

Innovations

Do Luxury Hotels' CSR Actions Influence Luxury Customer Behaviors in Africa? Insights from the Nigerian Hospitality Industry

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Abstract

There is a dearth of knowledge about how customers' perception of luxury hotels' CSR actions influences customers' behaviors. Therefore, this study examined how luxury hotels' CSR actions influence the rating of luxury hotels' products, loyalty, and strategic legitimacy among customers. A sample of 415 respondents who only patronized the priciest services in five-star luxury hotels in Nigeria was purposively selected for the study while a structured instrument was deployed for data. The proposed hypotheses were tested using the partial least squares structural equation modeling (PLS-SEM). Contrary to the assertion in the literature that firms' CSR actions do not influence luxury consumers as luxury connotes status and elitism, this study found that luxury customers' perception of luxury hotels' CSR activities positively impact the rating of the hotels' product, loyalty and strategic legitimacy among Nigerian customers. This study suggests the need for luxury hotels in Nigeria to consider CSR as a strategic competitive tool.

Keywords: *Luxury hotels, Luxury customers, Strategic corporate social responsibility, customer loyalty, product rating, strategic legitimacy, Nigeria*

Introduction

It is documented in the literature that "Although research efforts have increasingly focused on the effects of CSR, the issue of whether CSR is worthwhile for the hotel industry remains to be addressed", (Liu et al. 2020, p. 2). It is also argued that a fundamental incongruence exists between firms' CSR actions and luxury customers' behaviors towards CSR activities (Kapferer and Michaut-Denizeau, 2014; Janssen et al., 2014). This assertion is premised on the notion that luxury is traditionally linked with status and elitism (De Barnier et al., 2012) while CSR is traditionally associated with ethics and altruism (Kapferer and Michaut-Denizeau, 2014). This argument hinders further research from investigating how luxury firms' CSR actions impact customer behaviors (Olšanova et al., 2022; Chang et al., 2022; Chang et al., 2022; Imhanrenialena et al., 2022). For example, it is pointed out in CSR literature that "Consumers' knowledge of CSR and its impact on purchase behavior in luxury has (to the best of the authors' knowledge) not been significantly measured yet", (Olšanova et al., 2022, p. 598). Similarly, Chang et al. (2022) observed that there is a dearth of research that explains the motive behind consumers' preferences for luxury products of firms that engage in sustainability such as ethical behaviors that reduce business' negative environmental impacts on society.

Understanding how luxury firms' CSR actions impact luxury customers' behaviors towards the brand is important because luxury customers are increasingly concerned about luxury brands' CSR activities. For, example, Sengabira et al. (2020) stated that based on the rising concerns for luxury firms' ethical behaviors among customers, luxury brands are increasingly showing interest in donating to social causes and "wicked problem". It is suggested that a firm's commitment to corporate donations and collaborations with charitable organizations influences consumers to scrutinize the firm's motives for such action and this results in diverse influences on the consumers' evaluations of the firm's products (Fatma et al., 2018; Habel et al., 2016; Hagtvedt and Patrick, 2016). Customers form diverse perceptions of a firm's motives for undertaking strategic CSR activities and respond based on their convictions (Jin and He, 2018; Zhu et al., 2017).

To address the gaps and contribute to CSR literature, particularly from the African perspective, this study deploys Carroll's (1979) CSR model to provide insights into how luxury customers' perception of luxury hotels' CSR influences the valuation of luxury hotels' products, loyalty, and strategic legitimacy among Nigerian customers. Providing insights into how luxury hotels' CSR actions influence their luxury customers is important because the utilization of strategic CSR actions among companies as a competitive tool in Nigeria is new as CSR activities were traditionally deployed by oil-producing companies to address the negative environmental impacts on the oil-bearing region (Amaeshi et al., 2006; Idemudia, 2007). It is pointed out in the literature that research is scarce that provides insights into how CSR actions influence customers' perception on a demographic basis, particularly in Africa (Imhanrenialena et al., 2022), particularly in Nigeria.

