

Influence of Resilience of entrepreneurs on sustainable tourism development: mediating role of corporate philanthropy

RAFFAELE CAMPO* PIERFELICE ROSATO• MUHAMMAD ISHFAQ AHMAD[▲]
RAMIZ UR REHMAN**

Framing of the research. Some of the Sustainable Development Goals (SDGs) by the United Nations may be connected to human stay and travelling, e.g. SDG 9, relative to Industry, Innovation, and Infrastructure, SDG 7, relative to Affordable and Clean Energy, and also SDG 11, Sustainable Cities and Communities (Soh et al., 2023), which are strictly related to sustainable tourism. Scholars, in addition, are paying more attention to sustainable tourism context, as well as politicians, as in the Norwegian case (Aall, 2014) and the Spanish one (Dodds, 2008). The necessity to balance both negative and positive impacts of tourism is particularly evident after the Covid-19 pandemic (Sigala, 2020), in particular Schonherr et al. (2023), through twenty four interviews found that policymakers are conscious of the necessity to impement initiatives of sustainable tourism and strategies have to consider environmental, economic, socio-cultural and community purposes. In addition, Becherel (2002) identified competitiveness and sustainability as two main parameters of tourism. Premise that, the role of entrepreneur is fundamental to give sustainable print to touristic companies. The continuous challenges entrepreneurs have to face, require a certain degree of resilience, which can be defined as that ability to react and adapt in a positive way to an adverse context (Santos et al., 2023, Garrett and Zettel, 2021; Bullough et al., 2014). Santos et al. (2023) highlight how COVID-19 has obliged entrepreneurs to face the adversity and reply to that, even though resilience is not a concept developed after the pandemic (Brito et al., 2022; Sheperd and Williams, 2022; Purnomo et al., 2021). Brito et al. (2022), moreover, underline that literature distinguish between static and dynamic resilience. The first one is relative to the response of businesses to crises by following their traditional business path, while dynamic resilience implies the creation of a new business path. Interestingly, Hwang and Joo (2020) connect resilience to philanthropy. According to Gautier and Pache (2015) corporate philanthropy has been explored in literature in four different ways: its essence, its drivers, its organization and, finally, its outcomes, while Simon (1995) highlights its potential role in long-term competitiveness. Moreover, Huang et al. (2022) focused on SMEs to better understand how business ethics during the COVID 19 pandemic affected sustainable business resilience in China. They made reference to altruism and corporate philanthropy and highlight that studies on corporate charity are quantitatively scarce and found that altruism is not affected by irrational behavior and can be explained by endowment effects and loss aversion. Similarly, Ishfaq et al. (2021) analyzed the role of corporate governance and corporate philanthropy as mediators of CSR knowledge management, finding that there is no significant relationship between philanthropy and corporate governance. In addition, recently, Fedorova et al. (2023) studied the role of corporate philanthropy on companies' value and found that the disclosure of philanthropic activities (in particular those connected to culture, education and science) has no impact on investment attractiveness especially if compared to those activities moved by business-related reasons (e.g. youth policies, sports and healthcare). By the way, the influence corporate philanthropy on financial performances has been investigated by different scholars (Valor and Zasuwa, 2017, Wang and Qian, 2011, Su and He, 2010; Seifert et al., 2004). A connection between philanthropy and board composition has been, furthermore, analyzed by Wang and Coffey (1992), finding that the ratio of insiders to outsiders, as well as the percentage of insider stock ownership, in addition to the proportion of female and minority board members, were positively associated with charitable contributions of the firm. Further studies focused on this topic (Cha and Abebe, 2016; Williams, 2003).

Purpose of the paper. China is one of the most coveted touristic destination around the world and tourism gives a significant contribution in the economic development of the country, which is the second one in the world in terms of GDP. Its many dynasties provide world famous heritage sites such as the Great Wall, the Terracotta Warriors of Xi'an, and ancient towns such as Lijiang, which attract not only international travelers but also local tourists. During COVID-19 tourism industry suffered a lot and this was evident also in the hospitality industry. Few hotels survived in

* Assistant Professor in *Marketing* - University of Bari Aldo Moro (Italy)
e-mail: raffaele.campo@uniba.it

• Associate Professor in *Management and Marketing* - University of Bari Aldo Moro (Italy)
e-mail: pierfelice.rosato@uniba.it

