

Examining the Impact of Corporate Social Responsibility towards Service Innovation Performance with Mediating Part of Affective Commitment in Hotel Industry

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Abstract

The study investigates the role of corporate social responsibility (CSR) in influencing service innovation performance (SIP) in the hotel industry, particularly focusing on its effect on employees' behaviours. Grounded in resource-based theory and social exchange theory, the research explores how CSR acts as a strategic resource affecting employees' affective commitment (AC) and SIP. The study used a cross-sectional, quantitative survey with 174 managers from two-star and above hotels in Lahore Pakistan and analyzed the data using PLS-SEM. The findings reveal when affective commitment was added as a mediator, the substantial link between CSR and service innovation performance shrank to a significant relationship. The study highlights the importance of CSR in fostering employees' job attitudes and innovative behaviours, with AC mediating the effect of CSR on SIP. It emphasizes CSR's potential to meet employees' psychological needs, leading to improved service innovation in the hotel industry. The research also proposes a CSR-based service innovation model, offering valuable insights for hotel managers to leverage CSR for competitive advantage.

Keywords: Corporate Social Responsibility, Service Innovation Performance, Affective Commitment.

Introduction

The hotel industry in Pakistan has faced challenges due to terrorism, slow economic growth, and political instability, despite being a significant contributor to the country's revenue. The industry's growth is tied to factors like tourism and economic stability. In 2014, Pakistan attracted only 0.09% of global tourists, and in 2015, its share of foreign visitors to South Asia was just 6.7%, compared to India's 46%.

The hospitality industry faces intense competition due to many similar service providers. Services are categorized into those requiring explicit knowledge (e.g., banking) and those needing tacit knowledge (e.g., hospitality). Innovation in services helps organizations gain a competitive edge by improving performance and offering customized solutions. In hotels, employees often face emotional labor and stress due to direct customer interactions, making positive psychology research particularly relevant. According to Maslow's hierarchy of needs, fulfilling employees' basic, psychological, and self-fulfillment needs leads to positive attitudes and behaviors, and corporate social responsibility (CSR) initiatives can support these needs.

Corporate Social Responsibility (CSR) initiatives in organizations, such as care for society, environment, and sustainability, drive innovation and help develop new working relationships. Strategic CSR offers a sustainable competitive advantage and fosters positive relationships with stakeholders, including employees. CSR practices enhance organizational reputation, making companies more attractive to potential employees and increasing employee commitment. By contributing to the well-being of society, CSR positively influences employees' sense of purpose. Different CSR practices, like community contributions and employee welfare schemes, impact organizational commitment, particularly in the service industry where employee dedication is crucial.

Corporate Social Responsibility (CSR) importance has been recognized for competitive success in companies worldwide, particularly highlighted by the COVID-19 pandemic and its aftermath. It notes that investments in CSR directly influence business operations and strategies, compelling companies to commit to stakeholder welfare and societal well-being. This context has created opportunities for businesses to adopt more authentic CSR practices, addressing urgent global challenges through innovation (González-Ramos, Donate, & Guadamillas, 2023). A classic definition by Carroll (1999) emphasizes CSR as a commitment to align business activities with societal values and stakeholder demands, focusing on environmental, social, and economic performance. Recently, many firms have begun to integrate CSR into their core business and innovation strategies, suggesting that the interplay between CSR and innovation is becoming a crucial aspect for strategic management.

The hotel industry, like other service sectors, faces intense competition, particularly in meeting customer demands for unique and high-quality services. To stay competitive, hotels encourage employees to innovate and contribute positively to organizational effectiveness. Committed employees are essential, as their positive attitudes and behaviors drive innovation, enhance performance, and foster a supportive work environment.