The study makes many theoretical and practical contributions to CSR literature. First, the outcomes answer the calls for research to determine if luxury customers are influenced by luxury firms' CSR activities. For

instance, it is documented that research is yet to provide insights into how luxury firms' CSR activities influence customers' preferences for the firms' luxury products (Olšanova et al., 2022; Chang et al., 2022). Second, the current study advances CSR literature by extending it to the hospitality industry. For example, It is observed that "Although research efforts have increasingly focused on the effects of CSR, the issue of whether CSR is worthwhile for the hotel industry remains to be addressed", (Liu et al. 2020, p. 2). Third, the current research adds to knowledge by Advancing CSR research in Africa. Previous research pointed out that research is limited and provides insights into how CSR actions influence customers' perceptions on a country basis, particularly in Africa (Imhanrenialena et al., 2022). The demographic differences among nations (Raza et al., 2020) call for research to understand how customers' perception of firms' CSR actions influences the customers' behaviors towards the firm (Agyei et al., 2021).

Regarding the practical contributions to the hotel industry, the results of this study possess many practical implications for managers. First, the outcomes of this study can motivate 5-star hotels hotel in Nigeria to invest in CSR activities such as environmental sustainability through proper waste management/use of safe energy and community development as a strategic action to induce positive ratings of their products, loyalty, and gain legitimacy among customers. As part of strategic CSR, five-star hotels may consider sponsoring regular visits and making donations to orphanages and penitentiaries. Second, the results can help managers of five-star hotels in Nigeria to see the need to disseminate their CSR activities to the general public to make luxury customers aware that they are into CSR activities.

Theoretical Framework

This research is premised on the CSR framework proposed by Carroll (1979, 1991). The CSR framework comprises the "economic, legal, ethical, and discretionary (philanthropic)" that the society desires and expects the organizations to perform towards it. The economic dimension entails society's expectation of firms to be productive, profitable, and grow. The legal expectation is for firms to conduct their activities by the laydown rules and regulations. The ethical perspective requires organizations to go beyond merely obeying the laws guiding business activities in society and embrace sound ethical conduct and norms such as honesty. The philanthropic perspective encompasses charitable activities aimed at promoting societal well-being and development.

This current study builds on the strategic theorization of CSR which states that CSR is a firm's concerted strategic actions tailored towards enhancing the firm's competitive capability and reputation (Orlitzky et al., 2011). For example, studies suggested that CSR actions could be strategic as they enhance firms' positive image and retention, and attract prospective customers (Imhanrenialena et al., 2022; Liu et al., 2020; Olšanova, 2022; Pankiw, 2021). Based on the foregoing theoretical discussion, we argue that Nigerian luxury hotels' CSR actions will significantly influence the luxury customers' positive rating of the hotels' products, enhance loyalty, and increase strategic legitimacy.

Hypotheses Development

Corporate Social Responsibility and Firms' Product Rating

It is relatively new in a developing country like Nigeria to explore how the perception of a firm's CSR actions affects the consumer's behavior about the firm and its products. It is theoretically assumed that CSR has a favorable influence on firms' product ratings by consumers (Maignan & Ferrell, 2001). In the service market, consumers exhibit purchase intention in a direct and more powerful form towards service firms than in the tangible product market. The more intense direct association exhibited by the customers towards the service providers stems from the characteristics of a service which include perishability, inseparability, heterogeneity, and intangibility (Gronroos, 1994; Zeithaml & Bitner, 2000). Therefore, research measuring social responsibility influence on the tangible product rating among consumers applies the indirect approach (Brown & Dacin, 1997) while in the service market, the direct approach is used (Ma del Mar et al, 2005). A firm's ethical behavior is regarded as an integral part of a company's product quality.

