

# Sustainable hospitality in two-star hotels: The role of CSR and service quality in building customer loyalty



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**Abstract** Tourism plays a vital role in supporting the Sustainable Development Goals (SDGs), particularly through the hospitality sector's contribution to local economic development and social welfare. In the context of budget accommodation, two-star hotels represent a growing yet underexplored segment in sustainability and customer behavior research. This study aims to examine the effects of Corporate Social Responsibility (CSR) and service quality on customer loyalty in two-star hotels in East Java, Indonesia, with customer satisfaction and corporate image serving as mediating variables. This research employed a quantitative explanatory design. Data were collected from 385 domestic and international tourists who had stayed at two-star hotels more than once. The respondents were drawn from a population of 539 two-star hotels listed on Traveloka and located across 22 cities and districts in East Java. Partial Least Squares–Structural Equation Modeling (PLS-SEM) was used to analyze the relationships among the constructs and to test both direct and indirect effects. The findings reveal that CSR and service quality have significant positive effects on customer loyalty. These effects occur both directly and indirectly through customer satisfaction and corporate image. The results further confirm that customer satisfaction and corporate image play critical mediating roles in strengthening the relationship between CSR, service quality, and customer loyalty. Hotels that consistently implement socially responsible initiatives and deliver high-quality services are more likely to enhance customer satisfaction, build a favorable corporate image, and foster long-term customer loyalty. The structural model demonstrates strong explanatory power ( $R^2 = 0.849$ ) and high predictive relevance ( $Q^2 = 0.599$ ), indicating the robustness of the proposed framework. This study contributes to the hospitality management literature by extending the understanding of CSR and service quality as strategic drivers of customer loyalty in the budget hotel segment. From a managerial perspective, the findings suggest that two-star hotel managers should integrate CSR practices with continuous service quality improvements to strengthen customer relationships, enhance competitive advantage, and achieve sustainable business performance within the evolving tourism industry.

**Keywords:** social exchange theory, SERVQUAL, hospitality sustainability, budget hotel sector

## 1. Introduction

The modern hospitality industry faces complex challenges in maintaining customer loyalty, especially in the two-star hotel segment in East Java, Indonesia. East Java, as one of Indonesia's important tourist destinations, has unique characteristics in its hospitality industry. Two-star hotels, as a strategic segment in the tourism ecosystem, face unique challenges in building and maintaining customer loyalty. Research by Mahmud and Sudarmiatin (2022) shows that marketing is an important element that must be considered in order to meet expectations, namely, to obtain the desired customer loyalty.

As hotels aim to meet their guests' constantly changing expectations, they increasingly encounter a variety of environmental and social challenges within local communities, such as air and noise pollution, biodiversity loss, excessive waste, and weak enforcement of labor standards (Chan, 2011). In recent decades, hotel managers have become more aware of the strategic importance of Corporate Social Responsibility (CSR) in achieving corporate objectives (Kim & Kim, 2016) while also reducing the negative environmental, cultural, and social impacts of their operations (Chan, 2011). Prior research emphasizes that CSR initiatives are essential for creating competitive advantages that support long-term business sustainability (Rochayatun et al., 2023). In the hospitality industry, CSR not only enhances competitiveness but also improves corporate image and customer satisfaction, both of which foster increased customer loyalty.

According to Indonesia's Central Statistics Agency (BPS), the number of star-rated hotels increased by 25 in 2023, reaching a total of 4,129 units nationwide. Among them, two-star hotels accounted for 862 establishments—approximately 20.9% of the total—ranking third overall. This percentage underscores the crucial role of two-star hotels within the national



hospitality sector, especially as the mid-market segment continues to serve as a key foundation for the development of Indonesia's accommodation industry.

Corporate Social Responsibility (CSR) refers to a company's commitment to responsibly managing its social, environmental, and economic impacts. It encompasses ethical behavior, environmental conservation, and community engagement, which contribute positively to society. Beyond philanthropy, CSR represents a strategic approach that strengthens a company's public image and reputation (Cuesta-Valiño et al., 2019). Meanwhile, service quality refers to the extent to which a company's services meet or surpass customer expectations—an essential determinant of satisfaction and loyalty, especially in service-driven industries (Ozkan et al., 2020). According to Kim and Kim (2016), high service quality fosters customer trust and encourages word-of-mouth promotion, which are crucial for building long-term customer relationships. Recent bibliometric evidence confirms that service quality and customer satisfaction remain among the most frequently explored constructs in hospitality research worldwide, underscoring their significance in fostering loyalty and sustaining competitiveness (Ahlawat et al., 2023).

Customer satisfaction represents a long-term orientation centered on delivering excellent service experiences (Utami et al., 2023). It reflects the degree of contentment customers feel toward a product or service and acts as a primary driver of loyalty. Satisfied customers tend to repurchase and share positive recommendations about the brand, ultimately supporting long-term profitability (Chung et al., 2015; Mohamed Abd-El-Salam et al., 2013).

Corporate image refers to the overall perception stakeholders and customers hold about an organization. It is shaped through CSR engagement, service quality, and marketing communication. A favorable corporate image enhances customer trust and loyalty, while an unfavorable one may damage the company's reputation and deter potential clients (Le, 2021; Kim & Kim, 2016).

