and skill sets that may enhance the implementation of CSR as this management approach implies actions that appear to further some social good, beyond the interests of the firm. This result may be an incentive for hotels to adopt positive discrimination, and diversity and equal opportunity programs in order to increase the presence of women in top management teams, and hence the level of implementation of CSR.

This study includes several limitations that offer opportunities for future research. Our empirical investigation was based on cross-sectional data from a relevant Spanish tourist region. Future research could focus on a longitudinal design, which will allow us to examine the evolution of the causality between variables, especially the relationship between the implementation of TQM and CSR. Due to the fact that the sample was drawn from one specific area, it would be of interest to extend this research to other regions and countries to strength the generalizability of the conclusions. Further research incorporating interviews to stakeholders is needed to fully understand the relationships that we have studied.

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