Research outside sustainable luxury suggests CSR activities such as environmental sustainability are capable of enhancing the reputation of service providers (Liu et al., 2014). It reported that economic, ethical, and legal components of CSR result in firms' branding benefits (Imhanrenialena et al., 2022; Kang and Namkung, 2017; Korschun et al., 2014). Sengabira et al. (2020) investigated how the frequency of firms' corporate donations influenced the evaluation of luxury brand among customers and reported that frequent donation strategy positively impacts luxury brands' evaluations, concluding that the frequency of donations make luxury brand customers perceive the corporate donations as humanity-induced rather than self-serving motives. Again, studies have argued that the favorable perceptions of a firm's CSR actions could be transmitted to the product of the firm (Moiescu, et al., 2020; Raza, et al., 2020). Flowing from the literature, we assume that a direct significant association exists between the luxury hotels' customers' perceptions of the hotels' CSR actions and the customers' rating of the firms' service quality. We, therefore, assume that such trust could trigger a positive rating of the firm's service by the consumers, and propose as follows:

H₁: Customers' perception of luxury hotels' CSR activities has a significant impact on the customers' rating of the hotels' products.

Corporate Social Responsibility and Consumer Loyalty

Firms compete for consumers who are socially responsible by clearly demonstrating to such consumers that the funding of a particular cause is directly linked to their product sales (Baron, 2001). Being recognized as a good corporate citizen by society brings a competitive advantage to a firm, proving the potential of strategic CSR (Doh, Lawton & Rajwani 2012). Eller, Lois, and Webb, (2000) and Rose et al (1992) found in their analyses of the impacts of firms' CSR initiatives on consumers that consumers are more persuaded to patronize the products of a firm that engages in CSR initiatives than the firms that do not. Similarly, a firm that is perceived to have ethical behaviors will have such trust transferred to their consumers' evaluation of the firm's products (Mar del et al 2005). CSR-minded consumers feel strongly delighted for contributing to the success of a cause-related marketing campaign and feel moral displeasure if they fail to participate in it. In its sustainability report, Halliburton acknowledged financial performance

as the basic aim of its CSR actions, stressing that CSR initiatives significantly impact shareholders' value and, therefore crucial to the firm (Minor, 2015). Mohr, Webb, and Harris, (2001) and Idowu and Towler, (2004) found that social responsibility actions attract supportive communities, and increase customer loyalty.

Olšanova et al. (2022) investigated how a luxury brand's CSR actions impact purchase intention among 253 luxury brand customers in the Czech Republic. The outcomes suggest a significant positive link between customers' awareness of luxury brand's CSR activities and purchase intention with demographics playing a role in the link. Liu et al. (2020) investigated the influence of CSR on customer loyalty in the hotel industry in China using a convenience sample of 298. The study reported that hotel customers' loyalty is significantly influenced by CSR actions. In a study of luxury brands deploying CSR and femvertising in jewelry advertising, Pankiw et al. (2021) reported that when luxury brands firms take action to address their environmental misconduct the hitherto held perception of firms' hypocrisy and brand distancing will reduce among the luxury consumers. A study found among others, that consumers exhibited a greater willingness to pay even more for products of a firm they believe are performing CSR activities such as legal and philanthropic responsibilities (Amatulli et al., 2018). In light of the foregoing, we propose that:

H₂: Customers' perception of luxury hotels' CSR activities significantly influences loyalty among the customers.

Corporate Social Responsibility and Firms' Legitimacy

Legitimacy is fast gaining prominence among scholars following the important resources it possesses for firms' growth and sustainability of organizations (López-Balboa et al., 2021). Legitimacy theory proposes that society accepts organizations as its part based on an expressed or implied "social contract" between the firm and the host community (Suchman, 1995). Suchman (1995) observes two distinct dimensions in legitimacy literature. The first dimension is the strategic legitimacy under which firms seek to extract operational resources from their cultural environments. The second legitimacy dimension is institutional legitimacy which entails constitutive beliefs about how organizations are built, run, and evaluated to be recognized as legitimate entities in society. Based on the theoretical explanation, the goal of strategic legitimacy is to increase the firm's performance while institutional legitimacy's goal is to gain recognition and approval to operate as an entity. This current study is therefore anchored on strategic legitimacy as it has been observed that firms often deploy company-wide campaigns on CSR such as charitable initiatives that leverage the entire company, which boosts its legitimacy in the host communities (Lawton & Rajwani, 2011).