Customer loyalty, reflected in a customer's tendency to repurchase or continue using a company's services, is influenced by several factors, including service quality, satisfaction, corporate image, and reputation (Choi & La, 2013; Latif & Perez, 2020). These elements are critical for ensuring long-term business continuity. According to Utami et al. (2025), customer satisfaction and trust serve as vital antecedents to loyalty. This aligns with the present study's framework, which positions satisfaction and corporate image as mediating variables linking CSR and service quality to customer loyalty in two-star hotels across East Java, Indonesia.

CSR has become a relevant strategy within the hospitality sector, aiming to elicit favorable customer responses (Kim & Kim, 2016). In an era of intense industry competition, retaining satisfied customers has become a primary managerial objective, and CSR initiatives are expected to contribute meaningfully to this pursuit. Customer loyalty serves as a key indicator of positive customer response toward company performance (Garcia de los Salmones et al., 2009), and many scholars have sought to examine the CSR loyalty nexus (Chen et al., 2012).

However, achieving customer loyalty remains a multifaceted challenge. The conceptual models explaining its formation continue to evolve, with scholars adding new explanatory variables. Prior research shows that CSR, engagement in the hospitality industry, enhances satisfaction (Su & Swanson, 2017) and corporate image (El Dief & Font, 2010) and directly fosters customer loyalty (Hernández-Lobato et al., 2006). Nonetheless, the dual mediating role of satisfaction and image within the CSR–loyalty relationship has not been thoroughly examined in an integrated model. The mechanism explaining how CSR perceptions influence loyalty remains ambiguous (Aramburu & Pescador, 2019). Studies indicate that CSR often exerts an indirect influence through mediating constructs such as trust, identification, satisfaction (Martinez et al., 2014), brand preference (Liu et al., 2014), goal commitment (Chubchuwong, 2019), or corporate image (Yu et al., 2019). Yet no prior study has comprehensively analyzed customer satisfaction and corporate image as dual mediators within a single hospitality model.

In the highly competitive hospitality landscape, CSR has emerged as a key pillar that not only shapes corporate image but also cultivates trust and satisfaction factors that ultimately drive customer loyalty (Sindhu & Arif, 2017). Nevertheless, the two-star hotel segment in East Java remains relatively underexploited regarding the implementation and outcomes of CSR.

This study contributes novel insights into customer loyalty research in the hospitality sector in several ways. First, it focuses specifically on two-star hotels across 22 cities and districts in East Java, an area that has received limited academic attention compared to higher-rated hotels. Second, it empirically tests a dual-mediation model, analyzing how CSR and service quality influence customer loyalty through satisfaction and corporate image. Third, it broadens the perspective by incorporating both domestic and international tourists, thereby enhancing external validity and generalizability. Lastly, the study utilizes recent empirical data from 385 respondents who have actually stayed in hotels, offering findings that better represent real customer behavior rather than mere perceptions or intentions. Unlike previous studies that primarily focus on upscale or four- and five-star hotels, this study investigates the sustainability-loyalty mechanism within the two-star hotel segment, thereby addressing an important empirical gap in hospitality research.

## 2. Conceptual Framework

### 2.1. Social exchange theory / SET

Cook and Emerson (1978) refined the Social Exchange Theory (SET) to describe how interactions between companies and customers resemble social relationships built on mutual benefit. The theory suggests that individuals or organizations maintain relationships when the perceived rewards exceed the associated costs. In the hospitality context, this implies that customers tend to stay loyal to hotels that consistently deliver value and demonstrate genuine care toward their stakeholders.

For two-star hotels, SET highlights that when businesses engage in positive initiatives such as providing sincere and personalized services, implementing meaningful CSR activities, and maintaining consistent communication, customers perceive these activities as beneficial exchanges. This reciprocity enhances customer satisfaction, strengthens the corporate image, and builds corporate reputation, ultimately fostering customer loyalty.

In their updated perspective, Cook and Emerson (1978) emphasize the importance of maintaining balance and transparency in modern social exchanges. In today's digital era, where information spreads rapidly, both positive and negative actions of a company can significantly influence public perception. Hence, maintaining consistent and socially responsible practices is crucial for sustaining customer trust and long-term loyalty. Within this study, SET serves as a theoretical foundation to explain how Corporate Social Responsibility (CSR) and Service Quality contribute to building reciprocal relationships through Customer Satisfaction, Corporate Image, and Corporate Reputation, which in turn strengthen Customer Loyalty. Beyond transactional exchanges, Social Exchange Theory also acknowledges the role of psychological orientation in shaping organizational outcomes. Previous studies examining determinants of organizational performance and competitiveness indicate that psychological and behavioral factors may shape outcomes beyond purely structural or environmental conditions. For instance, research on micro, small, and medium enterprises (MSMEs) in Indonesia found that locus of control particularly external locus of control significantly affects MSME competitiveness, with external locus of control identified as the most influential determinant among the variables studied (Mukhlis et al., 2026). This finding reinforces the importance of individual behavioral orientation in explaining organizational outcomes and further underscores the relevance of psychological perspectives within hospitality research.

## 2.2. Corporate identity theory

Balmer (2017) refined Corporate Identity Theory to explain how organizations create, express, and sustain their identity in the public eye. Similar to an individual's personality, corporate identity reflects how a company wants to be perceived, how it is actually seen, and the reputation it builds over time.

