

The nexus of human resource management, corporate social responsibility and sustainable performance in upscale hotels: a mixed-method study

HRM-CSR
nexus in
upscale hotels

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Muhammad Ishtiaq Ishaq

*School of Management Sciences, Quaid-i-Azam University Islamabad,
Islamabad, Pakistan*

Huma Sarwar and Simona Franzoni

University of Brescia, Brescia, Italy, and

Ofelia Palermo

Nottingham Trent University, Nottingham, UK

Abstract

Purpose – Considering the significance of the human resource management (HRM) and corporate social responsibility (CSR) relationship, the aim of this research is twofold: first is to measure the cultural differences between HRM, CSR and sustainable performance relationship (study 1) and second is to identify the how HRM instigates CSR and sustainable performance (study 2) in the hospitality industry of UK and Pakistan.

Design/methodology/approach – A mixed-method approach was used to collect the qualitative and quantitative data from upscale hotels. In Study 1, a multi-respondent and time-lagged strategy was employed to collect the data from 162 Pakistani and 290 UK upscale hotels. In Study 2, in-depth semi-structured interviews were conducted to understand the HRM–CSR–performance nexus.

Findings – The results of Study 1 highlight the significant cultural differences in the relationships of HRM–CSR–performance, while Study 2 explains that ethical culture, shared objectives, transparency, training and development, and economic incentives are the factors that push the employees to take part in CSR-related activities and attaining higher sustainable performance.

Originality/value – This study addresses the debate on the difference between cross-cultural studies related to implementing Western theories in shaping, developing and implementing business strategies, including CSR, HRM and sustainable performance in an Asian context.

Keywords Human resource management, Corporate social responsibility, Sustainable performance, Upscale hotels, Multi-country study

Paper type Research paper

1. Introduction

The hospitality industry is the fastest growing worldwide and plays an essential role in economic development (Ashraf *et al.*, 2020; Hwang and Lee, 2019). The World Travel and Tourism Council published a report entitled “Travel and Tourism Economic Impact” and claimed that the world’s economic and development growth is due to the hospitality industry.



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According to the [UNWTO \(2019\)](#) report, tourism increases by 4% annually and contributes US\$900bn to the global economy. The growth rate is more than 2.5% for 2019, and it is forecasted to increase by 3.7% by 2029, which is 11.5% Gross Domestic Product (GDP) of the world. Unfortunately, the new decade started with a much unfortunate and unsettling new disease occurrence, identified as coronavirus disease 2019 (COVID-19). The world sees the opposite of expected growth as the global economy collapsed overnight due to the COVID-19 pandemic that provoked unparalleled losses of 11–29% profit decline faced by the global hotel industry ([WTCC, 2021](#)).

As the hospitality industry grows, hotels worldwide face considerable pressure from stakeholders to pay attention to pressing social and environmental concerns throughout their operations and services ([Pham et al., 2020](#); [Longoni et al., 2018](#)). This pressure is significantly impacting the strategy development that calls upon the managers and hotels to understand environmental and social issues more seriously and to be committed to eco-friendly practices through policy formulation and their implementation in day-to-day activities to attain competitive advantage as well as to reduce the environmental consequences of business operations ([El-Kassar and Singh, 2019](#); [Tate and Bals, 2018](#)). Several studies have revealed that corporate strategy formation and implementation depend on human resource management (HRM) and how organizations and people work for said purpose ([Dubey et al., 2017](#)).

HR professionals play a business partner role in an organization to support the legitimacy and credibility of HRM functions and enable an organization to develop strategies in swiftly changing business operations ([De Gama et al., 2012](#); [Leroy et al., 2018](#)) in which corporate social responsibility (CSR) amongst the prominent factors. HRM is increasingly gaining momentum in the international context because of its ability to develop strategies, policies and practices that respond to variations in the economic, socio-political environment and the changing needs of businesses ([Jamali et al., 2015](#); [Sarwar et al., 2022](#)). They further argued that HRM has an important role in shaping CSR strategies to acquire unique competencies and resources for the organizations. Hence, the successful association between HRM and CSR is only possible if the HR professionals chalk-out CSR initiatives from the inception phase. Integrating these two constructs is essential for organizations due to the positive individual and organizational consequences for all the stakeholders ([Jamali et al., 2015](#); [Franzoni et al., 2021](#)).

The studies on HRM primarily focus on the firm's internal factors, while CSR has traditionally focused on external aspects, such as the local community and the environment; therefore, both internal (HRM) and external (CSR) functions overlap. Concerning the former, the similarities between these two organizational constructs are shown in the main international standards that the firms rely on to certify their commitments to achieving sustainable performance. For instance, the Global Reporting Initiative (GRI), considered the most widespread worldwide standard, has information regarding CSR and HRM, such as respect for human rights, decent work and labor practices ([Moratis and Brandt, 2017](#)) that has a direct impact on the social and economic development of the country. However, these environmental activities are not part of the HR strategies but strongly impact HR outcomes that lead to sustainable performance through employee involvement in CSR-related activities. Therefore, it is believed that organizations' CSR initiatives may help attract, retain and motivate employees who share similar values projected in these activities. This positive HR outcome will enhance organizational performance and enhance sustainable performance.

The pressures from stakeholders and the community have forced the hospitality industry to work on environmental issues and be involved in different CSR-related activities. Such initiatives will improve long-term competitiveness, increase motivation, gain legitimacy and higher performance ([Farooq et al., 2017](#); [Jamali et al., 2020](#)). On the parallel side, the potential

contributor of CSR is HRM, which helps managers design and implement CSR strategies, as suggested by [Burke and Logsdon \(1996\)](#). In spite of numerous studies on CSR, few empirical studies have addressed the relationship between HRM and CSR and its subsequent impact on sustainable performance. Additionally, the researchers agreed on the notation that the Western-based theories and concepts cannot entirely replicate in the Asian context as significant differences were found (i.e. [Farooq et al., 2017](#); [Sarwar et al., 2020](#); [Ishaq, 2021](#)). Therefore, this study addresses important questions to explore the relationship between HRM, CSR and sustainable performance across cultures using a mixed-method approach. More specifically, this research considers the following research questions:

- RQ1.* To what extent does HRM predicts CSR?
- RQ2.* To what extent do HRM and CSR influence sustainable performance?
- RQ3.* Are cultural differences (UK vs Pakistan) prevailing in the nexus of HRM–CSR–sustainable performance?
- RQ4.* What is the role of HRM in formulating and implementing CSR strategies in the hospitality industry of Pakistan and the UK?

Using a comparative lens and addressing the micro-foundations of CSR, this study proposes several contributions to academicians and practitioners. First, we used social identity theory (SIT) to answer the research questions under-investigated as this theory establishes and maintains the positive social identity within the group and organization ([Turner et al., 1979](#)). Second, this study builds on existing literature by adding a quantitative study to generalizability and objectivity to the HRM–CSR–sustainable performance relationship in a cross-cultural context, i.e. UK vs Pakistani hospitality industry. These results are further extended and enriched by the qualitative study. Lastly, this study responds to researchers' calls (see [Jamali et al., 2015](#); [Kim et al., 2019](#); [Taylor et al., 2018](#); [Sarvaiya et al., 2018](#)). The paper's reminder explains the literature review and hypotheses of the study. The next section discussed a mixed-method approach, including research design, sample, handling data and evaluating the reliability and validity of qualitative and quantitative data before analyzing the data. The results were subsequently discussed and implications for managers and researchers were proposed.

2. Literature review

2.1 Social identity theory (SIT)

Several practitioners and academics have advanced theories and concepts to investigate and establish a synergy between CSR and HRM and sustainable performance ([McCune Stein and Ai Min, 2019](#)). According to [Obrad and Gherhes \(2018\)](#), HR operations in CSR improve recruitment procedures, employee motivation and commitment. According to [Voegtlin and Greenwood \(2016\)](#), firms' obligation to internal stakeholders has increased due to pressure from non-profit organizations (NGOs), the media and customers who demand that businesses modify their socially responsible behavior. This encourages businesses to develop employee relationships ([Voegtlin and Greenwood, 2016](#)). According to [Saeed et al. \(2019\)](#), human resource strategies with sustainable activities improve employee motivation, morale, commitment and loyalty. As [Gilal et al. \(2019\)](#) explained, the social dimension of HRM largely involves concern for employees' well-being, not just regarding their health, but also the job security that promotes positive intergroup behaviors and links them with the organizations. We used SIT theory in this study to examine the HRM–performance link, which suggests that employees' perspectives towards their organization contribute to promoting individual and organizational performance ([Appelbaum et al., 2000](#)).