It is documented that firms' legitimacy is crucial for the firms' sustainability because the stakeholders in a business (customers, suppliers, investors, government, and society) only exhibit the willingness to relate and transact business with legitimate firms (Deephouse et al. 2017). It is also argued that legitimate organizations enjoy a high rate of unquestioned freedom while pursuing their business objectives since such organizations are mindful of avoiding negative perceptions from society (Deephouse et al. 2017).

Advancing the legitimacy theory, scholars argued that firms shift from indirect CSR actions to direct CSR practices when the firms aim to secure strategic legitimacy in the business environment (Matten & Moon 2008; Carson, Hagen, & Sethi, 2015). We, therefore, propose that:

H₃: Customers' perception of luxury hotels' corporate social responsibility (CSR) activities significantly influences strategic legitimacy among the customers.

Methods

Population/Sampling procedures

The population of this study comprised luxury hotel customers who only patronized the priciest services in five-star luxury hotels in Nigeria. We used luxury hotels and their customers as the research subjects because it is reported that “people who can stay at five-star hotels are generally very wealthy”, Liu et al., 2020, p. 7. The lack of authoritative finite data on luxury hotel customers in Nigeria constrained the study to rely on the purposive sampling technique to select 415 respondents as the representative sample. The following inclusion criteria were strictly applied for sample selection to ensure that only luxury hotel customers who are wealthy are recruited. First, “independent” customers whose patronage of the luxury hotel services was sponsored were excluded from the study. Second, customers without evidence of regular patronage were also excluded.

Measurements

This study research utilized the survey questionnaire to collect quantitative cross-sectional data from luxury hotel customers in Abuja; the nation's capital, and Lagos; the economic hub of Nigeria.

Explanatory variables: The 11-item CSR scale developed by Ma del et al (2005) was adopted in this study. The scale measured CSR in all dimensions in line with Carroll's (1979) framework. The items that bother the luxury hotels' customers' perception of the hotels' quest for profits and overall performance form the economic responsibility dimension of the scale. The legal/ethical dimensions of the instrument consist of items relating to the luxury hotels' compliance with the law guiding hotel business, honest transactions with customers, and putting ethical considerations above economic considerations. The final dimension of the instrument comprised social responsibility actions of the luxury hotels with items bordering on concerns for the environment and philanthropic corporate donations. The Cronbach's α were 0.745, 0.727, and 0.784 respectively.

Criteria Variables: Jean-Philippe's (2011) validated organizational legitimacy scale was adapted to measure strategic legitimacy. The instrument comprised four subscales namely the environmental legitimacy (e.g. "This hotel disposes of waste properly"), competitive legitimacy (e.g. "I have never heard this hotel involved in unhealthy competition"), accountability legitimacy (e.g. "This hotel is not known for fraudulent practices"), and transactional legitimacy (e.g. "This hotel has never taken undue advantage of me in our transactions). Cronbach's α was 0.709. Ma de Mar et al.'s (2005) scales for service valuation and consumer loyalty were adopted in assessing the rating of the hotels' products and loyalty among the

customers. The product rating scale has three subsections which include the technical quality (e.g. “The facilities in this hotel are of a high standard”), the functional quality (e.g. “This hotel offers good advice on how best to enjoy the facilities here”, “This hotel responds promptly to customers’ complaints”), and the perceived price value of the service (e.g. “The prices charged in this hotel is commensurate with the service quality”). The Cronbach's α was 0.745. The consumer loyalty scale consists of three subsections namely behavioral (e.g. "I will continue to patronize this hotel"), Commitment (e.g. "I am loyal to this hotel"), and Price tolerance (e.g. "As long as I have the money, I will continue patronizing this hotel even if it increases its charges). A Cronbach's α of 0.744 was found.