Companies that actively engage in CSR can improve their brand image and reputation. Understanding CSR helps businesses identify and communicate their values to customers, fostering trust and loyalty's studies provide insights into stakeholder expectations, allowing companies to align their strategies with the interests of customers, employees, investors, and the community. Engaging stakeholders can lead to better decision-making and long-term success. Hotels that actively promote CSR are often more attractive to potential employees, especially among younger generations who prioritize working for socially responsible companies. Studying employees' views on CSR helps hotels design initiatives that resonate with their workforce and enhance retention rates. Moreover, employees who believe in their

company's CSR efforts are more likely to be motivated to perform at their best. By examining employee perceptions of CSR, hotels can identify which initiatives positively impact operational performance, customer service, and overall business success.

In this competitive landscape, innovation is critical for organizational success. Strategic Human Resource Management (HRM) practices are vital in cultivating an environment conducive to creativity, aligning employee goals with organizational objectives, and securing long-term competitive advantages. The employee-centric approach in HR practices is key to driving innovation and enhancing service quality in the hotel industry.

Current study determines that CSR influences service innovation can help organizations identify ways to differentiate themselves from competitors. Businesses that integrate CSR into their innovation strategies may create unique value propositions that attract customers. Also, consumers are increasingly looking for brands that demonstrate social responsibility. Studying this relationship can help companies understand how CSR initiatives can drive service innovations that meet evolving customer demands for sustainability and ethical practices. The hospitality and service sectors are under pressure to adopt sustainable practices. Studying CSR and service innovation performance can reveal how businesses can innovate while minimizing their environmental impact, leading to more sustainable operational practices.

Research Gap

Despite increasing customer demands and the need for innovation in the hotel industry, research on hotel performance has been limited, with most studies focusing on marketing, HRM, and finance (Köseoglu et al., 2016; Sainaghi et al., 2017). While internal stakeholders like employees significantly impact organizational performance, key variables such as affective commitment and OCB have received little attention in hospitality research (Fu et al., 2014; Lee et al., 2012).

The fourth research gap identifies that while micro-CSR research is growing, the theoretical mechanisms through which CSR impacts employees remain underdeveloped and require further investigation (Afsar et al., 2020; Wang & Wu, 2024). Scholars have called for a deeper examination of the micro-foundations of CSR to advance theory (Ng, Wut, Lit, & Cheung, 2022). This exploration could unveil mediational processes in strategic management by incorporating insights from organizational behavior, HRM, and applied psychology. Although CSR is recognized as a potential driver of innovation, particularly through social and environmental initiatives, the underlying mechanisms, especially in the hospitality sector, are still not well understood (Aguinis & Glavas, 2019; Nazir & Islam, 2020). Zhu, Pan, Qiu, & Xiao, (2022) suggest that CSR directly influences innovation performance in the service sector. Therefore, it is essential to study CSR practices in relation to job attitudes and organizational outcomes, with a focus on mediators like affective commitment.

The third research gap highlights that while CSR research in the hospitality and tourism sectors has primarily focused on economic and financial performance, particularly from the perspectives of customers and firms (Abbas, 2020; Lin, Zhou, Zheng, Jiang, & Nguyen, 2023), employees have received far less attention (Ahmad et al., 2021; Kong et al., 2021). Given the direct interaction between customers and employees in the hotel industry, delivering

superior service depends on employees' positive attitudes and behaviours. Traditionally, CSR has been approached from a macro-level perspective, emphasizing organizational performance and external stakeholder relationships, such as with the government, media, and community (Aguinis & Glavas, 2012; Serra-Cantalops et al., 2017). However, the internal stakeholder perspective, particularly employees' attitudes and behaviors, has been largely overlooked, necessitating more research on CSR at the micro-level (Supanti & Butcher, 2019).

This study examines employee job attitudes and innovative behavior in Pakistan's hotel industry, aiming to enhance the country's global competitive index. The findings can guide hotel management and HR departments in improving employee productivity and performance. Additionally, the study will benefit hospitality organizations and government bodies in Pakistan by informing tourism-related policies to attract both domestic and foreign tourists.