In the hospitality context, especially for two-star hotels, corporate identity encompasses all distinctive elements that differentiate one hotel from another—such as its values, service style, visual design, staff uniforms, logo, and communication tone. For example, a hotel might cultivate an identity centered on environmental friendliness, family comfort, and warm local hospitality. Corporate image refers to how customers and the public perceive the hotel, shaped by direct experiences, word-of-mouth, and the organization's presentation across media platforms. When a hotel consistently provides friendly and personal service, maintains cleanliness, and engages in social initiatives, a positive image naturally develops.

Corporate reputation, in turn, represents the long-term assessment derived from the cumulative image and actions of the hotel over time. Similar to trust in human relationships, it takes time to build but can be easily damaged if the organization fails to uphold its promises.

Balmer (2017) emphasized that in the digital era, corporate identity must be dynamic and adaptive. Consistency between a hotel's projected identity and the actual customer experience—especially across social media and online reviews—is crucial to sustaining credibility. For two-star hotels, establishing a strong identity does not necessarily require large financial investments. Clear values, consistent service, and sincere community engagement can serve as powerful differentiators. An authentic identity, reinforced by genuine actions, will organically create a positive image and reputation.

In essence, this theory underscores that long-term success in the hospitality industry relies not only on tangible assets or pricing but on the alignment between identity, image, and reputation. When these three elements are coherent, hotels can more effectively attract and retain loyal customers, even within highly competitive markets.

## 3. Literature Review

### 3.1. Corporate social responsibility (CSR)

In this research, Corporate Social Responsibility (CSR) is conceptualized across three primary dimensions—responsibility toward customers, society, and the environment—as outlined by Veloso (2021). These dimensions are essential in cultivating trust and building long-term relationships. Grounded in stakeholder theory, CSR initiatives are believed to strengthen a company's social legitimacy and nurture emotional connections with customers (Carroll, 1999; Martinez et al., 2014). CSR embodies an organization's commitment to advancing sustainable economic growth while fulfilling its social obligations and maintaining equilibrium among economic, social, and environmental priorities.

Latif and Perez (2020) describe CSR as a form of corporate accountability that extends beyond profit generation to encompass the broader social and environmental consequences of business operations. CSR initiatives enhance customer satisfaction by instilling a sense of pride and emotional attachment among customers. Empirical findings by Latif and Perez

(2020) indicate that CSR exerts a significant positive effect on customer satisfaction, Ali et al. (2021) identify satisfaction as a key mediating factor linking CSR to customer loyalty. Moreover, CSR activities play a vital role in shaping a favorable corporate image. Latif and Perez (2020) further demonstrated that CSR engagement considerably improves customers' perceptions of corporate image.

H1: Corporate Social Responsibility (CSR) positively affects Customer Loyalty (CL).

H3: Corporate Social Responsibility (CSR) positively affects Customer Satisfaction (SAT).

H4: Corporate Social Responsibility (CSR) positively affects Corporate Image (CI).

### 3.2. Service quality

Service quality has long been acknowledged as a fundamental determinant of customer loyalty. According to Latif and Perez (2020), superior service quality positively impacts customer loyalty within the hospitality sector. This finding is consistent with Supriyanto et al. (2021), who emphasized that the dimensions of the SERVQUAL framework play a crucial role in fostering customer loyalty. Veloso (2021) conceptualized service quality through five SERVQUAL dimensions—tangibility, reliability, responsiveness, assurance, and empathy—which collectively shape customers' evaluations of hotel services. When service quality is perceived as high, it substantially enhances both customer satisfaction and Customer Loyalty.

The theory of service quality posits that higher service performance leads to greater satisfaction (Cronin & Taylor, 1992). Supporting this perspective, Radomir (2018), in his comparative research on banking industries in Romania and the United Kingdom, found that customers who perceive superior service quality demonstrate stronger loyalty intentions. The study also highlighted the dual role of service quality, which affects loyalty directly as well as indirectly through the mediating effect of satisfaction. Similarly, Wisse et al. (2015) asserted that excellent service quality improves customer perceptions of received value, consequently heightening satisfaction levels. Their findings indicate that continuous service quality enhancement is vital for achieving sustained customer satisfaction.

Further, Kosasih et al. (2024) argued that customers who perceive consistently high service quality tend to form more favorable attitudes toward the company, particularly regarding reliability, trustworthiness, and ethical conduct. This positive perception strengthens the corporate image, which in turn contributes to long-term advantages such as enhanced loyalty, greater customer attraction, and improved market reputation.

H2: Service Quality (SQ) has a positive effect on Customer Loyalty (CL).

H5: Service Quality (SQ) has a positive effect on Customer Satisfaction (SAT).

H6: Service Quality (SQ) has a positive effect on Corporate Image (CI).

### 3.3. Customer satisfaction (SAT)

Customer satisfaction plays a mediating role in linking CSR and service quality to customer loyalty. This concept is rooted in the disconfirmation of expectations theory (Oliver, 1980), which states that satisfaction occurs when the service received meets or exceeds customer expectations. According to Supriyanto (2021), customer satisfaction involves three aspects: customer attitudes, overall satisfaction when services meet or exceed expectations, and behavioral tendencies associated with satisfaction.

Customer satisfaction is a critical determinant of loyalty (Latif & Perez, 2020) Both found that satisfied customers are more likely to remain loyal, repurchase, and recommend the company to others. Recent studies, such as Park and Taylor (2024), identified new trends in satisfaction management, emphasizing the use of big data and artificial intelligence to anticipate customer needs. However, Rodriguez and Kim (2023) cautioned that technology should serve as an enabler rather than a replacement for creating meaningful customer experiences.