Data collection

To identify and select only luxury hotels in Nigeria, it was only the hotels that are classified as five-star hotels by the Nigerian Tourism Development Corporation (NTDC) were selected. This was confirmed in the NTDC's published record. In the next stage, we ensured that the selected hotels had evidence of CSR activities. This was confirmed on each of the hotels' websites, inquiries through phone calls, and physical inquiries from the hotel managers. The questionnaire was administered to the participants in the hotel's customer waiting room while waiting for check-out. This environment offers hotel respondents enough time to patiently and efficiently answer questionnaires (Liu et al., 2020). Before the questionnaire was administered to the respondents, they were first asked how often they patronized the hotel, and whether their patronage was sponsored. It was only the customers whose patronage was not sponsored and those "who had stayed in the hotel at least twice previously", (Liu et al., 2020, p. 7) that were included in the study. A letter of introduction detailing the researchers’ identity and the purpose of the study accompanied the questionnaire. The respondents were guaranteed the anonymity and confidentiality of their responses in the survey.

Results

Descriptive statistics

Table 1 Demographic Variable of the Respondents

| Age | | |
|---------------------------|------------|--------------|
| | Frequency | Per cent |
| 21-30 years | 17 | 4.1 |
| 31-40 years | 47 | 11.3 |
| 41-50 | 112 | 27.0 |
| 51 years and above | 239 | 57.6 |
| Total | 415 | 100.0 |
| Level of Education | | |
| | Frequency | Per cent |
| O Level | 20 | 4.8 |
| ND/NCE | 117 | 28.2 |
| First Degree/HND | 199 | 48.0 |
| Postgraduate Degree | 79 | 19.0 |
| Total | 415 | 100.0 |
| Years of patronage | | |
| | Frequency | Per cent |
| 12 months and below | 44 | 10.6 |
| 13-24 months | 246 | 59.3 |
| 25-36 months | 81 | 19.5 |
| 37 months and above | 44 | 10.6 |
| Total | 415 | 100.0 |

Measurement model

The outcomes from the confirmatory factor analysis of all the constructs are depicted in Table 2. The scale’s reliability was examined using both composite reliability and Cronbach’s alpha tests. The obtained values from the composite reliability test of the instrument are 0.762, 0.800, and 0.874 for CSR subsections while product rating, customer loyalty, and strategic legitimacy are 0.804, 0.808, and 0.819 respectively. The outcomes suggest that the instrument is reliable as the values exceeded the recommended benchmark of **0.8**. Corroboratively, the Cronbach alpha’s values for all the CSR constructs are 0.745, 0.727, and 0.784 with product rating, customer loyalty, and strategic legitimacy yielding 0.745, 0.744, and 0.709 in that order. The Cronbach alpha values indicate that the instrument certifies the Cronbach alpha’s reliability benchmark of 0.70 (Henseler et al., 2012). The validity of the instrument was determined using the AVE. The AVE test yielded 0.525, 0.572, and 0.698 for CSR while product rating, customer loyalty, and strategic legitimacy gave 0.579, 0.584, and 0.532 respectively. With the AVE results, the instrument is certified valid as all the values are greater than the prescribed threshold of 0.5 (Hair et al., 2016).

Table 2: Confirmatory Factor Analysis

| | Loading | AVE | Compose Reliability | Cronbach's Alpha | RhO.A |
|--|------------|------------|---------------------|------------------|-------|
| Constructs | ≥ 0.7 | ≥ 0.5 | ≥ 0.8 | > 0.7 | |
| Corporate Social Responsibilities (CSR) | | | | | |
| Economic Factor (EcoFac) | | 0.525 | 0.762 | 0.745 | 0.746 |
| EcoFac1 | 0.518 | | | | |
| EcoFac2 | 0.827 | | | | |
| EcoFac3 | 0.789 | | | | |
| Ethical Factor (EthFac) | | 0.572 | 0.800 | 0.727 | 0.721 |
| EthFac1 | 0.763 | | | | |
| EthFac2 | 0.756 | | | | |
| EthFac3 | 0.749 | | | | |
| Social Factor (SocFac) | | 0.698 | 0.874 | 0.784 | 0.790 |
| SocFac1 | 0.808 | | | | |
| SocFac2 | 0.876 | | | | |
| SocFac3 | 0.822 | | | | |
| Product Rating | | 0.579 | 0.804 | 0.745 | 0.772 |
| Technical Quality | 0.707 | | | | |
| Functional Quality | 0.740 | | | | |
| Perceived Price | 0.831 | | | | |
| Customer loyalty | | 0.584 | 0.808 | 0.744 | 0.750 |
| Behavior | 0.769 | | | | |
| Commitment | 0.721 | | | | |
| Price Tolerance | 0.801 | | | | |
| Strategic Legitimacy | | 0.532 | 0.819 | 0.709 | 0.713 |
| Accountability | 0.760 | | | | |
| Environmental | 0.716 | | | | |
| Transactional | 0.746 | | | | |
| Competitive | 0.692 | | | | |