In the current study, we argue that HRM practices in an organization aim at attracting, motivating, rewarding and sustaining employee job behaviors toward environmental management goals and objectives through the sustainable process and product innovation for firm performance (Yong *et al.*, 2020). Other sustainable practices highlighted include providing training, a safe and clean work environment, a healthy culture, fair wages, health and education benefits and flexible work hours to improve work motivation, morale and productivity while reducing absenteeism and staff turnover. According to SIT, individuals attempt to establish and maintain a positive social identity, predicting intergroup behaviors based on perceived group status and legitimacy (Turner *et al.*, 1979). Furthermore, they claimed that individuals categorize themselves and others in several social classifications based on religion, age, institute affiliation and gender. An employee is a team member assigned to disseminate a positive and strong self-concept (Joseph *et al.*, 2021; Sarwar *et al.*, 2022).

Individual self-concept is directly related to societal membership. When firms provide socially valued internal and external traits to the organization, employees are more likely to feel proud to be connected with it and hence identify with it (Dutton *et al.*, 1994). This theoretical paradigm has a lot of empirical evidence behind it. Employees identify with firms with positive external reputations due to a desirable and recognized brand (Maxwell and Knox, 2009). As Benkoff (1997) claimed, a person's social identity is an integral aspect of their self-concept. This self-concept drives an individual's innate need to belong to socially responsible groups and organizations and organizations that are positively valued and publicly reputable. Employees frequently evaluate organizational actions in the social environment and organizations must follow social norms (Scott, 1995). Given that CSR is a concept that addresses global social issues, effective participation in CSR contributes to developing a favorable external organizational reputation, which leads to employee and organizational performance (Carroll and Shabana, 2010). The recent studies also used SIT in examining the employees' behaviors, CSR and pro-environmental behaviors (see Jones *et al.*, 2019; Mahmood *et al.*, 2020).

2.2 Human resource management

Over the last 25 years, HRM has become an important topic for researchers that shifted from a micro-level individual HRM practice to a debate on how HRM as a more holistic management approach may contribute to macro-level organization performance (Leroy *et al.*, 2018). In particular, a growing body of HRM research has revealed that HRM practices in organizations intend to enhance employees' skills and abilities and are positively related to financial performance, employee satisfaction, well-being and lower turnover (Pham *et al.*, 2020). HR practices include determining the needs of HR, recruiting, training, economic and social incentives and also health and safety concerns (Singh *et al.*, 2019). Gilal *et al.* (2019) observed that the effective implementation of HRM practices in organizations tends to be viewed as a critical component of competitive advantage and has been shown to have a positive relationship with individual and organizational performance. Therefore, HRM is involved with the policies that organizations develop from the practices and frameworks that exist for managing employees and, hence, will bring long-lasting value to organizations (Gupta, 2018).

Organizations have been adopting HR practices (working conditions, employee professional development, employee rights, employee well-being and health and safety practices, among others) associated with their strategic objectives that aim to promote the sustainable behavior of the organization. Boxall *et al.* (2007) referred to HRM as applying tasks for employees that help an organization achieve the desired performance. More specifically, it includes the plans related to the organizational considerations, for instance,

firm effectiveness and performance and specific aspects of people management, i.e. recruitment, training and development, reward and employee relations. [Inyang et al. \(2011\)](#) stated HRM is a collection of “organization-wide and people-oriented functions or activities deliberately designed to influence employees’ effectiveness.” Recently, several authors have identified the extensive use of teamwork in decision-making as a HRM practice that has a critical role in formulating and implementing strategies at the workplace (such as CSR initiatives) ([Ehnert et al., 2016](#); [Jamali and Carroll, 2017](#)).

Most studies have found that long-term HRM practices and strategies require fostering a positive work environment through various policies and procedures to increase employee engagement, motivation and productivity. [Thang and Fassin \(2017\)](#) found a significant association between employee well-being, work-life balance, working conditions and training and development in enhancing employee and organizational performance. Similarly, several studies have found that having good organizational work circumstances is critical for generating positive employee behavior and outcomes ([Zhao et al., 2022](#)). According to [Yu et al. \(2020\)](#), work conditions directly impact the ethical work environment, limiting the formation of the egoistic environment. Effective work environments enable organizations to overcome and respond to environmental concerns, contributing to long-term environmental sustainability ([Gilal et al., 2019](#); [Sarwar et al., 2022](#)).

2.3 Corporate social responsibility

Several efforts have been made to describe and understand the concept of CSR, which [Carroll’s \(1991\)](#) pyramid considered a benchmark of all the studies. [Carroll \(2016\)](#) proposes four CSR aspects that contain economic, legal, ethical and philanthropic activities. This definition is constantly used in elucidating socially constructed conceptualizations and context-specific CSR ([De Stefano et al., 2018](#)). In his later study, [Carroll \(2016\)](#) emphasizes that businesses are expected to fulfill all four responsibilities simultaneously and that the CSR pyramid must be viewed as an incorporated whole. CSR is a concept that an organization’s responsibility goes beyond purely economic goals to consider an organization’s social obligations ([Zeng, 2021](#)). CSR initiatives focus on managing social, environmental and economic impacts, going beyond what would traditionally be considered crucial organizational activities ([Chowdhury et al., 2019](#)). It is a commitment to manage business activities ethically to positively impact the environment and society ([García-Sánchez and Araújo-Bernardo, 2020](#)).

CSR is a “concept whereby organizations integrate environmental and social concerns in their operations and collaborate with their stakeholders voluntarily.” ([European Commission, 2006](#)). This definition identifies that organizations are responsible for giving shareholders benefits, achieving organizational goals and considering stakeholders’ social, environmental and economic expectations. The organizations are implementing CSR initiatives while their organizational level policies and actions concerning stakeholders’ expectations and the triple bottom line performance ([Aguinis et al., 2011](#)) to achieve competitiveness, institutional legitimacy, employee motivation and organizational and social performances ([Rupp et al., 2006](#)). [Inyang et al. \(2011\)](#) also propose that organizations have a responsibility to society that is inseparable from their economic activities.

CSR must go beyond community projects and philanthropy and consider how all fundamental business operations affect the stakeholders’ needs ([Mishra et al., 2015](#)). CSR should be incorporated into regular organizational practices instead of “philanthropic activities” that reflect that the firm needs to involve employees and the CSR values in the business strategy and objectives. Indeed, [Garavan et al. \(2010\)](#) articulated that developing and implementing CSR strategies depend on employees’ discretionary behavior. They also argued that practical CSR difficulties result from perceived organizational support,

employees' knowledge and CSR perspectives. Therefore, CSR must be integrated into operational and strategic objectives, and without this integration, the CSR impact may be affected.

2.4 Sustainable performance

The concept of performance or sustainable performance has various contexts. For instance, [Nizam et al. \(2019\)](#) explained sustainable performance as the utilization and management of a firm's resources in a way that leads to maximum environmental, economic and social benefits:

- (1) *Environmental performance* signifies the capability to secure natural resources and protect crucial components of the environment. For example: reduce CO₂ emitted, reduce water consumption, reduce plastic consumption, produce energy from renewable sources, etc.
- (2) *Social performance* signifies the capability to assess the stakeholders' level of satisfaction, trust and cohesion – for example, customer satisfaction, employee satisfaction, suppliers' satisfaction, host communities' satisfaction, etc.
- (3) *Financial performance*: linked to the profitability of hospitality firms. For example, total revenues, gross profit, average daily rate, revenue for an available room, etc.