▲ Associate Professor, Sohar University (Oman)
e-mail: ramiz_rehman@hotmail.com

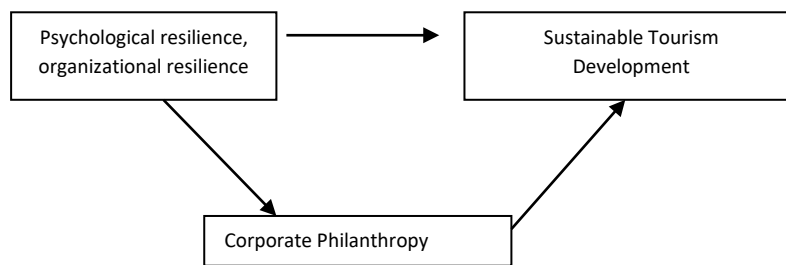
** Associate Professor, The University of Lahore, Lahore, Pakistan
e-mail: muhammad.ishfaq@lbs.uol.edu.pk

this turbulent time, turned into quarantine sites by the local bodies. This study investigates that tourist booking intentions in *Quarantine Designated Hotels* after COVID-19. It is expected that people may have fear that they may get infected as they host all the people having positive COVID-19. It is also possible that people prefer to book these hotels as they have enough experience to handling these infectious diseases. As these hotels charge the high cost and if they share the profits with the society, they may prefer to stay in these hotels. These questions remained unaddressed in the existing literature and this study is an attempt to find the answers of the above posed research questions. A lot of work has been done in hotel industry return during COVID-19 starting from business innovation model (Breier et al., 2021; Sharma et al., 2021), financial distress (Crespí-Cladera et al., 2021; Ozdemir et al., 2021) and hotel CSR (Shin et al., 2021; Choi & Choi, 2021). By the way, there is a strand of literature focused on the quarantine hotels from different angles starting from customer experience and satisfaction (Handani et al., 2002; Wang et al., 2021), from employee perspective (Goh et al., 2021; Teng et al., 2020) and from CSR perspective (Teng et al., 2021). The main purpose of this paper is to investigate if entrepreneur resilience influences sustainable tourism development and if there is a mediating role of corporate philanthropy. From this point of view, we measured tourism sustainable development like community-based sustainable tourism initiatives, the existence of the Regulatory environmental standards to reduce the negative impacts of tourism, the promotion of environmental education and conservation: corporate philanthropy with a focus on initiatives directed to next generations, citizenship responsibility, charity initiatives. Finally, resilience, measured through- among the others- the tendency to bounce back quickly after hard times, to manage a high workload for long periods of time, to the capacity to resolve crises, to organizational tools to face difficult times.

Methodology. We applied the Structural equation modeling (SEM). SEM can be defined as a series of statistical techniques applied in order to find a relationship between independent variables, continuous or discrete, with different applications, used in different areas of behavioral research (Martynova et al., 2018; Bowen and Guo, 2011; Ullman and Bentler, 2012). The software used for the analysis is MPlus. In order to gather data, we developed a questionnaire (based on Likert-scale questions) administered to 309 hotels in China. It is based on different sections: general data on the firm, questions on sustainable tourism development (inspired by Nicholas et al., 2009), on Corporate Philanthropy (Schuyt, et al., 2004), Resilience Psychological resilience, organizational resilience, employee resilience, planned resilience, adaptive resilience).

This is our suggested model:

Fig. 1: Suggested model



Results. Here the results of our study, presented, in summary, through some tables and then briefly explained.

Tab. 1. Analysis

Endogenous variables
Measurement: r1 r2 r3 r4 r5 cp1 cp2 cp3 cp4 cp5 std1 std2 std3 std4 std5
Exogenous variables
Latent: Resilience Philanthropy STourism
Fitting saturated model:
Iteration 0: log likelihood = -5204.0849
Iteration 1: log likelihood = -5202.8822
Iteration 2: log likelihood = -5202.876
Iteration 3: log likelihood = -5202.876
Fitting baseline model:
Iteration 0: log likelihood = -6075.0516
Iteration 1: log likelihood = -6075.0498
Iteration 2: log likelihood = -6075.0498
Fitting target model:
Iteration 0: log likelihood = -5358.4481 (not concave)
Iteration 1: log likelihood = -5330.6483 (not concave)
Iteration 2: log likelihood = -5319.7266 (not concave)
Iteration 3: log likelihood = -5314.5283
Iteration 4: log likelihood = -5309.9923
Iteration 5: log likelihood = -5308.0628
Iteration 6: log likelihood = -5307.4103
Iteration 7: log likelihood = -5306.4741 (not concave)