Hypotheses and Results

The path coefficients, p-values, T-statistic, and structural path coefficients obtained from the structural equation modeling are presented in Figure 1 and Table 3. The study's proposition one depicted in H1 was accepted. This suggests that luxury customers' perception of luxury hotels' CSR activities has a significant positive influence on the rating of hotels' products among the customers in Nigeria at ($\beta= 0.757$, $R^2= 0.573$, T-statistic = 15.748 >1.96, p-value= 0.000 <0.05) The Path coefficient of 0.757 suggests a high degree of association between the consumers' perception of a luxury hotels' CSR actions and the rating of the product offered the hotels. The R^2 value for hypothesis one is 0.573. If expressed in percentage implies that a 57.3% variance in the rating of the product offered by luxury hotels can be accounted for by the customers' perception of the hotels' CSR activities (Figure 1 and Table 3).

The outcomes from H2 suggest that customers' perception of luxury hotels' CSR actions has a significant influence on customers' loyalty at ($\beta= 0.498$, $R^2= 0.248$, T-statistic = 6.317 >1.96, p-value= 0.000 <0.05). The β value of 0.498 implies a moderate but significant relationship between the two variables while the R^2 value of 0.248 suggests that a 24.8% variance in customer loyalty to luxury hotels' services can be accounted for by the customers' perception of the hotels' CSR actions (Figure 1 and Table 3).

The influence of hotels' CSR actions on strategic legitimacy among their customers in Nigeria is captured in H3. The outcomes indicate a significant positive influence of customers' perception of luxury hotels' CSR actions on the hotels' strategic legitimacy among the customers in Nigeria at ($\beta= 0.889$, $R^2= 0.790$, T-statistic = 50.588 >1.96, p-value= 0.000 <0.05). The β value of 0.889 suggests an intense association between luxury hotels' CSR actions and the hotels' strategic legitimacy among the customers, while the R^2 values of 0.790 indicate that a 79.0% variance in luxury hotels' strategic legitimacy among the customers can be explained by luxury hotels' CSR actions.