Sustainable performance is the organizational practices that maximize performance without harming the environment ([Latan et al., 2018](#)). In 2001, UNEP issued a comprehensive environmental awareness report claiming that it has long-lasting benefits for the organization and society. Such benefits include brand awareness, customer loyalty and goodwill, meeting compliances and certifications and reducing resource consumption. Defining the sustainable goals according to the SDGs is needed to understand the sustainability perspective. In 2015, the UN General Assembly offered "the 2030 agenda for sustainable development consisting of 17 sustainable goals (SDGs) with 169 targets". The main objective of the SDGs is to develop "people-oriented, innovative and sustainable" economies. Nonetheless, tourism firms will resort to developing actions to launch initiatives that limit such a risk by pursuing environmental performances in line with the 2030 Agenda for Sustainable Development of the United Nations.

The rapid development of human economic expansion has devastated the world's natural resources and environment. Therefore, the involvement in social activities to restore this situation is highly restricted ([Trianni et al., 2019](#); [Sarwar et al., 2022](#)). Prior literature has emphasized the impact of the human element on resource preservation and sustainable development ([Di Fabio \(2017\)](#); [Rehman et al., 2021](#)). According to [Zaid et al. \(2018\)](#), the increasing focus on sustainable performance and social responsibility has set new objectives, not merely considering the economic benefits, such as a commitment to environmental and social outcomes.

3. Hypotheses development

3.1 HRM and CSR

The relationship between HRM and CSR has gained much interest in recent years, considering the SDGs Goals. Unlike previous studies that usually considered a generic approach to CSR ([Jones et al., 2019](#)), we adopt a broader perspective and contend that HRM is crucial to advancing CSR as it helps organizations become more synchronized with its social and economic objectives to achieve organizational performance. Employee participation in CSR projects has a major positive impact on the organization's performance and makes them

the strategic stakeholders. Employees are the primary CSR stakeholders and carry out CSR projects (Aguinis and Glavas, 2012; Franzoni *et al.*, 2021). Therefore, organizations need their employees' support to fulfill their goals and rules and control mechanisms (Mossholder *et al.*, 2011). As Jamali *et al.* (2015) argued, all functional departments must implement CSR initiatives, and no firm can observe CSR practices without the active involvement of HRM. Tajfel (1982) proposed that SIT helps the employees to identify their role within the organization and achieve strategic goals, i.e. CSR.

Researchers (Jones *et al.*, 2019; Coles *et al.*, 2013) argued that CSR is important in the hospitality industry because of its significant role in promoting tourism, disruptive socio-cultural impacts and environmental concerns. The tourism sector embraced the CSR notion. The hospitality industry is engaged in different initiatives to benefit society and care for the environment. To begin, "HRM can be specified as institutions, discourses and practices focused on the management of people within an employment relationship enacted through networks comprising multiple public and private sectors" (Voegtlin and Greenwood, 2016, p. 6). CSR practices are commonly linked to HRM and sustainable individual and organizational performance. For instance, the organizations with more established strategic HRM strategies have stronger CSR policies (Bučiūnienė and Kazlauskaitė, 2012; Jamali and Carroll, 2017). One of the ways that CSR practices help sustainable performance is by working to build a positive organizational image.

HRM mainly focuses on internal factors, such as the organization's employees. Senyucel (2009) suggested that HRM combines management strategies and policies that identify employees as assets and helps develop and maintain a committed and skillful workforce for achieving organizational objectives. In contrast, CSR often deals with the external community (Jamali *et al.*, 2020). Notwithstanding, HR professionals have recently started focusing on a more significant role in CSR activities. As noted by Inyang *et al.* (2011), in organizations, managers are tasked with "leading and educating employees on the value of CSR, developing responsible and sustainable practices, communicating CSR activities to employees and other stakeholders, and providing direction, control and action plans for implementing the program in the organization." (p. 118). This progressively increasing role of HRM in organizational operations in conducting socially responsible activities is because of the research that encourages their integration. Therefore,

H1. HRM has a positive impact on CSR.

3.2 HRM and sustainable performance

Several organizations have acknowledged the vital role of HRM in achieving long-term sustainable performance in any industry (Giral *et al.*, 2019). According to Ehnert *et al.* (2016), employee-focused sustainable practices are the organizational practices that adopt HRM techniques that enable the achievement of economic, social and environmental goals. Human resource practices improve employees' work and life quality (Newman *et al.*, 2016). A deeper focus on employee and sustainable performance is made possible by incorporating ethical concepts into responsible and sustainable HRM practices, which results in HR procedures having a stronger influence on employees and workers as an intermediate outcome before business outcomes (Celma *et al.*, 2014). HRM, therefore, appears to be in a good position to become more involved in supporting organizations to increase performance (Jamali *et al.*, 2015, p. 3). Based on SIT, Ashforth and Mael (1989) claimed that the employees usually evaluated their organizational practices and tried to compare and identify their attractive and distinctive values to perform better. An organization may obtain and sustain high performance in the industry if it can better utilize its human resources and experience than competitors by developing core competences that are potentially unique and extraordinary.

Studying the impact of different HR practices, [Herrbach et al. \(2009\)](#) observed that training opportunities result in higher employee commitment and performance. Similarly, [Delaney and Huselid \(1996\)](#) showed the effect of certain individual HRM practices (training activities and selection) on firm sustainable performance. Employee motivation has also been highly relevant to strategic HRM practice between a performance-based compensation system and organizational performance. In addition, [Barrena-Martínez et al. \(2017\)](#) posited that organizations with different training and development sessions experience lower staff turnover than firms that neglect staff development. [Jamali et al. \(2020\)](#) also added to the literature and observed that HRM is well qualified to make valuable contributions to sustainable initiatives. When stakeholders recognize company CSR, a favorable business image and better organizational performance ([Servaes and Tamayo, 2013](#)). Hence,

H2. HRM has a positive impact on sustainable performance.

3.3 CSR and sustainable performance

CSR has a significant impact on organizational structure and sustainable performance ([Shahzad et al., 2020](#)). The hospitality business is highly respected for developing and implementing sustainability initiatives. This induction is alluded to by worldwide adaptations and good implications for the growth and performance of companies ([Franzoni et al., 2021](#)). CSR contributes to sustainable performance in the hotel industry ([Font and Lynes, 2018](#)). The recent literature also endorsed the positive relationship between CSR and sustainable performance ([Longoni et al., 2018](#)). Similarly, [Zhou et al. \(2018\)](#) argued that socially responsible businesses that address environmental and societal issues anticipate higher results, especially regarding social and ecological sustainable performance.

[Golini et al. \(2014\)](#) have studied social and environmental policies across international manufacturers and found that the organizations achieved higher performance due to their involvement in CSR-related initiatives. Extant studies have shown that sustainable organizational performance is largely affected by how they perceive the firm's CSR actions ([Abdul-Rashid et al., 2017](#)). At the same time, [Seeck and Diehl \(2017\)](#), in their systematic literature review on the CSR-performance, noted that the impact of CSR practices on sustainable performance is different in different cultures ([Farooq et al., 2017](#)). [Scheepers and Ellemers \(2019\)](#) claimed that SIT has an important role in grasping organizational issues, including CSR, that fosters higher performance and increased positive work outcomes ([Franzoni et al., 2021](#)). [Voegtlin and Greenwood \(2016\)](#) present a theoretical assessment of research attempting to identify the relationship between HRM, CSR and sustainable performance.

Despite research attempting to investigate the role of CSR practices in the association between HRM and sustainable performance, the explanations and causes of this relationship remain unclear ([Alikaj et al., 2017](#)). Furthermore, the research has yet to comprehensively picture HRM's impact on long-term performance ([Asah et al., 2015](#)). Therefore, reviewing CSR activities as a mediator gives a rationale for how satisfying them leads to long-term sustainable outcomes. The studies also reported divided opinions on the role of CSR in achieving performance, as some reported positive associations ([Margolis et al., 2009](#)), while some identified the role of CSR as financial loss ([Leonidou and Skarmas, 2017](#)). Additionally, the current literature calls for empirical studies that link HRM with sustainable performance in the presence of CSR as a mediator ([Franzoni et al., 2021](#)). Therefore this study proposes the following hypotheses:

H3. CSR positively impacts sustainable performance.