Iteration 8: log likelihood = -5306.3926
Iteration 9: log likelihood = -5306.2627
Iteration 10: log likelihood = -5306.1793
Iteration 11: log likelihood = -5306.1692
Iteration 12: log likelihood = -5306.1689
Structural equation model
Number of obs = 305
Estimation method = mlmv
Log likelihood = -5306.1689
(1) [r1]Resilience = 1
(2) [cp1]Philanthropy = 1
(3) [std1]STourism = 1

Tab.2- the output of a structural equation model

		OIM				
Standardized	Coef.	Std.Err.	z	P>z	[95% Conf.	Interval]
Measurement						
r1 <-						
Resilience	0.116	0.061	1.910	0.057	-0.003	0.236
_cons	4.488	0.190	23.560	0.000	4.114	4.861
r2 <-						
Resilience	0.300	0.064	4.730	0.000	0.176	0.425
_cons	3.842	0.166	23.150	0.000	3.517	4.168
r3 <-						
Resilience	0.134	0.060	2.230	0.026	0.016	0.252
_cons	5.703	0.238	23.970	0.000	5.236	6.169
r4 <-						
Resilience	0.096	0.064	1.510	0.131	-0.029	0.221
_cons	4.678	0.198	23.640	0.000	4.290	5.065
r5 <-						
Resilience	0.589	0.072	8.180	0.000	0.448	0.730
_cons	5.093	0.214	23.760	0.000	4.673	5.513
cp1 <-						
Philanthropy	0.551	0.050	11.010	0.000	0.453	0.649
_cons	4.521	0.192	23.570	0.000	4.145	4.897
cp2 <-						
Philanthropy	0.023	0.055	0.410	0.683	-0.086	0.131
_cons	3.830	0.165	23.170	0.000	3.506	4.154
cp3 <-						
Philanthropy	0.311	0.053	5.840	0.000	0.207	0.416
_cons	5.584	0.233	23.940	0.000	5.127	6.042
cp4 <-						
Philanthropy	0.404	0.055	7.390	0.000	0.297	0.511
_cons	7.957	0.328	24.290	0.000	7.315	8.600
cp5 <-						
Philanthropy	0.223	0.052	4.300	0.000	0.122	0.325
_cons	3.685	0.160	23.060	0.000	3.372	3.998
std1 <-						
STourism	0.916	0.012	74.290	0.000	0.891	0.940
_cons	3.312	0.146	22.710	0.000	3.026	3.598
std2 <-						
STourism	0.885	0.015	59.630	0.000	0.856	0.914
_cons	3.622	0.157	23.010	0.000	3.314	3.931
std3 <-						
STourism	0.798	0.023	34.970	0.000	0.754	0.843
_cons	4.342	0.185	23.480	0.000	3.979	4.704
std4 <-						
STourism	0.834	0.020	42.090	0.000	0.795	0.872
_cons	4.440	0.189	23.530	0.000	4.070	4.809
std5 <-						
STourism	0.767	0.026	29.890	0.000	0.717	0.817
_cons	4.431	0.188	23.530	0.000	4.062	4.801
var(e.r1)	0.986		0.014		0.959	1.015
var(e.r2)	0.910		0.038		0.838	0.988
var(e.r3)	0.982		0.016		0.951	1.014
var(e.r4)	0.991		0.012		0.967	1.015
var(e.r5)	0.653		0.085		0.507	0.842
var(e.cp1)	0.697		0.055		0.597	0.813
var(e.cp2)	0.999		0.003		0.995	1.004
var(e.cp3)	0.903		0.033		0.840	0.971
var(e.cp4)	0.837		0.044		0.755	0.928
var(e.cp5)	0.950		0.023		0.906	0.997
var(e.std1)	0.162		0.023		0.123	0.213

var(e.std2)	0.217	0.026	0.171	0.275		
var(e.std3)	0.363	0.036	0.298	0.442		
var(e.std4)	0.305	0.033	0.247	0.377		
var(e.std5)	0.412	0.039	0.341	0.496		
var(Resilience)	1	.	.	.		
var(Philanthropy)	1	.	.	.		
var(STourism)	1	.	.	.		
cov(e.r4,e.cp1)	-0.019	0.056	-0.340	0.735	-0.128	0.090
cov(Resilience,Philanthropy)	0.943	0.153	6.160	0.000	0.643	1.243
cov(Resilience,STourism)	0.965	0.103	9.360	0.000	0.763	1.166
cov(Philanthropy,STourism)	1.126	0.071	15.890	0.000	0.987	1.264