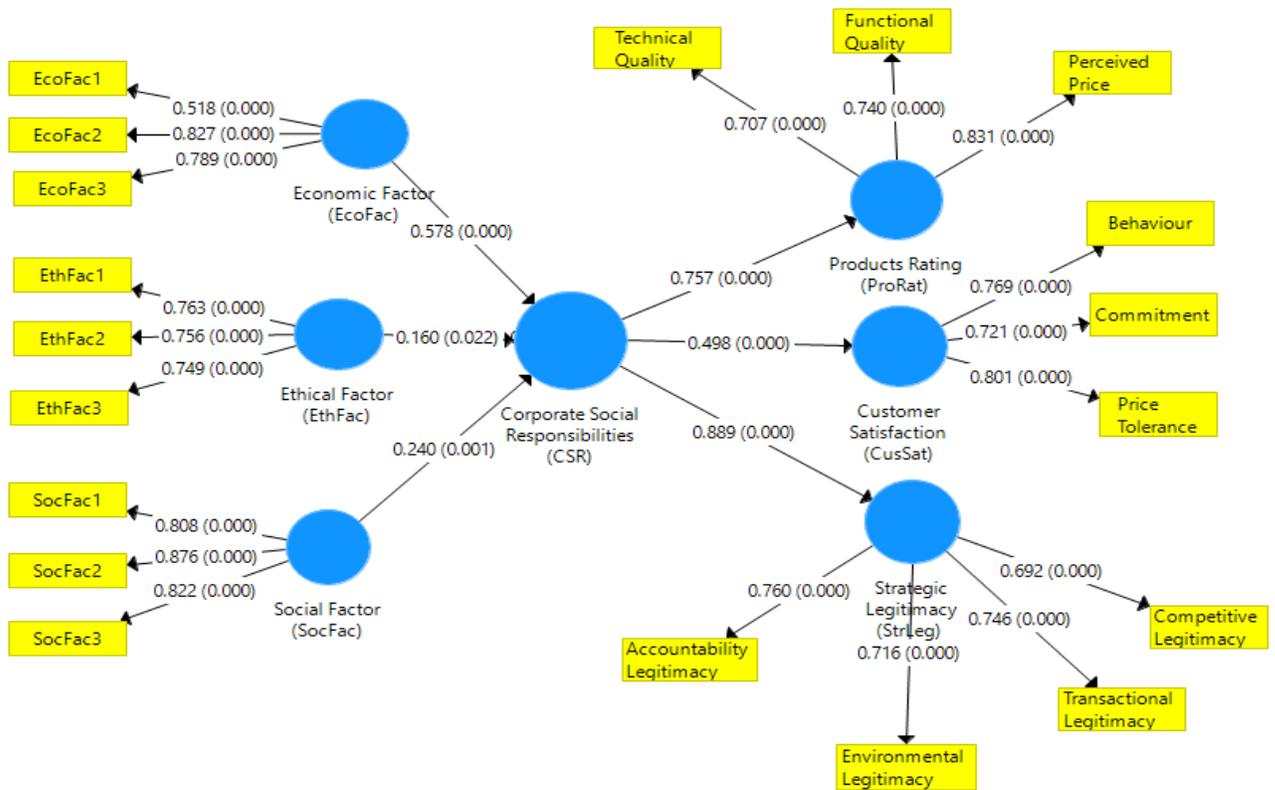


Figure 1: Model for hypotheses' results.

Table 3 Summary of Test of Hypotheses

| Variables | Path Co-efficient | R ² Value | Standard Deviation | T Statistics | P Values | Hypothesis Decisions |
|---|-------------------|----------------------|--------------------|--------------|----------|----------------------|
| H ₁ : CSR → Product Rating | 0.757 | 0.573 | 0.048 | 15.748 | 0.000 | Accepted |
| H ₂ : CSR → Customer Loyalty | 0.498 | 0.248 | 0.079 | 6.317 | 0.000 | Accepted |
| H ₃ : CSR → Strategic Legitimacy | 0.889 | 0.790 | 0.018 | 50.588 | 0.000 | Accepted |

Discussion of the Findings

This study examined how luxury hotels' CSR actions influence the rating of hotels' product products, loyalty, and legitimacy among luxury customers within the Nigerian hotel industry. Hypothesis one was confirmed, indicating that luxury hotels' CSR activities significantly influence the customers' rating of the products offered by the hotels. This outcome is consistent with previous similar studies that found congruence between CSR and product rating. For example, studies have argued that the favorable perceptions of a firm's CSR actions could be transmitted to the product of the firm (Raza, et al., 2020; Moisescu, et al., 2020). The reason why luxury hotels' CSR actions influence their luxury customers in Nigeria may be because of the dire need for CSR initiatives to help improve the well-being of Nigerians. Another reason may be that since many firms in Nigeria engage in unethical behaviors, seeing luxury hotels behaving ethically could trigger the customers' higher rating of the hotels' services.

The outcomes from the second hypothesis suggest that luxury hotels' perception of the hotels' CSR activities significantly relates to customers' loyalty to the luxury hotels. The outcomes conform to similar studies conducted in other contexts. For instance, a previous study suggested among others, that consumers exhibited a stronger inclination to pay even higher for products of a firm they believe are performing CSR activities such as legal and philanthropic responsibilities (Amatulli et al., 2018). This suggests that luxury hotels' customers are mindful of the hotels' CSR actions and thereby stick to the hotels' services as a result of such CSR actions irrespective of price.