Social Exchange Theory (SET) is central to the current research due to its focus on the creation of obligation through exchange principles. Initially proposed by Homans (1958), as a framework for understanding social behavior through exchange relationships, the theory has evolved with contributions from Emerson (1962), who emphasized power-dependence relations; Blau (1964) who examined exchange and power in social contexts; and Levine & White (1961), who viewed it as a conceptual framework for inter-organizational networks.

SET posits that when organizations value their employees, the employees are likely to reciprocate with better performance. The theory explains that if one party provides benefits, the other party is inclined to reciprocate positively. This framework is applied to both individual interactions and group dynamics, highlighting how resource exchanges and mutual contributions shape social systems and relationships. The theory supports the study by highlighting how Corporate Social Responsibility (CSR) acts as a strategic resource, providing both social and economic benefits. CSR enhances employees' psychological satisfaction and pride, leading to increased commitment and positive behaviours such as organizational citizenship and innovation. In the hotel industry, these positive employee behaviours directly improve service delivery and innovation.

Insights from CSR and service innovation studies can help policymakers create regulations that encourage responsible business practices while promoting innovation. Regulators can use findings to assess the social impacts of service innovations in different sectors and promote best practices. Generally Understanding the relationship between CSR and service innovation enables companies to make informed decisions that align with both ethical practices and market demands and Businesses can differentiate themselves in the market by integrating CSR into their service offerings, attracting customers who prioritize sustainability and ethics.

Particularly service industry organization will gain advantage from such studies as employees are more likely to be engaged and motivated when they work for socially responsible organizations. The study can reveal how CSR practices enhance workplace culture and innovation. Understanding the impact of CSR on service innovation can help employees develop skills that are increasingly valuable in a socially conscious job market.

Studies should assess how CSR initiatives lead to tangible financial benefits, such as increased revenue, reduced costs, or enhanced profitability. Previous studies predominantly discuss how effective CSR practices lead to higher levels of stakeholder engagement, including customer loyalty, employee satisfaction, and community support. Understanding these dynamics can highlight the practical benefits of CSR. Studying CSR can emphasize how effective CSR is integrated into the overall business strategy, aligning with corporate goals and objectives, this approach showcases CSR as a critical element rather than an ancillary effort and identifying and sharing best practices for integrating CSR into business operations can help organizations understand its practical utility and effectiveness.

Research Objective

The research objective of the study is as follow:

1. To examine the effect of CSR on service innovation performance
2. To analyze the mediation role of AC in the relationship between CSR and service innovation performance.

Literature Review

According to Mustafa (2016), service innovation refers to "new developments in activities undertaken to deliver core service products for various reasons." Service innovation performance is defined by Mennens et al. (2018), and Storey et al. (2016), as the extent to which sharing and managing innovation information results in a strategic competitive advantage and commercial success with regard to service innovation.

In order to foster creativity and facilitate the development of novel products and services for both the firm and the society, CSR-focused organisations offer their staff members a highly adaptable, unrestricted, and transparent work environment (Brammer et al., 2015; Li et al., 2020). Employee job involvement rises as a result of organisational CSR, which has a favourable impact on product and service innovation in manufacturing and service companies (Zhou & Wang, 2020). Similarly, Hur, Moon & Kim (2020), discovered that an employee's intrinsic drive to think of new and creative ideas is positively impacted by their perception of CSR, and as a result, they are more likely to put these ideas into practice.

Employee initiative is encouraged by a supportive work environment and strong interpersonal relationships. Given the aforementioned empirical and theoretical data, it is clear that an employee's opinion of the company's involvement in CSR initiatives for the benefit of the environment and society may have an impact on the employee's work-related behaviours, such as creative thinking. Because the organization's beliefs align with their own, employees can promote their own ideals through CSR initiatives (Evans, 2017). In a similar vein, Jones, Willness, & Glavas (2017), discovered that employees are drawn to CSR-related activities because it communicates values that are significant to them. Employees are also inspired to perform their jobs creatively when they find their employment worthwhile (Kahn, 1990).

Employees view CSR as meaningful because it contributes to a larger purpose (Glavas & Kelley, 2014). An employee is motivated to give her or his all at work when they believe that their organisation is actually making a real and genuine contribution to the betterment of society, the environment, pollution prevention, and the greater good of the community.