LR test of model vs. saturated: $\chi^2(86) = 206.59$, Prob > $\chi^2 = 0.0000$

The table shows the output of a structural equation model with endogenous and exogenous variables. The endogenous variables are r1, r2, r3, r4, r5, cp1, cp2, cp3, cp4, and cp5, while the exogenous variables are Resilience, Philanthropy, and Sustainable Tourism. The fitting of three models is shown in the table: the saturated model, baseline model, and target model. The target model has the highest log likelihood of -5306.1689, which indicates a better fit than the other two models. The next part of the table displays the standardized coefficients (Std. Coef.) of the measurement model, which relates the endogenous variables to the latent exogenous variables. The measurement model shows how the endogenous variables are related to the underlying constructs (latent variables).

For example, the first row shows that r1 is related to Resilience with a standardized coefficient of 0.116. This means that a one-unit increase in Resilience is associated with a 0.116 standard deviation increase in r1. The p-value of 0.057 is close to the significance level of 0.05, suggesting that this relationship may be statistically significant. The confidence interval ranges from -0.003 to 0.236.

Similarly, the other rows show the relationships between the other endogenous variables and the latent exogenous variables. The standardized coefficients, standard errors, z-values, and p-values are provided, as well as the 95% confidence intervals.

Tab. 3: Mediation Analysis

3 observations with missing values excluded						
Endogenous variables						
Observed: cpa stda						
Exogenous variables						
Observed: Ra						
Fitting target model:						
Iteration 0: log likelihood = -1982.3963						
Iteration 1: log likelihood = -1982.3963						
Structural equation model Number of obs = 302						
Estimation method = ml						
Log likelihood = -1982.3963						

		OIM				
Standardized	Coef.	Std.Err.	z	P>z	[95%Conf.	Interval]
Structural						
cpa <-						
Ra	0.276	0.052	5.290	0.000	0.174	0.378
_cons	6.996	0.633	11.060	0.000	5.756	8.236
stda <-						
cpa	0.559	0.040	13.910	0.000	0.481	0.638
Ra	0.133	0.047	2.840	0.005	0.041	0.225
_cons	-2.014	0.462	-4.360	0.000	-2.920	-1.109
var(e.cpa)	0.924	0.029	0.869	0.982		
var(e.stda)	0.628	0.044	0.548	0.720		

LR test of model vs. saturated: $\chi^2(0) = 0.00$, Prob > $\chi^2 = 168$.

The table shows the standardized coefficients, standard errors, z-values, p-values, and 95% confidence intervals for the structural equation model. The first equation shows the effect of "Ra" on "cpa", with a coefficient of 0.276, indicating a positive relationship. The second equation shows the effect of "cpa" on "stda", with a coefficient of 0.559, indicating a strong positive relationship. The third equation shows the effect of "Ra" on "stda", with a coefficient of 0.133, indicating a positive relationship but weaker than the previous equation.

The variance of the error terms for "cpa" and "stda" are also shown. The LR (likelihood ratio) test of the model versus the saturated model indicates that the model fits the data well, with a chi-square value of 0.00 and a probability greater than chi-square of 0.00.

Research limitations. *This research is not without limits, As a matter of fact, it is limited to the Chinese context, which is a particularly relevant element with regards to pandemic. Then, not all the dimensions of resilience and corporate philanthropy have been explored, so definitely there is room for further research. The literature, for example, is silent on the booking perceptions of tourist in the quarantine designated hotels because they are special hotels which maintained the high standard of covid-19 prevention measures and meanwhile they charged higher costs as compared to other hotels. Secondly it is also interested to know whether the tourist like to stay in these hotels they may feel that hotels host the covid-19 related patience and there is possibility they might get infected by staying in these hotels.*

Managerial implications. *The paper shows that corporate philanthropy is a strong mediator between resilience and sustainable tourism development and this reduces agency issues between managers and owners, as these ones are more recalcitrant to spend money for society, especially after a turbulence like the pandemic. This analysis, furthermore, is original because highlights potential implications for Italian and European companies which have strict contacts with this Far-East country.*