H7: Customer Satisfaction (SAT) positively influences on Customer Loyalty (CL).

### 3.4. Corporate image (CI)

Corporate image is understood as the overall perception the customers hold regarding a company's positive attributes. According to Latif and Perez (2020), key indicators of a favorable corporate image include positive impressions of the hotel, pleasant associations, perceptions of superiority compared to competitors, alignment between services and customer expectations, and a sense of distinctiveness in customer interactions.

A strong corporate image promotes trust and fosters customer loyalty. Latif and Perez (2020) found that corporate image significantly enhances loyalty, sometimes even surpassing the direct effect of CSR. Martínez and Garcia (2023) further noted that the modern hotel image is shaped not only by physical and service quality but also by digital presence and sustainability initiatives. They argued that maintaining consistency between brand promises and actual performance is essential for cultivating a strong image. Similarly, Thompson et al. (2024) emphasized that authenticity and transparency in communication are central to building a credible and trustworthy corporate image.

H8: Corporate Image (CI) positively influences Customer loyalty (CL).

### 3.5. Customer loyalty (CL)

Supriyanto (2021) conceptualized customer loyalty through four dimensions: cognitive, affective, conative, and behavioral loyalty. Loyalty extends beyond repeat purchases to encompass emotional commitment, advocacy, and a sense of pride in the brand. This framework underscores that both CSR and service quality significantly affect loyalty—directly and indirectly—through satisfaction and corporate image. In the hospitality sector, loyalty reflects customers' enduring commitment to revisit or recommend a hotel despite external influences or competitors' efforts. Oliver and Kumar (2024), using the omnichannel loyalty explained that contemporary hotel loyalty develops from the seamless integration of online and offline experiences, involving behavioral, attitudinal, and emotional engagement.

### 3.6. Customer satisfaction (SAT) mediates the effect of corporate social responsibility (CSR) on customer loyalty (CL)

Ali et al. (2021) identified customer satisfaction as a pivotal mediating variable linking CSR and customer loyalty. Consistent with this, Latif and Perez (2020) showed that CSR enhances satisfaction, which subsequently fosters loyalty. Ali et al. (2021) argued that CSR may not always exert a direct influence on loyalty but often operates through improved satisfaction. When customers perceive that a company genuinely addresses social, environmental, and community concerns, they tend to feel more satisfied and, consequently, more loyal. Radomir (2018) also affirmed this mediating role, demonstrating that both service quality and CSR positively influence satisfaction, which ultimately translates into loyalty. Satisfaction thus functions as a psychological mechanism explaining how CSR efforts transform into customer loyalty.

H9: Customer Satisfaction (SAT) mediates the relationship between Corporate Social Responsibility (CSR) and Customer Loyalty (CL).

### 3.7. Customer loyalty (CL)

Empirical evidence from Latif and Perez (2020) indicates that initiatives enhance a company's image and a stronger corporate image subsequently reinforces customer loyalty. This suggests that corporate image serves as an important mediating factor in the relationship between CSR and loyalty. CSR has consistently been viewed as a strategic approach to building and maintaining strong company–customer relationships.

CSR activities not only provide social benefits but also help shape favorable perceptions among customers. As highlighted by Topor (2022), the effective use of social media in communicating CSR activities strengthens public trust and enhances perceptions of organizational responsibility. This improved image contributes positively to loyalty, as customers tend to support and stay committed to firms they perceive as socially responsible. Similarly, findings by Latif and Perez (2020) and Ali et al. (2021) confirm that a positive corporate image mediates the link between CSR and loyalty by fostering trust, a sense of security, and brand differentiation from competitors.

H10: Corporate Image (CI) mediates the effect of Corporate Social Responsibility (CSR) on Customer Loyalty (CL).

### 3.8. Customer satisfaction (SAT) as a mediator between service quality (SQ) and customer loyalty (CL)

High service quality enhances customer satisfaction, which in turn fosters stronger loyalty. Previous studies by Supriyanto et al. (2021) and Latif and Perez (2020) confirmed that satisfaction serves as a crucial mediator linking service quality to loyalty. Customers who experience satisfaction are more inclined to revisit, make repeat purchases, and recommend the hotel to others. Furthermore, Gupta and Bodra (2023) emphasized that satisfaction functions as a psychological pathway through which superior service quality transforms into customer loyalty. In the absence of satisfaction, even exceptional service quality may fail to secure long-term loyalty.

H11: Customer Satisfaction (SAT) mediates the effect of Service Quality (SQ) on Customer Loyalty (CL).

### 3.9. Corporate image (CI) mediates the effect of service quality (SQ) on customer loyalty (CL)

Latif and Perez (2020) reported that positive service experiences enhance corporate image, which in turn strengthens customer loyalty. Accordingly, corporate image acts as a strategic bridge connecting service quality to loyalty. Drawing on the SERVQUAL model (Parasuraman et al., 1988), elements such as tangibility, reliability, responsiveness, assurance, and empathy shape customers' perceptions and foster positive experiences. Consistent service quality not only improves satisfaction but also reinforces corporate image. Latif and Perez (2020) demonstrated that service quality contributes to a favorable corporate image, which then promotes loyalty. Iglesias et al. (2020) added that corporate image functions both cognitively and affectively, linking service experiences to loyalty.