Thus, it is plausible that CSR improves employees' SIB. The following hypothesis has been established based on the literature.

H1: There is a positive relationship between CSR and SIP

Affectively committed workers are likely to contribute more to the development and implementation of innovative ideas aimed at enhancing the efficacy and efficiency of organisations in light of social interchange (Montani et al., 2017). Workers with an emotional commitment to their companies are more likely to be concerned about the well-being of the company, to find creative solutions to workplace issues, and to support the company's strategic vision (Xerri & Brunetto, 2013).

Employees are emotionally attached to the company and are motivated to perform better both individually and collectively as a result. Employees joyfully devote their energy and resources to the accomplishment of organisational goals when they believe that their employer is attending to their emotional needs and preserving a healthy level of emotional attachment. As a result, employees' perceptions of an organization's CSR initiatives such as its concern for the environment, its care for employees and their families, its safety at work, its positive reputation in the community, and its organisational support—have an impact on how well-treated and cared-for they feel by the company, which raises their level of affective commitment to it. According to a 2013 study by Chughtai, workers' dedication to their managers fosters learning, engagement, and creativity. Previous studies have looked on the indirect connection between staff innovation behaviours and AC.

Employees with strong affective commitment are more likely to invest effort into innovative activities and exhibit behaviours that drive service improvement (Zhou & Wang, 2020). This emotional attachment enhances their willingness to contribute new ideas and solutions, thereby improving overall service innovation performance.

Mediating Role of Affective Commitment

This research propose that affective commitment mediates the relationship between CSR and service innovation performance. When CSR activities boost employees' affective commitment, they are more motivated and engaged in their roles, leading to higher levels of service innovation (Hur et al., 2020). This mediation effect highlights that CSR's impact on service innovation is partially realized through its influence on employees' emotional attachment to the organization.

CSR initiatives enhance employees' commitment by aligning organizational values with employees' personal values and fulfilling their psychological needs (Glavas & Kelley, 2014). Organizations that actively engage in CSR create a supportive and meaningful work environment, leading to stronger emotional bonds between employees and the organization (DeGhetto, Russell, & McAllister, 2024; Budhiraja, & Yadav, 2020).

H2: Affective commitment mediates between Corporate social responsibility and Service innovation performance

Methodology

Utilising an explanatory/hypothesis testing research approach and the positivist philosophy, the current study examined the conceptual model using respondent data.

Data for the cross-sectional study are gathered once using a questionnaire. The unit of analysis displays the level at which the data was gathered and the primary unit at which the analysis was carried out. In an investigation, a person, group, organisation, or a culture might be the unit of analysis. The people employed as hotel managers serve as the study's unit of analysis.

The study's population consists of managers employed in two-star and higher category hotels in Lahore. This city was chosen because, in addition to historical and religious sites, most tourist destinations in Pakistan are in the north, and travellers must pass through these cities in order to reach other parts of the country. Additionally, the most revered Sikh religious sites are located in Punjab, Pakistan's north, which is the primary source of tourism-related income.

Since personnel lists for every hotel were unavailable, convenience sampling was utilised to acquire data despite the availability of a list of hotels. The ease with which managerial level personnel can be contacted and data gathered is another justification for employing this strategy. The researcher requested and gathered the Hotel and Restaurant Directory from the Tourism Development Corporation of Pakistan, the Ministry of Tourism, and the Government of Pakistan in order to gather data. A phone call and email were made to the HR department in order to request formal authorisation and the appointment of appropriate supervisors. In order to generate a high response rate, questionnaires were emailed and delivered in person to the hotel management.

Research Instrumentation

Every instrument utilised in this investigation was self-reported. In accordance with the study's objectives, the following questionnaires were modified and given to the targeted personnel.