H4. CSR mediates the HRM and sustainable performance relationship.

3.4 Cross-cultural research

Cross-cultural research was carried out amongst the members of different cultural groups of diverse races and nationalities with different experiences that lead to significant behavior differences. [Brislin *et al.* \(1973, p. 5\)](#), investigated diverse groups and observed that the groups under investigation speak different languages and are governed by different political units. “Culture in this explanation is taken from the anthropologists Kroeber and Kluckhohn and it refers to patterns of human groups, acquired and transmitted by symbols; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values (1952, p. 180)”. Multinational companies have varied cultures, languages, socio-economic problems, legal systems, governments, value systems and codes of conduct, making organizational values more complicated. Over the last 15 years, organizations have been increasingly operating in a multicultural environment to perform effectively and efficiently in this competitive business world, with employees from diverse races and nationalities ([Sarwar *et al.*, \(2020\)](#)).

Furthermore, the extensive business activities, cultural values, competition, social, environmental and financial conditions significantly affected working behaviors and organizational structures in the last two decades. For instance, prior research revealed the cultural distinctions frequently highlighted when Western-based theories are used and implemented in other countries. For example, based on Hofstede’s cultural dimension of individualism and collectivism, [Jackson’s \(2011\)](#) study reports considerable cultural variations in ten nations. The findings show that nations with high individualism scores are more concerned with external stakeholders, whereas countries with high collectivism scores are more concerned with internal stakeholders. [Cullen *et al.* \(2004\)](#) studied 28 nations and concluded that universalism and materialism favor ethical behavior, but individualism negatively impacts them. Similarly, [Farooq *et al.* \(2017\)](#) have identified cultural differences between Pakistan and New Zealand industries. [Sarwar *et al.* \(2020\)](#) have recently identified cultural differences between staff in the Italian and Pakistani hospitality industries. The findings show that an ethical society impacts ethical culture among Italian hospitality employees. However, it had a more significant influence on work engagement and employee well-being in the Pakistani sample.

Based on Hofstede’s cultural model and the findings mentioned above, we propose a notable cultural difference between the UK and Pakistani hospitality industries. For instance, the UK score is 89 and considers a highly individualistic society, whereas Pakistan scores only 14 in this society and amongst a highly collectivistic society. Since the cross-cultural studies on CSR are limited ([Farooq *et al.*, \(2017\)](#)), this study contributes to the literature by providing a clearer understanding of cultural differences affecting the role of HRM in designing and implementing CSR initiatives and its subsequent influence sustainable performance.

- H5. The impact of HRM on CSR differs across cultures in the hospitality industry.
- H6. The impact of HRM on sustainable performance differs across cultures in the hospitality industry.
- H7. The impact of CSR on sustainable performance differs across cultures in the hospitality industry.

The theoretical model of this study is presented in [Figure 1](#).

4. Research methods

4.1 Research design

The hospitality industry has acknowledged the significance of sustainable performance and competitive advantage in dealing with society and the environment ([Alonso-Almeida *et al.*, \(2017\)](#)).

However, still, there is a significant scarcity of empirical studies. For instance, the extant literature has not widely focused on the interactive effects of HRM practices and CSR initiatives on sustainable performance in different nations. Moreover, the complexity of CSR activities and HRM strategies are different in different cultures, as people living in diverse nations may have different behavior and attitudes towards the same situations (Gilal *et al.*, 2019; Úbeda-García *et al.*, 2021). Sarwar *et al.* (2020) stated that something considered normal and legal in one society could be unethical and illegal in the other society. Therefore, in the current research, the main objective is to examine an integrated model in the hospitality industries of the UK and Pakistan related to HRM, CSR and sustainable performance. Accordingly, to explore the said relationships and clarify our understanding of the complexity of the current research problem, this study used a mixed-method approach (Creswell and Creswell, 2005) to understand the employees' perceptions about HRM, CSR and performance without binding them with closed-ended questions. Hence, the methodological approach used in this study is a sequential exploratory mixed-methods design with a quantitative study followed by a qualitative study in a cross-cultural setting.

4.2 Methods – study 1

In the first step, the lists of hotels in the UK and Pakistan were extracted from 52 Chambers of Commerce in Great Britain and Pakistan Hotels Associations, respectively. Using a highly structured questionnaire and stratified random sampling technique, the data was collected from 162 Pakistani and 290 UK hotels. We identified 9,089 hotels in the UK, while 315 upscale (including 4-, 5-star and equivalent) hotels in Pakistan. We target only upscale hotels due to two significant reasons. Firstly, McGehee *et al.* (2009) asserted that larger and more luxurious hotels contribute to CSR activities. Secondly, according to Zoweil and Montasser (2012), the concept of CSR is essential for luxury hotels to have a long-term competitive advantage since CSR can turn threats into opportunities. Moreover, the data collection consisted of two phases in each country. In phase one, the data on HRM and CSR were collected from first- and middle-level employees with a minimum of one year of experience. We believe that employees with less than one year of service cannot provide accurate information about HRM policies and CSR initiatives. In phase two, the General Manager, chief executive officer (CEO) or Director of Finance was requested to respond to sustainable performance questions.

The measuring instruments of HRM, CSR and sustainable performance were adapted from previous literature, and a pilot study was conducted in both countries to examine the reliability and validity. The results indicate high values of reliability (>0.70) and validity (>0.60) that allow us to collect the data on a larger scale. A 14-item scale was designed with questions on employee rights, economic incentives, shared objectives, etc. We performed exploratory factor analysis (EFA) and confirmatory factor analysis (CFA) on composite data and results explain 56.6% variance while the model fit indices are also in acceptable range ($\chi^2/df = 330.24/112$, $p = 0.001$; CFI = 0.96; IFI = 0.95; NFI = 0.95; RMSEA = 0.05; SRMR = 0.04).

A nine-item scale was adapted to measure CSR initiatives such as economic, environment and social development questions in the hospitality industry. The results of EFA (52.0% variance) and CFA are adequate ($\chi^2/df = 295.63/103$, $p = 0.001$; CFI = 0.95; IFI = 0.93;

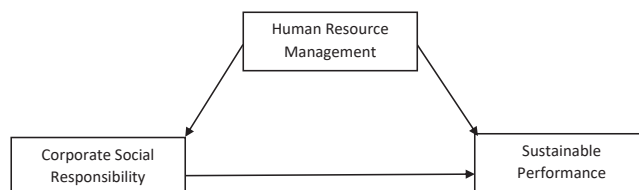


Figure 1.
Theoretical framework

NFI = 0.93; RMSEA = 0.061; SRMR = 0.048). Lastly, the sustainable performance of the hotels was measured on a seven-item adapted scale and the questions about sales growth, tourist satisfaction, social performance, financial performance and environment performance were asked. The EFA analysis shows 53.04% variance while fit indices ($\chi^2/df = 346.13/131$, $p = 0.001$; CFA = 0.94; IFI = 0.94; NFI = 0.93; RMSEA = 0.055; SRMR = 0.051) are also in acceptable range. The items were measured using a seven-point Likert scale as “1 = strongly disagree” and “7 = strongly agree”. The demographic profile and hotel characteristics are given in [Table 1](#).