Originality of the paper. *This short paper explores the implications of Covid-19 on tourism directly in a country which is not only the place where the pandemic started but also a central land for international trade. In an international marketing perspective, moreover, this is particularly important from a cultural point of view.*

Keywords: *Hospitality; Tourism; Resilience; China; Philanthropy, International marketing*

References

- AALL C. (2014), "Sustainable Tourism in Practice: Promoting or Perverting the Quest for a Sustainable Development?", *Sustainability*, vol. 6, n. 5.
- BECHEREL, L. (2001), "The WTO tourism policy and strategy course", *TedQual*, vol. 4, pp. 16-20.
- BOWEN N.K., GUO S. (2011), *Structural Equation Modeling*, Oxford University Press.
- BREIER M., KALLMUENZER A., CLAUSS T., GAST J., KRAUS S., TIBERIUS V., "The role of business model innovation in the hospitality industry during the COVID-19 crisis", *International Journal of Hospitality Management*, vol. 92.
- BRITO R.P.D., LENZ A.K., PACHECO M.G.M. (2022), "Resilience building among small businesses in low-income neighborhoods", *Journal of Small Business Management*, vol. 60, n. 5, pp. 1166-1201.
- BULLOUGH A., RENKO M., MYATT T. (2014) "Danger zone entrepreneurs: the importance of resilience and self-efficacy for entrepreneurial intentions", *Entrepreneurship Theory and Practice*, vol. 38, n. 3.
- CHA W., ABEBE, M.A. (2016), "Board of directors and industry determinants of corporate philanthropy", *Leadership & Organization Development Journal*, vol. 37, n. 5, pp. 672-688.
- CHOI M., CHOI Y. (2021), "Employee perceptions of hotel CSR activities during the COVID-19 pandemic", *International Journal of Contemporary Hospitality Management*.
- CRESPI-CLADERA R., MARTIN-OLIVER A., PASCUAL-FUSTER B. (2021), "Financial distress in the hospitality industry during the Covid-19 disaster", *Tourism Management*, vol. 85, 104301.
- DOODS R. (2008), "Sustainable Tourism and Policy Implementation: Lessons from the Case of Calviá, Spain", *Current Issues in Tourism*, vol. 10, n. 4, pp. 296-322.
- FEDOROVA E., DEMIN I., SILINA E. (2023), "Impact of expenditures and corporate philanthropy disclosure on company value", *Corporate Communications: An International Journal*, in press.
- GARRETT R., ZETTEL L. (2021), "Entrepreneurial Resilience", *Business and Management*.
- GAUTIER A., PACHE A.C. (2015), "Research on Corporate Philanthropy: A Review and Assessment", *Journal of Business Ethics*, vol. 126, pp. 343-369.
- GOH E., BAUM T. (2021), "Job perceptions of Generation Z hotel employees towards working in Covid-19 quarantine hotels: the role of meaningful work", *International Journal of Contemporary Hospitality Management*.
- HANDANI, N.D., RISWANTO A.L., KIM H.S. (2022), "A Study of Inbound Travelers Experience and Satisfaction at Quarantine Hotels in Indonesia during the COVID-19 Pandemic", *Information*, vol. 13, n. 5, 254.
- HUANG X., CHAU K.Y., TANG Y.M., IQBAL W. (2022), "Business Ethics and Irrationality in SME During COVID-19: Does It Impact on Sustainable Business Resilience?", *Frontiers in Environment Science*, vol. 10.
- HWANG H., JOO D. (2020), "How to be Resilient? Local Philanthropy as a Collective Response to Natural Disasters", *Voluntas: International Journal of Voluntary and Nonprofit Organizations volume*, vol. 32, pp. 430-447.
- ISHFAQ A.M, AKRAM N.M., BATTISTI E., GAZI A.M. (2021), "Corporate Governance and Corporate Philanthropy During COVID-19: Mediating role of Knowledge Management", *2021 IEEE International Conference on Technology Management, Operations and Decisions (ICTMOD)*, 24-26 November 2021, Marrakech (Morocco),
- MARTYNOVA E., WEST S.G., LIU Y. (2018), "Review of Principles and Practice of Structural Equation Modeling", *Structural Equation Modeling: A Multidisciplinary Journal*, vol. 25, n. 2, pp. 325-329.
- NICHOLAS L.N., THAPA B., KO Y.J. (2009), "Residents' perspectives of a world heritage: the Pitons management area, St. Lucia", *Annals of Tourism Research*, vol. 36, n. 3, pp. 390-412.
- OZDEMIR O., DOGRU T., KIZILDAG M., MODY M., SUESS C. (2021), "Quantifying the economic impact of COVID-19 on the US hotel industry: Examination of hotel segments and operational structures", *Tourism Management Perspectives*, vol. 39, 100864.