Service Innovation Performance The hotel's performance with regard to service innovation was assessed using the 14-item (Hu et al., 2009) scale. The tool addresses the creation of new services and creative employee service behaviours. Likert scale with five points makes up the scale. The corporate social responsibility practices in the hotel business were measured using this 16-item instrument created by (Kucukusta et al., 2016). The scale is composed of five dimensions: Safety, Community, Business Operations, Environment, and People. Responses on this five-point Likert scale fall between strongly disagree and strongly agree. An Affective commitment scale of eight questions was created by Meyer and Allen (1997) to measure affective organisational commitment. Through a series of questions, the scale illustrates how emotionally attached people are to their organisation. The responses range from strongly disagree to strongly agree on a five-point Likert scale. The scale's greatest and lowest values range from 5 to 1.

Data Analysis

The study employed Partial Least Squares Structural Equation Modeling (PLS-SEM), a composite-based method known for its flexibility with data requirements and ability to estimate complex models while achieving high statistical power (Hair et al., 2017; Nitzl et al., 2016). Data collected from respondents were coded using SPSS and analyzed with SmartPLS3 to test complex variable relationships. Reliability, including internal consistency, was assessed

through composite reliability. Confirmatory Factor Analysis (CFA) was conducted using SmartPLS3 to assess data fitness and validity. The choice of software, SPSS 21 and SmartPLS3, was based on research objectives and model complexity.

A total of 350 questionnaires were distributed across various hotels Lahore, with 245 questionnaires (70.00%) returned by hotel employees. During data processing, 71 questionnaires were identified as incomplete or negligently filled out and were subsequently excluded from the analysis. Hence 174 questionnaires were processed and analyzed.

In descriptive statistics Out of 174 respondents, 138 were male and the remaining 36 were females. Male represent 79.31% and female represent 20.68% of total survey participants as is revealed Above table 1 depicts the age bracket of the respondents.

Table 1 summarizes the respondents' demographics, including gender, age, and qualifications. The majority of respondents are male (138, or 79.31%), with 36 (20.68%) females. Regarding age, the largest group is between 26 and 35 years old (33.90%). The next largest group is under 25 years (25.86%), followed by those aged 36 to 45 years (17.81%). The age group of 46 to 55 years comprises 11.49%, and those above 55 years constitute the smallest group at 10.9%. Table 1 also details educational qualifications: 53.44% of respondents hold a Master's degree, 39.65% have a Bachelor's degree and 6.89% have completed intermediate/high school.

Table 1
Descriptive Statistics of Demographics

Items	Category	Total (N)	Percentage (%)
Gender	Male	138	79.31
	Female	36	20.68
Position	Middle-level manager	117	67.24
	Lower lever manager	57	32.75
Age	Below 25	45	25.86
	26-35	59	33.90
	36-45	31	17.81
	46-55	20	11.49
	Above 55	19	10.9
Qualification	Intermediate/High School	12	6.89
	Bachelors	69	39.65
	Masters	93	53.44
	PhD	0	0

Descriptive Statistics for Main Constructs

This section provides descriptive statistics for the main constructs utilized in the study, where each construct comprises the following components: Service innovation performance (SIP) with 14 items, CSR with 16 items and Affective commitment (AC) with 8 items. The descriptive statistics also include the mean, median, standard deviation, skewness, and kurtosis for each construct. The kurtosis values indicate that the distributions are relatively normal, falling between -1 and +1, while the skewness values show that the distributions are skewed toward the left tail and are not symmetrical (See Table 2).

Table 2
Descriptive Statistics

Constructs	Min	Max	Mean	Median	Std. Dev	Skewness	Kurtosis
						Statistics	Statistics
Service Innovation Performance	1	5	3.60	4	.68	-.1.17	1.58
CSR	1	5	3.76	4	.55	-1.051	1.116
Affective Commitment	1	5	3.42	4	.57	-.132	1.141

In assessing the measurement model, Confirmatory Factor Analysis (CFA) was conducted to check reliability and validity. Cronbach's alpha values ranged from 0.728 to 0.82, indicating acceptable reliability. Composite reliability (CR) was tested for internal consistency, and convergent and discriminant validity were evaluated using SmartPLS3. Average Variance Extracted (AVE) values exceeding 0.5, showing that more than half the variance was explained. Corporate Social Responsibility (CSR) had five dimensions with AVE value 0.629, Affective Commitment value .620 and SIP AVE value .569 demonstrating strong convergent validity across constructs.