5. Results – study 1

5.1 Measurement model

The first step of data analysis is to check the measurement model of three variables – HRM, CSR and sustainable performance. We run a series of CFAs, using AMOS 22 to compare the hypothesized model with alternative models. The results indicate that three-factor model has better fit indices ($\chi^2/df = 1598.49/628$, $p = 0.001$; CFA = 0.94; IFI = 0.93; NFI = 0.93;

| Characteristics | | Pakistani sample | | UK sample | |
|--|-------------------|------------------|----|-----------|----|
| | | Frequency | % | Frequency | % |
| Hotel Star | 4-Stars | 126 | 78 | 258 | 89 |
| | 5-Stars | 36 | 22 | 32 | 11 |
| No. of Rooms | 21–50 | 26 | 16 | 44 | 15 |
| | 51–100 | 125 | 77 | 206 | 71 |
| | 101+ | 11 | 7 | 40 | 14 |
| No. of Employees | 10–49 | 45 | 28 | 46 | 16 |
| | 50–249 | 103 | 64 | 202 | 69 |
| | 250+ | 14 | 8 | 42 | 15 |
| | Year of Existence | 1–5 | 4 | 2 | 8 |
| | 6–10 | 23 | 14 | 16 | 5 |
| | 11–20 | 64 | 40 | 122 | 42 |
| | 21+ | 71 | 44 | 144 | 50 |
| Gender | Male | 129 | 74 | 200 | 39 |
| | Female | 43 | 26 | 90 | 31 |
| Age | 18–25 | 4 | 3 | – | – |
| | 26–35 | 25 | 15 | 34 | 12 |
| | 36–45 | 80 | 49 | 162 | 56 |
| | 46–60 | 48 | 30 | 70 | 24 |
| | 61+ | 5 | 3 | 24 | 8 |
| Experience (Current Position) | 1–3 | 14 | 8 | 12 | 4 |
| | 4–6 | 56 | 35 | 88 | 30 |
| | 7–9 | 79 | 49 | 152 | 52 |
| | 10–20 | 9 | 6 | 26 | 10 |
| | 20+ | 4 | 2 | 12 | 4 |
| Experience (Current Hotel) | 1–3 | 12 | 7 | 12 | 4 |
| | 4–6 | 40 | 25 | 56 | 19 |
| | 7–9 | 95 | 59 | 170 | 59 |
| | 10–20 | 13 | 8 | 40 | 14 |
| | 21+ | 2 | 1 | 12 | 4 |
| Total Experience in Hospitality Industry | 1–3 | 12 | 7 | – | – |
| | 4–6 | 10 | 6 | 16 | 5 |
| | 7–9 | 55 | 34 | 104 | 36 |
| | 10–20 | 56 | 35 | 98 | 34 |
| | 21+ | 29 | 18 | 72 | 25 |

Table 1.
Demographic and hotel
characteristics

RMSEA = 0.054; SRMR = 0.041) as compared to alternative model, such as two-factor model in which HRM and CSR were combined ($\chi^2/df = 2760.25/709, p = 0.001; CFA = 0.76; IFI = 0.74; NFI = 0.75; RMSEA = 0.38; SRMR = 0.33$). Additionally, the reliability tests (composite reliability and Cronbach's alpha) have values greater than 0.70, while the average variance extraction (AVE) is greater than 0.50 for each variable (Hair *et al.*, 2012). These values strongly support constructs' reliability, convergent validity and discriminant validity. The results are presented in Table 2.

The mean, standard deviation and correlations among HRM, CSR and sustainable performance are given in Table 3. As results indicate, HRM and CSR positively correlate with sustainable performance across cultures.

5.2 Hypotheses testing

The direct impact of HRM on CSR and sustainable performance and CSR's influence on sustainable performance were analyzed using structural equation modeling (SEM). Table 4 indicates that the fit indices ($\chi^2/df = 1708.21/640, p = 0.001; CFA = 0.95; IFI = 0.94;$

| Variable | Country | FLR | AVE | CR | α |
|-------------------------|---|-----------|------|------|----------|
| HRM | UK | 0.71–0.83 | 0.66 | 0.88 | 0.86 |
| | Pakistan | 0.70–0.81 | 0.70 | 0.86 | 0.82 |
| CSR | UK | 0.76–0.85 | 0.64 | 0.89 | 0.85 |
| | Pakistan | 0.78–0.85 | 0.71 | 0.91 | 0.88 |
| Sustainable Performance | UK | 0.79–0.84 | 0.62 | 0.83 | 0.82 |
| | Pakistan | 0.75–0.81 | 0.66 | 0.84 | 0.81 |
| Fit Indices | $\chi^2/df = 1598.49/628, p = 0.001; CFA = 0.94; IFI = 0.93; NFI = 0.93; RMSEA = 0.054; SRMR = 0.041$ | | | | |

Table 2. Measurement model **Note(s):** FLR = factor loading range, M = mean, SD = standard deviation, AVE = average variance extraction, CR = composite reliability and α = Cronbach's Alpha

| Variable | Pakistan | | UK | | 1 | 2 | 3 |
|----------------------------|----------|------|------|------|--------|--------|--------|
| | M | SD | M | SD | | | |
| 1. HRM | 5.69 | 0.76 | 5.71 | 0.79 | 1.00 | 0.51** | 0.41** |
| 2. CSR | 5.27 | 0.95 | 5.26 | 0.96 | 0.47** | 1.00 | 0.52** |
| 3. Sustainable Performance | 5.00 | 0.97 | 5.06 | 0.99 | 0.45** | 0.49** | 1.00 |

Table 3. Descriptive statistics and correlations **Note(s):** ** Sig at 0.001 Level; Values below the diagonal are for Pakistan; values above the diagonal are for UK

| IV | DV | Effect | SE | <i>p</i> |
|-------------------------------------|-------------------------|---------------|-----------|----------------------|
| <i>Direct Hypotheses</i> | | | | |
| HRM | CSR | 0.48 | 0.051 | 0.001 |
| HRM | Sustainable Performance | 0.42 | 0.055 | 0.001 |
| CSR | Sustainable Performance | 0.47 | 0.049 | 0.001 |
| <i>Mediating Hypotheses</i> | | | | |
| | | <i>Effect</i> | <i>SE</i> | <i>LLCI-ULCI 95%</i> |
| HRM → CSR → Sustainable Performance | | 0.29 | 0.042 | 0.1637–0.2458 |

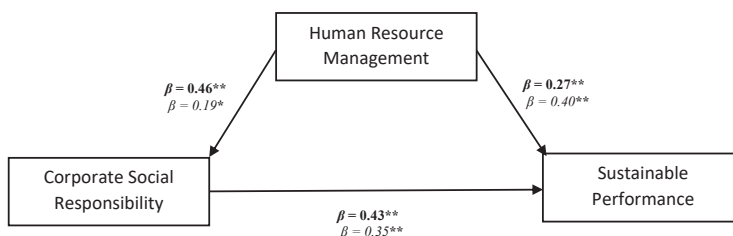
Table 4. Direct and indirect effects

NFI = 0.94; RMSEA = 0.050; SRMR = 0.039) are adequate for further analyses. As hypothesized, HRM has significant impact on CSR (beta = 0.48, $p = 0.001$) and sustainable performance (beta = 0.42, $p = 0.001$). For mediating hypothesis, the relationship of CSR and sustainable performance (beta = 0.47, $p = 0.001$) is also significant, while the indirect impact of HRM on sustainable performance via CSR is significant (beta = 0.29, $p = 0.001$).

The cultural differences between the UK and Pakistan were examined using multigroup analysis (MGA) in two steps. In first step, the hypothesized model was run for adequate fit indices ($\chi^2/df = 1708.21/640$, $p = 0.001$; CFA = 0.95; IFI = 0.94; NFI = 0.94; RMSEA = 0.050; SRMR = 0.039), which are established. In the second step, the constraints on the hypothesized model were employed to identify the culture differences. A significant difference in chi-square value ($\Delta \chi^2/df = 49.05$, $p = 0.001$) confirms the cultural differences in Pakistani and the UK hospitality industry. As Figure 2 indicates, the impact of HRM on CSR is stronger in UK sample ($b = 0.46$, $p = 0.001$), while HRM has stronger influence on sustainable performance in Pakistani sample ($b = 0.40$, $p = 0.001$). These findings confirm the significant difference between Pakistani and the UK sample.