Previous research has underscored the pivotal mediating role of corporate image in the link between service quality and customer loyalty. Cheng (2014) discovered that corporate image partially mediates the relationship between Customer Satisfaction and loyalty within Malaysia's hotel sector. The findings indicated that superior service quality enhances customer satisfaction, which in turn fosters loyalty, while a strong corporate image further reinforces this connection. Similarly, Yusuf

and Roslan (2024) demonstrated that service quality positively influences both corporate image and customer trust, with corporate image serving as a key driver in building trust that ultimately strengthens loyalty. Collectively, these studies confirm that corporate image functions as an essential bridge connecting service quality to customer loyalty.

H12: Corporate Image (CI) mediates the effect of Service Quality (SQ) on Customer Loyalty (CL).

#### 4. Research Methodology

##### 4.1. Data collection

This study adopted a quantitative research design with an explanatory approach, analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The population consisted of 539 two-star hotels across 22 cities and districts in East Java Province, Indonesia. From this population, 274 hotels were included in the sampling frame, resulting in 385 respondents consisting of both domestic and international tourists who had stayed at these hotels more than once.

The sample size was determined using the Raosoft online sample size calculator, with parameters set at a 95% confidence level, a 5% margin of error, and an assumed infinite population. A non-probability purposive sampling technique was employed, guided by the following inclusion criteria: (a) tourists who had stayed in two-star hotels in East Java more than once and (b) tourists who had viewed or shared photos or videos of their hotel experiences on social media platforms.

Data were collected via an online questionnaire distributed through Google Forms, targeting individuals who were listed in hotel guest databases, travel discussion forums, and online tourism communities. Prior to the main data collection, a pilot test was conducted to ensure the questionnaire’s clarity, reliability, and content validity. The findings indicate that Corporate Social Responsibility (CSR) and Service Quality significantly influence Customer Loyalty, both directly and indirectly, through Customer Satisfaction and Corporate Image. Furthermore, mediation analysis confirmed that customer satisfaction and corporate image serve as critical mechanisms linking CSR and service quality to customer loyalty.

##### 4.2. Scale measurement

The data were analyzed using SmartPLS version 4.0. Each construct was measured through multiple indicators adapted from previously validated scales to ensure content relevance and construct validity. All items were rated on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Measurement instruments, Corporate Social Responsibility (CSR), Service Quality, Customer Satisfaction, Corporate Image, and Customer Loyalty were developed and refined on the basis of prior empirical studies. Each item was contextually adjusted to fit the operational setting of two-star hotels in East Java, ensuring both conceptual precision and linguistic coherence. To evaluate the reliability and validity of the measurement model, Cronbach’s Alpha, Composite Reliability (CR), and Average Variance Extracted (AVE) were computed. The conceptual framework of this study, illustrating the hypothesized relationships among Corporate Social Responsibility (CSR), Service Quality, Customer Satisfaction, Corporate Image, and Customer Loyalty, is presented in Figure 1.

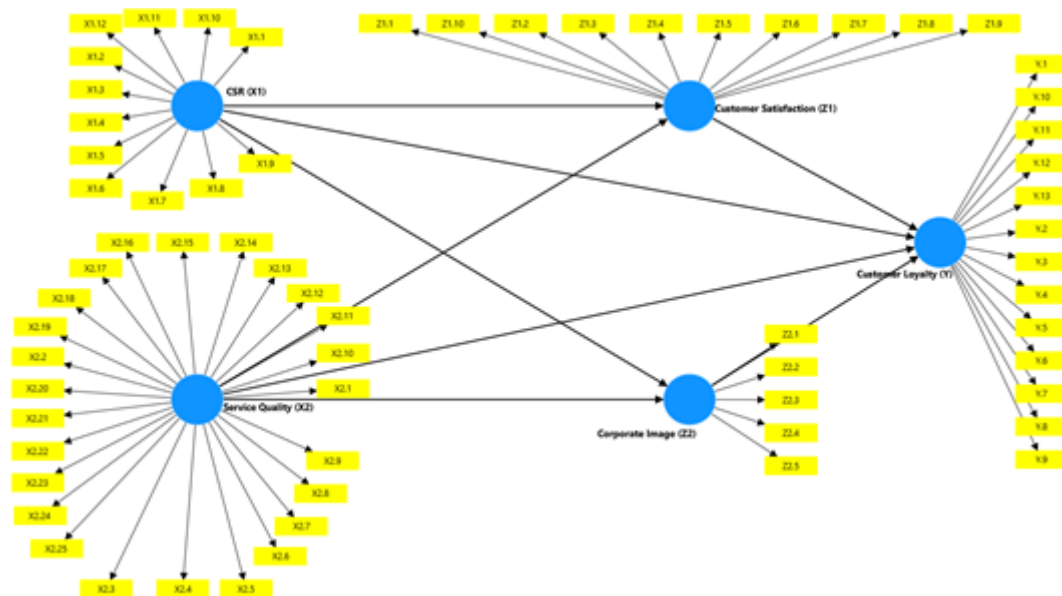


Figure 1 Research model.