Table 3
Reliability and Validity

Measurement Models	Cronbach Alpha	CR	AVE
Threshold values	>.70	>.70	>.50
SIP	.821	.837	.569
CSR	.728	.826	.629
AC	.710	.791	.620

A significant correlation was found among all key variables in the study. Specifically, a highly significant correlation was observed between CSR and AC ($r = .55$, $p < .001$). Additionally, CSR showed a significant positive correlation with SIP ($r = 0.41$, $p < .001$), and AC was positively correlated with SIP ($r = 0.59$, $p < .05$).

Table 4
Correlation Analysis of Variables

Items	CSR	AC	SIP
CSR			
Affective Commitment (AC)	0.55**		
Service Innovation Performance (SIP)	0.41**	.59*	

Notes: ** Correlation is significant at the 0.01 level (2-tailed)

Structural Model for Mediation Analysis

Using a bootstrapping technique, the mediation impact of affective commitment on the link between CSR and SIP was assessed (Hair et al., 2013b). Heseler et al. (2009) measured the importance of the path coefficients using 5000 bootstrap samples. Less than 0.05 is the indirect effect of CSR on SIP through AC, which is 0.058 at t value = 2.979 and p value = 0.027. It was discovered that when affective commitment was added as a mediator, the substantial link between CSR and SIP shrank to a significant relationship of 0.058. This result supported hypothesis 2, which upholds the idea of commitment.

These findings support the partial mediation effect of affective commitment and show that, as a norm of reciprocity, highly committed employees will develop new services and exhibit innovative behaviours at their hotel if they believe it is engaging in CSR-related activities. The good reputation of the hotel and its employee-related programs will also encourage affective commitment among its workforce. The data provided strong support for the notion that AC mediates the link between CSR and SIP. The results corroborate previous research since CSR plays a significant role in determining attitudes and behaviours related to one's job at work (Glavas, 2016).

As affective commitment is an attitude that affects the service innovation performance of the organisation by executing the extra role and innovation behaviours and developing new services in the hotel industry, affectively committed employees are much eager to contribute to organisations performance innovatively (Tang, & Vandenberghe, 2020) and achieve the set goals. Hence, study propose Hypothesis 2 that is affective commitment mediates the relationship between CSR and SIP is supported.

Table 5
Mediation Analysis

Effects	Path	Beta Value	Indirect Effect	S. D	Total Effect	VAF %	T Value	P Value	Decision
Direct with CSR & SIP	CSR→SIP	.332	NA	0.048			6.174	0.004	significant
Indirect With Mediator	CSR→AC-SIP		0.058	0.023	0.390	15.94	2.979	0.027	Partial mediation

CSR = Corporate Social Responsibility, AC = Affective Commitment, SIP = Service Innovation Performance

Discussion

The hotel industry in Pakistan, established in 1947, plays a vital role in the country's economy, with growth dependent on corporate activities, tourism, and leisure. Pakistan ranks among the top ten tourist destinations globally, with expected tourist numbers to rise from 1.2 million to 2.2 million by 2027. This presents both an opportunity and a challenge for the industry, which must innovate to remain competitive. Employee-driven service innovation is essential for customer satisfaction and gaining an edge. Hotels invest heavily in technology, infrastructure, and resources to enhance service quality and innovation.

This study examines the relationship between Corporate Social Responsibility (CSR) and service innovation performance within Pakistan's hotel industry. It highlights the growing importance of CSR in meeting stakeholders' needs amid increasing global competition. Over the last decade, CSR has gained significant attention, with a focus on promoting positive employee behaviors. The study emphasizes CSR's role in driving service innovation to enhance organizational outcomes.