6. Methods – study 2

Study 2 was conducted after collecting and analyzing the data of Study 1. The former study sheds critical light on the general perceptions of upscale hotels in the UK and Pakistan. Using a case study approach, we adopted a qualitative approach to analyze the impact of HRM on CSR activities and sustainable performance in the hospitality industry. The case study approach seems to be the most appropriate and advisable as it provides detailed answers about how and why questions to identify deeper, contextual information and develop a descriptive narrative about the complex operational links that cannot be unearth using survey or experimental research design. The research design for the qualitative part of this study is a case study approach (Scholz and Tietje, 2002). Robson (2002) proposed that a case study approach is a “strategy for doing research which involves empirical investigation for a particular phenomenon within its life context using multiple sources of evidence”. As proposed by Adelman (2015), case study is an appropriate approach to research because of its strong basis in reality and its embeddedness in social truth. According to Saunders et al. (2018), “case studies enable the researcher to answer questions of ‘how’, ‘why’ and ‘what’”. According to Yin (2017) case study allows the interviewer to gather the required data from participants with different designations and from different departments to generate the research findings.



Note(s): Values in **Bold** represents UK sample, and values in *Italic* represents Pakistani sample

Figure 2.
MGA results

A purposive sampling technique was used to collect one 5-stars hotel in each country. A formal request was forwarded to the HR department and a cover letter explaining the research objectives allowed us to conduct interviews with middle- or first-level management. In the next step, four participants, the details presented in [Table 5](#), were selected from each hotel and conducted semi-structured interviews physically. Based on the unique nature of this research, an interview guide for the participants involved in designing and reviewing CSR and HRM strategies was designed in the data collection process.

We followed [Sudman and Bradburn's \(1982\)](#) suggestion to order the questionnaire and begin with nonthreatening, necessary, salient and easy questions. Therefore, starting questions on the interview guide determined if the participants enjoyed working in the hospitality sector and which types of challenges they faced in this sector. Additionally, the interview guide started with general questions and gradually became more precise to curtail the ordering effects and know more about the topic ([Sudman and Bradburn, 1982](#)). With the closure of the interview guide, the questions were very specific and related to individual and organizational sustainable performance due to the link between strategies HRM and CSR behavior. Each interview lasted between 60 and 70 minutes and was audio recorded for analysis purposes. To improve the quality and credibility of the study, we used a member-checking process by contacting participants to confirm the information collected ([Baxter and Jack, 2008](#)). Thematic analysis was undertaken to analyze data using NVivo, which helped develop codes and themes from transcribed interviews. Relevant sections of the transcripts were carefully re-read and analyzed to search for sub-themes and themes.

7. Results – study 2 (qualitative)

Hotel A is a significant player and face of the Pakistani hospitality industry and is well-known as an eco-friendly and socially responsible hotel in Pakistan that encourages and practices sustainable social, economic and environmental activities. The hotel has certifications like ISO 14001, ISO 9001 and OHSAS and bagged numerous international and national awards. The hotel also signed a Memorandum of Understanding with Pakistan United Nations Development Program to achieve Sustainable Development Goals.

Hotel B is a London-based UK hotel with environmental protection and CSR in its vision. In fulfilling the CSR vision, the hotel collaborates with various stakeholders such as employees, business partners, suppliers and the local community. The hotel promotes sustainability and awareness of social and environmental issues as a leader in the industry. For instance, the hotel designed a code of ethics for business with eco-friendly suppliers. The hotel has partnerships with organizations like Carbon Clear, Carbon Trust and Springboard Charity UK to address various environmental and societal issues.

| Country | Participant ID | Gender | Age | Designation |
|----------|----------------|--------|-----|--------------------|
| Pakistan | P1 | Female | 35 | General Manager |
| | P2 | Female | 37 | HR Manager |
| | P3 | Male | 48 | CSR Manager |
| | P4 | Male | 46 | Operations Manager |
| UK | P5 | Female | 39 | HR Manager |
| | P6 | Male | 32 | CSR Manager |
| | P7 | Female | 34 | HR Manager |
| | P8 | Female | 35 | Project Manager |

Table 5.
Participants' details
and coding

The analyses of transcriptions identified two significant themes: What is meant by CSR? And HRM's role in CSR and performance. In the first theme, three sub-themes have been identified, named the environmental aspect of CSR, the social aspect of CSR and the economic aspect of CSR. The second theme contains two sub-themes: internal factors of HRM and external factors of HRM. Environmental aspects of CSR mean operating a business so that our natural resources and planet are not affected adversely. It aims to reduce any damaging environmental impact from the business processes. Most often cited responsible initiatives include energy efficiency, elimination of waste and emissions, paper conservation, reduction of carbon footprints and raising environmental awareness. We identified significant differences in approaching the environmental aspect of CSR. As the respondent mentioned, most of the waste in Pakistan goes to the landfill, with a tiny portion being recycled, while the respondents from the UK mentioned that their hotel engages in CSR practices by reducing food wastage and carbon emissions.

P1: We follow our hotels' environmental practices regarding electricity and water, but the other waste or garbage directly goes to landfills without segregation, as happened in the western world.

P8: As we know, sustainability means using fewer natural resources to improve nutrition and reduce food waste. It means reducing both obesity and hunger and obesity through improved education and the availability of quality foods.

The social aspect of CSR is established around corporate objectives and principles that guide the organization on how it should perform and which stakeholders should get priority. The participants illustrated that CSR initiatives have an inevitable and substantial impact on society and the environment. The respondents also comprehended that the hotel had taken different social steps to foster a positive image of the hotel and community development. Again, we found a significant difference in both countries, as the Pakistani aspect of social CSR is to give something to the community. In contrast, the UK's version of social CSR is a two-way relationship in which they expect financial gains/profits by investing in CSR initiatives.

P2: On more prominent aspects, if I am talking about our social activities, here is a school, [5] we have adopted it, are looking after the children, and bear all the expenses.

P6: Well ... CSR is a two-way thing that gives good profit if you are doing well in a market. If someone relies on us with their life, we are responsible for their safety. At the same time, we also provide our services to the needy.

Lastly, the economic side of CSR talks about the finances and profitability of the organizations and their stakeholders in the long term. All the participants from Pakistani and UK hotels acknowledged that the hotel is making efforts for profitability for the organizations and the employees to motivate and retain them.

P4: We are working in a big hotel, and we have a lot of resources to implement CSR in our hotel, so we aim to do something not for the hotel and its stakeholders but also for our employees.

P7: We want a profitable business, which requires a lot. Our company does not command the welfare of staff; we struggle for the betterment of our services to fascinate the customers but with no pressure from the government authorities. The company makes the employees more comfortable by incrementing their salaries. All of this has been done for customers' satisfaction as they have demands regarding value when they invest money.

As mentioned previously, the second theme is linked with the role of HRM in CSR and sustainable performance. This theme is further divided into two sub-themes that are associated with internal factors – training and development, economic reward, recruitment and selection procedure, employee well-being, employee engagement, ethical culture and

shared objectives – while the external factors contain the pressure from regulatory body and role of national culture. The first aspect of internal factors of the second theme is training and development. Herrbach *et al.* (2009) observed that providing training opportunities improves employees' competencies and expertise, which sequentially boosts their efficiency and effectiveness. Similarly, Barrena-Martínez *et al.* (2017) contend that good training sessions in the organizations contribute to building a partnership between the employees and organizations, enriching their abilities, skills and knowledge, resulting in lower staff turnover. The respondents from both countries equally acknowledge the importance of training and development to attain the goals.

P3: Obviously, training significantly impacts performance, and it is becoming more critical in an environment of extreme competitiveness. We usually arrange training programs for our employees to get knowledge and be able to compete.

P7: We implemented a training system in this hotel, which would be a success for the hotel. When it was first launched, we focused on local employees who have diplomas and have been working with us for three years. Those employees were enrolled in a program offered by the hotel that helped them work in the hotel's different departments.

Employee bonuses and incentives are another practice HR usually performs to improve employees' performance. Prior studies show that remuneration helps bring the interests of employees and owners associated with higher employee and organizational productivity (Kruse *et al.*, 2012). Again, respondents from both countries shed essential light on how rewards (either financial or non-financial) help the hotels to achieve the desired results.

P3: The hotel provides economic incentives to the employees through bonuses and some monetary gifts. If the employees are motivated, they show better performance in the organization. All the employees know about it, so they feel good and motivated.