#### 5. Results



5.1. Sample profile

Table 1 presents the demographic characteristics of the 385 respondents who were customers of two-star hotels in East Java, Indonesia. Based on demographic characteristics, the majority of respondents were female (56%), while 44% were male. In terms of age, the largest group was 25–35 years old (55.4%), followed by 17–25 years old (28.5%) and 36–45 years old (15.5%). The highest level of education among respondents was senior high school/vocational school graduates (40.9%), followed by diploma holders (24.1%) and bachelor’s degree holders (30.3%). In terms of income, the majority of respondents earned between 3–4 million IDR (34.7%) and 2–3 million IDR (27.7%).

Additionally, 97.7% of respondents stated that they had stayed at a two-star hotel more than once, indicating a high level of customer engagement. The study also includes respondents from more than 22 cities and districts in East Java, including major cities such as Surabaya, Malang, Madiun, and Kediri. The sample also covered the Bromo region, including Probolinggo, Lumajang, and Pasuruan, as well as education-supporting regions such as Jember, Sidoarjo, and Mojokerto. Thus, the findings provide a comprehensive picture of the roles of CSR, Service Quality, Customer Satisfaction, and Corporate Image in building Customer Loyalty in two-star hotels in East Java.

**Table 1** Demographic characteristics of Respondents (N = 385).

Characteristics	Criteria	Frequency	Percent (%)
Gender	Male	169	44.0
	Female	216	56.0
Age	17-25	110	28.5
	25-35	213	55.4
	36-45	60	15.5
Education Level	Senior High School	158	40.9
	Diploma	93	24.1
	College/University	117	30.3
	Others	17	4.7
Monthly Income (IDR)	IDR 2-3 million	107	27.7
	IDR 3-4 million	134	34.7
	IDR Others	144	37.4
Stay experience	Stayed more than once	2	0.5
	Stayed Once	247	64.15

This study was conducted across 22 cities and districts in East Java Province, Indonesia, encompassing 539 two-star hotels that represent a diverse cross-section of the region’s hospitality sector. The research sites were strategically distributed across major urban centers, tourism destinations, and emerging business hubs, ensuring a comprehensive representation of East Java’s hotel industry.

In Surabaya, the provincial capital and economic center, data were collected from a broad range of two-star hotels, such as Amaris Hotel Darmo, Cleo Hotel Jemursari, Favehotel Graha Agung, Gunawangsa MERR Hotel, Ibis Budget Diponegoro, Red Planet Hotel, and The Life Hotel City Center. These hotels are characterized by their strategic locations near business districts, airports, and urban leisure areas, catering to both domestic and international travelers.

Moving south to Malang, one of East Java’s key tourism and educational hubs, the study covered establishments like Amaris Hotel Malang, Ibis Styles Malang, UMM Inn Hotel, Hotel Pelangi Malang, favehotel Malang, and Riverstone Hotel & Cottage Batu. Hotels in this area typically emphasize comfort, affordability, and proximity to major attractions such as Batu City and Mount Bromo.

In Kediri and Madiun, the study included well-known properties such as Viva Hotel Kediri, Favehotel Kediri, and Amaris Hotel Madiun, which primarily serve business travelers and intercity tourists.

The Batu highlands, known for their cool climate and family-oriented attractions, were represented by hotels such as Hotel Nirwana Batu, Pondok Jatim Park Hotel & Café, and Riverstone Hotel & Cottage, reflecting the area’s emphasis on leisure and nature-based tourism.

In the eastern regions, including Banyuwangi, Probolinggo, and Lumajang, the study involved hotels like Mahkota Hotel Banyuwangi, Bromo View Hotel, Hotel Tampiarto Probolinggo, and Gajah Mada Hotel Lumajang. These hotels serve as gateways to the famous Mount Bromo and Ijen Crater, key attractions for both local and foreign tourists.

Meanwhile, the northern and western parts of East Java—including Sidoarjo, Gresik, Pasuruan, Jember, Mojokerto, and Blitar were represented by hotels such as Hotel Sofia Juanda, Hotel Santika Gresik, Ascent Premier Pasuruan, Ebizz Hotel Jember, Hotel Surya Mojokerto, and Hotel Patria Blitar. These areas combine industrial, business, and cultural tourism potential.



Additional data were also obtained from smaller urban areas such as Tulungagung, Bojonegoro, Lamongan, Tuban, Trenggalek, and Magetan, featuring hotels like Crown Victoria Hotel Tulungagung, Hotel Aston Bojonegoro, Hotel Elresas Lamongan, Hotel Ja’as Trenggalek, and Hotel Telaga Mas Sarangan.

Collectively, these hotel samples illustrate the diversity of East Java’s two-star hotel segment—from urban business hotels to nature-based accommodations near Mount Bromo and the southern highlands. This geographic and functional variation provides a robust foundation for analyzing how, Corporate Social Responsibility (CSR) and Service Quality shape Customer Satisfaction, Corporate Image, and ultimately Customer Loyalty within Indonesia’s hospitality sector.

5.2. Testing the hypotheses

Convergent validity was evaluated for the measurement model, also known as the outer model in Partial Least Squares Struktural Equation Modeling (PLS-SEM). Factor loadings larger than 0.70 and statistically significant P-Values < 0.05 were the two main criteria that were applied (Hair, 2016). While freshly generated scales may fall short of these criteria, the measurement tools used in this work were derived from validated sources; therefore, the thresholds remain appropriate.