- PURNOMO B.R., ADIGUNA R., WIDODO W., SUYATNA H., NUSANTORO B.P. (2021), "Entrepreneurial resilience during the covid-19 pandemic: navigating survival, continuity and growth".
- SANTOS S.C., LIGUORI E.W., GARVEY E. (2023), "How digitalization reinvented entrepreneurial resilience during COVID-19", *Technological Forecasting and Social Change*, vol. 189.
- SCHONHERR S., PETERS M., KUSCER K. (2023), "Sustainable tourism policies: From crisis-related awareness to agendas towards measures", *Journal of Destination Marketing & Management*, vol. 27.
- SCHUYT T., SMIT J., BEKKERS R. (2004), "Constructing a philanthropy-scale: Social responsibility and philanthropy", *Order*, vol. 501, n. 5704.
- SEIFERT B., MORRIS S.A., BARTKUS B.R. (2004), "Having, giving, and getting: slack resources, corporate philanthropy, and firm financial performance", *Business & Society*, vol. 43, n. 2, pp. 135-161.
- SHARMA A., SHIN H., SANTA-MARIA M.J., NICOLAU J.L. (2021), "Hotels' COVID-19 innovation and performance", *Annals of Tourism Research*, vol. 88, 103180.
- SHEPERD D.A., WILLIAMS T.A. (2022), "Different response paths to organizational resilience", *Small Business Economics*.
- SHIN H., SHARMA A., NICOLAU J.L., KANG J. (2021), "The impact of hotel CSR for strategic philanthropy on booking behavior and hotel performance during the COVID-19 pandemic", *Tourism Management*, vol. 85, 104322.
- SIGALA M. (2020), "Tourism and COVID-19: Impacts and implications for advancing and resetting industry and research", *Journal of Business Research*, vol. 117, pp. 312-321.
- SIMON F.L. (1995), "Global corporate philanthropy: a strategic framework", *International Marketing Review*, vol. 12, n. 4, pp. 20-37.
- SOH A.N., PUAH C.H., ARIP M.A. (2023), "A Bibliometric Analysis on Tourism Sustainable Competitiveness Research", *Sustainability*, vol. 15, n. 2.
- SU J., HE J. (2010), "Does giving lead to getting? Evidence from Chinese private enterprises", *Journal of Business Ethics*, vol. 93, n. 1, pp. 73-90.
- TENG X., TENG Y.M., WU K.S., CHANG B.G. (2021), "Corporate social responsibility in public health during the COVID-19 pandemic: Quarantine hotel in China", *Frontiers in Public Health*, vol. 30.
- TEMG Y.M., WU K.S., LIN K.L., XU D. (2020), "Mental health impact of COVID-19 on quarantine hotel employees in China", *Risk management and healthcare policy*, vol. 13, 2743.
- ULLMAN J.B., BENTLER P.M. (2012), "Structural Equation Modeling", *Research Methods in Psychology*, vol. 2. IV. Data analysis issues.
- VALOR C., ZASUWA G. (2017), "Quality reporting of corporate philanthropy", *Corporate Communications: An International Journal*, vol. 22, n. 4, pp. 486-506.
- WANG H., QIAN C. (2011), "Corporate philanthropy and corporate financial performance: the roles of stakeholder response and political access", *Academy of Management Journal*, vol. 54, n. 6, pp. 1159-1181.
- WANG K.Y., MA M.L., YU J. (2021), "Understanding the perceived satisfaction and revisiting intentions of lodgers in a restricted service scenario: evidence from the hotel industry in quarantine", *Service Business*, vol. 15, n. 2, pp. 335-368.
- WANG J., COFFEY B.S. (1992), "Board composition and corporate philanthropy", *Journal of Business Ethics*, vol. 11, pp. 771-778.
- WILLIAMS, R.J. (2003), "Women on Corporate Boards of Directors and their Influence on Corporate Philanthropy", *Journal of Business Ethics*, vol. 42, pp. 1-10.