P6: Well, we have this system in our organizational structures, and I think it is essential that you encourage and inspire them by giving something as a reward. You know that hotels can enhance their performance and reputation by implementing financial and non-financial rewards practices such as merit pay and incentive compensation.

But one respondent from a Pakistani hotel claimed that the hotel follows biases and favoritism in rewards to the employees. This attitude was also viewed negatively in the organization as it does not do justice to the sustainable performers. The participant considers it an act of discrimination that adversely impacts the performance. Additionally, Bstieler and Hemmert (2008) indicated that traditional rewards based on seniority and nepotism have now been substituted with performance-based incentives. However, still, one participant noticed a traditional reward system in the hotel (Peltokorpi, 2011).

Ethical culture plays a significant role in developing values, functions, assumptions, behaviors and activities. The interviews revealed that ethical culture is a key driver to improving companies' organizational and individual performance and environmental practices. The ethical culture consists of the job environment that can be viewed as the formal (codes of conduct, training efforts) and informal (norms concerning ethics and peer behavior) systems to enhance the workplace's ethical behavior. (Maamari and Majdalani, 2017) postulated that ethical organizational culture could also affect the employee's behavior and attitude and serve as a motivational factor.

P1: You know that our hotel is one of the most prominent hotels globally, so our managers are very sensitive to developing an ethical and sustainable culture in our hotel to improve its functioning.

P2: Usually, the organization's culture represents its personality that profoundly impacts social and environmental practices.

According to [Mirvis et al.'s \(2010\)](#) viewpoint about vision, mission and values, CSR development is steady for all the participants, especially when we talk about the alignment of an organization with the help of CSR principles. The guiding values spoken by every participant have been nurtured, cultivated and retained among all venues and activities of the company. A few parameters, such as ethically high standards, transparency and trust with several employees, customers, consultants, NGOs and government, are fundamental and are secured by the managers daily. On this, P8 commented:

P8: While giving an interview, for a job, in a company, I observed how the values were driven when everyone discussed the values, core culture, and the DNA of the company.

Few other factors exist in one country only. For instance, the UK hotel respondents profoundly expressed the teamwork and shared objectives in their working environments by mentioning a few awards from national and international bodies, such as the Certificate for Reducing Carbon Footprint and The Corporate Responsibility Award.

P5: Our hotel won several awards for its CSR activities and sustainable corporate behavior. We also offer training for our employees regarding being responsible towards society and the environment, and we are lucky that we won the corporate responsibility award. Furthermore, there was the Reducing Carbon Footprint and Environmental Protection Day, and we got the ' Carbon Trust award and Certificate for Reducing Carbon Footprint.

The respondents from Pakistan explain the importance of employee engagement and employee well-being in their hotels.

P1: My Hotel's CSR practices enhance its employees' well-being by satisfying their spiritual, psychological, and physical needs. That is why they are happy in their personal and professional lives and don't want to leave this job.

P4: If we plan for the CSR strategies and talk about the execution, then we involve all the employees in it, and believe me, they feel confident and relaxed. Our hotel is the only hotel in Pakistan dealing with CSR activities, so employee well-being is the foremost concern of this hotel.

P3: We usually organize CSR-related activities to make them aware of CSR benefits. We noticed that these programs motivate our employees to participate in more socially responsible initiatives.

Lastly, the second sub-theme contains the pressure on the regulatory body(ies) and national culture in developing CSR strategies. The respondents claimed that the regulatory bodies in Pakistan have policies that are not easy to implement without their support. In contrast, the representatives of UK hotels claimed that they put their utmost efforts into responding to all rules and regulations enforced by the regulators. During the interviews, some regulatory conditions were repeatedly brought up and these government regulations can be considered to influence the company's overall performance.

P2: We tried to work on socially responsible issues, but we noticed that government regulatory agencies complicate things. As I mentioned, we are involved in CSR activities, and sometimes, we have to work with the government, but most of the time, we do not receive any response from them.

P6: You know that every organization has its policy to follow the code of conduct, and there is quite an authoritarian view of the role of HR as a department that does valuable things.

P7: HR people are seen as the people who know what the rule book says and keep the institution safe from breaking the law.

Table 6 provides the similarities and differences identified after analyzing the interviews from both hotels. Considering these responses,

Table 6.
Cross-cultural
comparison of
qualitative results

| | Pakistani hotel | UK hotel | | |
|-----|--|---|--|---|
| CSR | Economic | <ul style="list-style-type: none"> - Increase efficiency and productivity - Organization wants to earn more profit without concerning society resource strained | <ul style="list-style-type: none"> - Earn money to ensure its survival - More concerned about society rather than their financial benefits - Have enough financial resources - Take care of all the stakeholders living in the society | |
| | Social | <ul style="list-style-type: none"> - Regular volunteer activities - Donations - Giving back to the community | | |
| | Environmental | <ul style="list-style-type: none"> - Energy and waste management systems are not well managed - Scarcity of natural resources - Lack of awareness among the public about recycling - Believe in a narrow sense | <ul style="list-style-type: none"> - Waste and energy consumption management system - Purchase green products to cut down on pollution - Resources devoted to pollution control | |
| | <i>Internal Factors</i> Training and Development Reward System | <ul style="list-style-type: none"> - Raise employees' awareness by providing training - Provide career development - Provide economic and social rewards to perform well - Provides health insurance and medical treatment to the employees | <ul style="list-style-type: none"> - Invest more in the training programs - Provide training program (Skills and morals) - Recognition of employee performance - Economic and social rewards | |
| | | Employee well-being and participation | <ul style="list-style-type: none"> - Biasness and favoritism - Employees feel motivated, safe, and valuable in the working environment | <ul style="list-style-type: none"> - Respect employees personally - Enhance employee's self-esteem |
| | | Ethical Culture | <ul style="list-style-type: none"> - Increase the sense of pride - Promote an ethical and sustainable organizational culture - Ethical Values | <ul style="list-style-type: none"> - Avoid the culture of profit-making and their financial benefit - Design policies to undertake organizational activities that promote CSR - Achieve continuous improvement in their environmental performance - <i>Carbon Trust</i> – Certificate for Reducing Carbon Footprint - <i>Springboard Charity UK</i> – The Corporate Responsibility Award |
| | | Shared objectives and results | <ul style="list-style-type: none"> - Achievement of organizational goals and also CSR standards | |
| | CSR, HRM and Sustainable performance | <i>External Factors</i> Government Regulatory Condition | <ul style="list-style-type: none"> - Lack of interest by the regulatory departments - Non-supportive attitude by the government - Lack of collaboration between government and organizations | <ul style="list-style-type: none"> - Strong government strategies and policies towards sustainable activities - Legal Compliance - Extreme pressure from the government to increase profitability and reduce cost - Strong collaboration between government and organizations - Strong HRM policies to embrace the code of conduct in the organization - Strong Economy |
| | | | <ul style="list-style-type: none"> - Lack of a distinct strategy and policy dealing with organizational activities - Weak Economy | |
| | | National Culture | | |
| | | | | |

8. Discussion, implications and conclusion

8.1 Theoretical implications

This study's main significance is its contribution to the underdeveloped area of nexus of CSR, HRM and sustainable performance in the hospitality industry. While it is recognized that HRM strategies impact the level of sustainable performance in an organization and can either support or hinder the implementation of CSR, little is known about this association in the context of the hotel industry (Sarwar *et al.*, 2020). This research reveals an original perspective on the association between CSR, HRM and sustainable performance. HRM plays a significant role in how CSR is understood and developed. HRM can inform employees about CSR issues and help educate employees to become more socially responsible through achieving economic, social and environmental results. The researchers conclude that HRM is an important factor in better sustainable performance. We believe that HRM facilitates the employees in designing and executing CSR practices, leading to higher economic, environmental and social performance. This standpoint is also supported by previous studies (Kim *et al.*, 2019; Shafaei *et al.*, 2020; Pham *et al.*, 2019).