As demonstrated in Table 2, all indicator loadings surpass 0.70, indicating satisfactory indicator reliability. Additionally, each construct has an AVE value greater than 0.50, indicating convergent validity. Furthermore, the CA and CR values for all constructs are greater than 0.70, indicating high internal consistency and dependability.

Table 2 Measurement model evaluation research.

Code	Observed variables	Outer loadings	CA	CR	AVE	R-Square
Corporate Social Responsibility			0.965	0.969	0.721	
Academic Tourists Customer (ATC)						
X1.1	The hotel provides sufficient information to support my booking decision.	0.884				
X1.2	The hotel offers several channels for complaints and ensures transparent and effective communication.	0.849				
X1.3	The hotel respects and protects customers’ personal information and privacy (data protection).	0.811				
X1.4	As a guest, when there is a problem, the hotel shows determination to resolve it.	0.849				
X1.5	The hotel offers high-quality services to all guests.	0.834				
Community (C)						
X1.6	The hotel supports organizations in need.	0.854				
X1.7	The hotel conducts or participates in charitable activities for the community.	0.826				
X1.8	The hotel supports community development initiatives.	0.853				
Environment (E)						
X1.9	The hotel publishes information about its environmental policy.	0.862				
X1.10	The hotel implements effective environmental practices.	0.854				
X1.11	The hotel strives to minimize the environmental impact of its operations.	0.866				
Service Quality						
Tangibility						
X2.1	This hotel has a modern interior and exterior.	0.838				
X2.2	The hotel is visually attractive.	0.860				
X2.3	The hotel employees have a well-groomed appearance and dress appropriately for their duties.	0.824				
X2.4	The facilities and equipment used in providing hotel services are well-maintained and visually appealing.	0.866				
X2.5	The hotel is comfortable and has a clean appearance.	0.836				
X2.6	The hotel’s public areas (such as the lobby, lounge, and waiting areas) are comfortable and well-equipped (with seating, lighting, etc.)	0.865				
Reliability						
X2.7	Hotel fulfils what it promises in the provision of its services.	0.791				
X2.8	As a guest, when you have an unresolved issue, the hotel staff show determination to resolve it.	0.844				
X2.9	The hotel provides the services that are consistent with what was promised or booked.	0.828				



X2.10	The hotel delivers its services according to the scheduled or agreed times.	0.828				
X2.11	The hotel's systems and equipment ensure that records are accurately maintained (e.g., reservation or payment information).	0.826				
Responsiveness						
X2.12	Hotel employees or information systems inform you clearly about service schedules or availability.	0.845				
X2.13	Hotel employees provide services promptly.	0.836				
X2.14	Hotel employees always try to assist you.	0.850				
X2.15	Hotel employees are always available to answer your questions quickly.	0.838				
X2.16	The hotel's operating hours and service availability are convenient for guests.	0.814				
Assurance						
X2.17	The performance and reliability of hotel operations make you feel confident.	0.853				
X2.18	As a guest, you trust the services provided by the hotel.	0.860				
X2.19	Hotel employees are always kind and polite to you.	0.838				
X2.20	Hotel employees are knowledgeable and can answer your questions effectively.	0.833				
Empaty						
X2.21	The hotel provides personalized attention to guests.	0.836				
X2.22	The hotel's operating hours are suitable for different guest needs.	0.807				
X2.23	The hotel has employees who provide personalized service (e.g., offering recommendations or directions to nearby attractions).	0.819				
X2.24	The hotel always seeks what is best for its guests.	0.854				
X2.25	The hotel staff understand your specific needs (e.g., accessibility or communication preferences).	0.854				
Customer Satisfaction			0.951	0.958	0.694	0.280
Customer Attitude						
Z1	The basic facilities in the room (such as the bed and bathroom) function properly.	0.813				
Z2	I would recommend this hotel to my friends or family.	0.837				
Z3	The check-in and check-out process runs smoothly.	0.844				
Customer Happiness						
Z4	The hotel has an adequate security system	0.837				
Z5	The hotel delivers on its promises.	0.840				
Z6	I feel happy during my stay at this hotel.	0.826				
Customer Satisfaction						
Z7	The hotel facilities function properly at all times.	0.822				
Z8	The hotel staff assist me willingly and pleasantly.	0.828				
Z9	I trust that this hotel will protect my privacy.	0.862				
Z10	The hotel staff are easy to contact when I need assistance.	0.827				
Corporate Image (CI)			0.965	0.929	0.724	0.339
Z1	I always have a good impression of this hotel.	0.822				
Z2	In my opinion, this hotel has a good image in the minds of consumers.	0.866				
Z3	I believe this hotel has a better image than its competitors.	0.848				
Z4	In my opinion, this hotel is an appropriate place to stay.	0.856				
Z5	I feel special at this hotel.	0.862				
Customer Loyalty			0.966	0.970	0.712	0.849
Cognitive Loyalty						
Y1	I choose this hotel because its price fits my budget.	0.806				
Y2	Compared to other hotels with similar prices, this hotel is better.	0.847				
Y3	I will stay at this hotel again when I visit this area.	0.861				
Y4	I will continue to choose this hotel for a long time.	0.850				
Affective Loyalty						
Y5	I enjoy my stay at this hotel.	0.856				
Y6	I feel like a part of the hotel's family.	0.808				
Y7	I have positive feelings toward this hotel.	0.863				



Conative Loyalty		
Y8	I follow the latest information about this hotel.	0.791
Y9	I will give positive reviews about this hotel.	0.860
Y10	I support this hotel in achieving its goals.	0.854
Action Loyalty		
Y11	I will participate in events or promotions organized by this hotel.	0.839
Y12	I feel comfortable with this hotel and want to continue staying here.	0.865
Y13	I feel proud to be a guest of this hotel.	0.869

Table 3 compares the correlation value of latent variables to their AVE square root value. Each construct pairing fulfilled the requirements for discriminant validity, as the square root of the AVE for every latent variable exceeded the intervariable correlation coefficients.