The prime objective of the study is to examine the affective commitment mediation effect between CSR and service innovation performance. CSR initiatives are perceived by employees as a reflection of the organization's values and ethics. When employees recognize that their organization is engaged in socially responsible practices, they are more likely to develop a stronger emotional attachment to the organization. This enhanced affective commitment can lead to greater motivation and loyalty (Westhuizen, & Malan, 2023).

Employees with high affective commitment are generally more engaged and motivated, which can translate into higher levels of creativity and innovation. In the context of service organizations, employees who feel emotionally connected to their company are more likely to contribute innovative ideas and solutions, as they are invested in the company's success (Demircioglu, 2023). According to the result of the study affective commitment can serve as a mediator between CSR and service innovative performance by influencing how CSR initiatives impact employees' attitudes and behaviours. If CSR positively affects affective commitment, and affective commitment positively affects service innovation, then affective commitment mediates the relationship between CSR and service innovative performance.

In future studies could explore how different types of CSR initiatives impact affective commitment and service innovation. For instance, are environmental CSR initiatives more effective than social or economic ones? Along with this companies should consider investing in CSR not only for its direct benefits but also for its potential to enhance employee commitment and drive innovation

According to the resource-based perspective, CSR is seen as a strategic resource that enhances employee involvement and emotional attachment. Employees are more likely to stay with and be motivated by organizations that are socially responsible. This positive perception of CSR can lead employees to contribute innovative ideas and strive for better service innovation performance. Employees with higher affective commitment are described as being more loyal and dedicated. They display a greater capability for creativity and innovation because their emotional bond with the organization motivates them to contribute extra effort and engage in activities beyond their basic job requirements (Sidharta, 2023).

The study emphasizes that highly committed employees are more inclined towards innovation. Their commitment drives them to think creatively about work-related issues, participate actively in idea generation, and work collaboratively with management to implement new plans. The study concludes that affective commitment mediates the relationship between CSR and service innovation performance. This means that the positive impact of CSR on service innovation is facilitated by employees' affective commitment to the organization.

Managerial Implication

The literature indicates that research on corporate social responsibility (CSR) has predominantly focused on the macro perspective, emphasizing CSR's role in shaping the image of a company among external stakeholders like customers, communities, governments, and media. In contrast, the micro perspective, which examines how employees perceive CSR and its impact on them, has been less explored. Specifically in the hotel industry, while technological advancements and infrastructure improvements are frequently highlighted, the impact of CSR on employees' attitudes, behaviours, and intangible resources has received insufficient attention.

The current study suggests that CSR not only influences external stakeholders but also significantly affects employees. Therefore, management should apply consistent CSR standards for both external and internal stakeholders, acknowledging and addressing the impact of CSR on employees' perceptions and behaviours.

Limitation and Future Research Recommendations

While the current study provides fresh insights on employee attitudes and behaviours related to CSR and service innovation performance, it also has several limitations that should be considered in light of the previously discussed topic. The primary hindrance is the expense and formal procedures of sizable hotels, which necessitated lengthy lead times when reaching out to managers. Due to the lack of participation in CSR discussions by the general public and government, the study was unable to address all stakeholder aspects. The findings might, nevertheless, apply to different hospitality contexts.

Limited sample sizes or non-representative samples may also have an impact on the validity of the study. Since the north of Pakistan is a popular tourist destination, it is imperative to ensure that the sample includes a variety of hotel types and geographic regions. Ultimately, the data were gathered by the cross-sectional approach, and if it weren't an academic study, it might also be longitudinal because academic studies must be completed within a set amount of time, but longitudinal studies span over a number of years.

The study highlights that CSR implementation positively influences employees' service innovation and development by fostering affective commitment. Although the research focused on Pakistan's hotel industry, its framework could be applied to other sectors such as banking and healthcare. Future research should include longitudinal surveys, qualitative approaches, and consider customer perspectives. The study model can also be expanded to compare ownership structures, organizational cultures, and the impact of management policies and leader personality on CSR outcomes.

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