Among various implications, this study offers empirical support to SIT theory and the related constructs to understand the role of HRM in shaping positive perceptions about CSR activities. Additionally, this study addresses the recent calls by the researchers to identify the cultural differences regarding the Western-based theories in a developing nation such as Pakistan (Sarwar *et al.*, 2020; Farooq *et al.*, 2017). Many scholars have observed the focus of HRM on organizational performance, emphasis on employees' ethical concerns and employee well-being (Kim *et al.*, 2019). These findings are consistent with previous literature (Gilal *et al.*, 2019; Pham *et al.*, 2020). However, little research is available regarding the relationship between HRM, CSR and sustainable performance in the hotel industry. The findings make numerous contributions to the existing literature. This theoretical contribution can be elucidated from two perspectives: first, current research has attempted to broaden HR scope by linking it with CSR (Farooq *et al.*, 2017; Jamali *et al.*, 2015, 2020).

The findings of this study broaden the understanding that HRM plays a significant role in the development and implication of CSR practices. There has been an increasing focus on social responsibility, ethics, employee interests and performance. Nevertheless, there is a lack of a framework to systematically incorporate the HRM and socially responsible activities leading to sustainable performance. Although there have been assumptions regarding the involvement of HRM in CSR in the literature (Lam and Khare, 2010), limited empirical research has analyzed the role of HRM in a particular dimension of CSR and neglected the overall sustainable performance (Pham *et al.*, 2020). The current study identifies that the role of HRM is important in formulating and implementing CSR-related activities and sustainable performance. More importantly, this study also highlights the cultural differences in approaching HRM for achieving desired goals.

8.2 Managerial implications

This study also has important implications for practicing managers in the hospitality industry. The results show that hotel HRM practices, such as economic incentives, ethical culture, teamwork, etc., can improve employee engagement and provide motivation and satisfaction that lead to the sustainable performance. Therefore, the findings of this study might help the hotel management with future steps to be taken, as it offers a critical evaluation and a vision of the significance of HRM practices in organizations.

The results also indicated that country and cultural differences also play a significant role in studying this nature. Previous research by Ehnert *et al.* (2016) reported no significant country or cultural differences in approaches to CSR-related HRM practices in their study of multinational enterprises from liberal ("Anglo-Saxon" countries) and coordinated

(Continental Europe and Japan) market economies with countries from BRIC cluster and South European mixed economies (e.g. Spain, Italy and France) used as control variables. This study also drew on the research conducted in different countries and reported the impact of cultural differences in implementing HRM and CSR practices and sustainable performance. Regarding this study, the results proposed that the managers in Pakistani hospitality sector should consider HRM functions to involve all the employees in CSR activities.

Moreover, current research among a heterogeneous sample revealed that hotels could implement a wide range of HRM practices (where, according to the study conducted, the main practice is the economic incentive) that lead employees to take on socially responsible behavior to achieve sustainable performance (economic, social and environmental). However, the findings reveal that every country has specific strategies for HR-related issues, so each nation deals with issues according to its policies and strategies.

8.3 Limitations and future research direction

Despite the contributions to academia and practice, the current study has several limitations that provide future research opportunities. The present work shows two main limitations linked to the dataset used for the empirical application. We collected the data from upscale hotels only. However, no constraints are put on our analysis for its empirical test with other countries and one-two stars hotels. The researcher used a cross-sectional approach for data collection. This approach is limited in explaining the causality between CSR HRM and performance. Thus, it is recommended for future research to use the longitudinal approach to explore this relationship. This research is limited because it doesn't include all HRM practices and other organizational attributes. Thus, future research should include other organizational attributes related to HR practices.

This study was mainly focused on the employee and managerial perspectives. Other stakeholder perspectives, such as customers, could also be further studied to analyze their behavior and attitudes concerning social and environmental contexts. Therefore, future research on the role of HR in CSR and sustainability should employ a substantial effort in developing and implementing a multi-stakeholder perspective in HR. Last but not least, future research may increase the possibility of the sample embracing the small and medium-sized (SMEs) privately owned individual hotels such as city hotels or resorts, because of their limited resource, with specific emphasis and approaches to cope with CSR challenges.

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Further reading

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Appendix 1
Quantitative study

Corporate social responsibility

- (1) The hotel works for social, environmental, and economic development rather than focusing on profit maximization only
- (2) CSR policies need to be considered as a core and inseparable component of the overall service or product offering
- (3) Implementing CSR in business means that the managers must comply with the rules
- (4) The hotel has CSR policies to head off potentially disastrous consumer backlashes
- (5) The hotel selects suppliers or business partners based on CSR criteria
- (6) The hotel selects suppliers or business partners based on financial criteria
- (7) Charitable contributions are fundamental to the concept of CSR. The hotel must make charitable contributions every year
- (8) The hotel encourages partnerships with local businesses (local suppliers) and local organizations (schools, universities, local public authorities, etc.)
- (9) The hotel promotes local heritage (cultural, historical, arts and crafts, etc . . .)

Human resource management

- (1) The hotel has a code of conduct related to CSR policies that every employee must know
- (2) The hotel carefully hires employees who show a positive mindset toward CSR practices
- (3) The remuneration system is based on the achievement of economic performance
- (4) The remuneration system is based on the achievement of sustainable (economic, social, and environmental) performance
- (5) The hotel ensures the balanced representation of women within their decision-making bodies and memberships
- (6) The principle of equal remuneration for men and women workers for work of equal value must apply
- (7) The cross-functional teams or steering committees (i.e. CSR committees) are essential for better coordination related to CSR practices
- (8) The proper training and development of employees leads to better CSR implementations
- (9) Managers make the majority of decisions without consulting employees
- (10) Managers share the strategic plan with employees
- (11) Managers share the economic and social-environmental results with all stakeholders
- (12) Solving complex problems requires a complicated, male approach
- (13) The hotel ensures all the safety procedures for employees
- (14) The hotel ensures the implementation of policies to respect human rights

Sustainable performance

- (1) The hotel could launch, maintain, and develop a prevention strategy as a key factor of a policy for sustainable development to protect the environment and its deterioration
- (2) The hotel management is committed to reducing environmental fines
- (3) The Board recognizes CSR as fitting within their corporate governance role and responsibility for social, economic, and environmental performance
- (4) Have a section on CSR under its annual report to indicate the social, economic, and environmental performance
- (5) Environmental policies and practices are significantly contributed to sales growth
- (6) The levels of tourists' satisfaction contributed to sales growth
- (7) The levels of employees' satisfaction contributed to sales growth

Appendix 2 **Interview guide**

- (1) For how long have you been working in this sector?
- (2) How long have you been working in this company/hotel/resort?
- (3) What are the opportunities in this sector?
- (4) How could your hotel/company reap advantage from these opportunities?
- (5) What significant achievement have you accomplished since beginning work here?
- (6) What are the major challenges for this sector?
- (7) To what extent do you feel those challenges are linked to your company?
- (8) Do you have any idea about sustainable development goals?
- (9) What does the term "responsible society" brings to mind?
- (10) What steps have you taken to be a part of a responsible society?
- (11) Have you ever heard about corporate social responsibility?
- (12) From your point of view, what is your stance on CSR?
- (13) How would you see CSR in this sector, in general?
- (14) How would you see CSR, particularly in your hotel?
- (15) What hardships have you been experiencing in developing and implementing CSR strategies?
- (16) Is there any role of HR in shaping CSR policies?
- (17) Are your CSR policies dictate you to develop sustainable HR policies?
- (18) How to improve the effectiveness of HR staff involved in CSR strategies?
- (19) Have you handled any ethical and unethical practices yourself within the hospitality sector?
- (20) Is there anything different that could be done to improve and promote an ethical culture in your firm?
- (21) Which factor an organization usually misses in designing corporate ethical practices?
- (22) How do you think CSR strategies and HRM have influenced the hospitality sector?
- (23) How do you measure performance?

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- (24) What is the influence of CSR on your hotel's performance? Do you see any change before or after it?
- (25) What advice do you have for CSR professionals who are struggling to decide which social impact strategies to pursue?

Corresponding author

Huma Sarwar can be contacted at: humasarwar77@gmail.com

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