The influence of luxury hotels' CSR actions on strategic legitimacy among customers which is captured in the third hypothesis is accepted. The outcomes are consistent with previous studies. For example, it is argued that firms' legitimacy is crucial for the firms' sustainability because customers only exhibit the willingness to relate and transact business with legitimate firms (Deephouse et al. 2017). It is also argued that legitimate organizations enjoy a high rate of unquestioned freedom in the course of pursuing their business objectives since such organizations are mindful of avoiding negative perceptions from society (Deephouse et al. 2017). This outcome may explain why luxury hotel customers in Nigeria have confidence in the hotels. This may also be one of the reasons why luxury hotels have not been accused of exploitation by the masses despite the economic hardship in Nigeria.

Theoretical implications

The study makes many theoretical contributions to CSR literature. First, contrary to the assumption of incongruence between luxury and CSR actions in the literature (Kapferer and Michaut-Denizeau, 2014; Janssen et al., 2014), the current study found that luxury hotels' CSR activities predict the rating of their product, loyalty, and legitimacy among customers in the Nigerian hotel industry. The outcomes answer the calls for research to determine if luxury customers are influenced by luxury firms' CSR activities. For instance, it is documented that research is yet to provide insights into how luxury firms' CSR activities influence customers' preferences for the firms' luxury products (Olšanova et al., 2022; Chang et al., 2022). Second, the current study advances CSR literature by extending it to the hospitality industry. For example, It is observed that "Although research efforts have increasingly focused on the effects of CSR, the issue of whether CSR is worthwhile for the hotel industry remains to be addressed", (Liu et al. 2020, p. 2). Third, the current research adds to knowledge by Advancing CSR research in Africa. Previous research pointed out that research is scarce that provides insights into how CSR actions influence customers' perceptions on a country basis, particularly in Africa (Imhanrenialena et al., 2022). The demographic differences among nations (Raza et al., 2020) call for research to understand how customers' perception of firms' CSR actions influences the customers' behaviors towards the firm (Agyei et al., 2021).

Managerial implications

The results of this study possess many practical implications for managers. First, there is fierce competition among 5-star hotels in the hospitality industry in Nigeria following the increase in the number of such hotels in Abuja the Nation's capital as well as Lagos the economic hub of Nigeria. Therefore, the outcomes can motivate 5-star hotels hotel in Nigeria to invest in CSR activities such as environmental sustainability through proper waste management/use of safe energy and community development as a strategic action to induce positive ratings of their products, loyalty, and gain legitimacy among customers. As part of strategic CSR, five-star hotels may consider sponsoring regular visits and making donations to orphanages and penitentiaries. Second, managers of five-star hotels in Nigeria may consider using the traditional mass media and the new media to disseminate their CSR activities to the general public as CSR is found in this study to significantly influence positive outcomes for luxury hotels.

Limitations and future research

The current study possesses some limitations that further studies should consider addressing in the future. First, the convenience sampling approach was utilized for sample selection due to the lack of authoritative data on luxury customers in the hospitality industry in Nigeria. This non-probability approach may limit the generalizability of the study's outcomes to luxury consumers in the Nigerian hospitality industry. Although this challenge was mitigated by selecting the sample from 6 world-class five-star hotels in Abuja the nation's capital and Lagos the economic hub of Nigeria, we suggest that future research should consider

drawing their sample from finite data to address this limitation. Second, the study only investigated luxury customers in the hospitality industry and this may inhibit the generalizability of the findings to other sections. It is therefore suggested that further studies should replicate this research in other sectors such as aviation and banking sectors. Third, using a cross-sectional approach to collect data on all variables from the same respondents is prone to common method bias. The efforts to collect longitudinal panel data that involve waves of time lag data collection approaches were defeated as the luxury customers were rarely seen more than once. To overcome this limitation, we suggest that further studies should use longitudinal panel data in sectors where data can be collected from particular customers more than once.

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