**Table 3** Fornell & Larcker for discriminant validity assessment.

	CSR (X1)	Corporate Image (Z2)	Customer Loyalty (Y)	Customer Satisfaction (Z1)	Service Quality (X2)
CSR (X1)	0.849				
CI (Z2)	0.461	0.851			
CL (Y)	0.642	0.748	0.844		
CS (Z1)	0.418	0.441	0.717	0.833	
SQ (X2)	0.319	0.483	0.673	0.442	0.838

According to the results of the HTMT approach's discriminant validity test, all values are smaller than 0.9, indicating that every pair of constructs used met the HTMT approach's discriminant validity criteria and demonstrated distinct differentiation. To further assess discriminant validity, the Heterotrait-Monotrait (HTMT) ratio was examined. The results are presented in Table 4.

**Table 4** Heterotrait-Monotrait ratio matrix for discriminant validity assessment.

	CSR (X1)	Corporate Image (Z2)	Customer Loyalty (Y)	Customer Satisfaction (Z1)
CI (Z2)	0.491			
CL (Y)	0.662	0.799		
CS (Z1)	0.433	0.476	0.747	
SQ (X2)	0.322	0.508	0.686	0.452

**5.3. Structural model results**

This research also examined the Path Coefficient Test and The Significance of Effects. The structural model was evaluated using path coefficient analysis to determine the significance of the hypothesized relationships. The detailed results are presented in Table 5.

**Table 5** Path coefficient test & significance of effects.

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
CSR (X1) -> CI (Z2)	0.342	0.345	0.064	5.317	0.000
CSR (X1) -> CL(Y)	0.252	0.248	0.035	7.196	0.000
CSR (X1) -> CS(Z1)	0.308	0.310	0.067	4.596	0.000
CI (Z2) -> CL (Y)	0.350	0.352	0.056	6.256	0.000
CS(Z1) -> CL(Y)	0.335	0.335	0.051	6.565	0.000
SQ (X2) -> CI (Z2)	0.374	0.373	0.066	5.681	0.000
SQ (X2) -> CL (Y)	0.276	0.270	0.035	7.780	0.000
SQ (X2) -> CS (Z1)	0.343	0.341	0.069	5.005	0.000

The results indicate that Corporate Social Responsibility (CSR) has a positive and significant effect on Corporate Image ( $\beta = 0.342$ ;  $T = 5.317$ ;  $p < 0.05$ ), Customer Loyalty ( $\beta = 0.252$ ;  $T = 7.196$ ;  $p < 0.05$ ), and Customer Satisfaction ( $\beta = 0.308$ ;  $T = 4.596$ ;  $p < 0.05$ ). These findings support hypotheses H1, H3, and H4, aligning with Stakeholder Theory (Carroll, 1999) and the studies of Latif and Perez (2020), which emphasize that CSR enhances trust, a positive image, and customer satisfaction. By fulfilling social responsibilities toward customers, communities, and the environment (Veloso, 2021), hotels can establish long-term emotional relationships that strengthen customer loyalty. Effective CSR practices also reinforce the hotel's reputation as a responsible and caring organization, making customers feel proud and satisfied to continue using its services.



Furthermore, Service Quality (SQ) was found to have a positive and significant influence on Corporate Image ( $\beta = 0.374$ ;  $T = 5.681$ ;  $p < 0.05$ ), Customer Loyalty ( $\beta = 0.276$ ;  $T = 7.780$ ;  $p < 0.05$ ), and Customer Satisfaction ( $\beta = 0.343$ ;  $T = 5.005$ ;  $p < 0.05$ ). These results confirm hypotheses H2, H5, and H6 and are consistent with the SERVQUAL model (Parasuraman et al., 1988) and Latif and Perez (2020), which explains that dimensions such as tangibility, reliability, responsiveness, assurance, and empathy strengthen customers' positive perceptions. When a hotel consistently delivers service that meets exceeds expectations, customers tend to feel satisfied and perceive the hotel as trustworthy. This positive perception enhances the hotel's image, which in turn reinforces customer loyalty and the intention to revisit.

The analysis further indicated that Customer Satisfaction (Z1) and Corporate Image (Z2) exert positive and significant influences on Customer Loyalty. These two variables function as key mediators that reinforce the relationships among CSR, Service Quality, and Customer Loyalty within the hotel industry.

Overall, the path coefficient findings validate all proposed hypotheses, demonstrating that CSR and service quality exert both direct and indirect effects on customer loyalty through customer satisfaction and corporate image. These insights imply that the sustainability performance of two-star hotels in East Java can be further strengthened by enhancing service quality and maintaining consistent CSR implementation. CSR fosters emotional bonds and trust among customers, while service quality delivers tangible satisfaction through superior experiences. The combination of these two factors builds a positive corporate image and promotes long-term customer loyalty, supporting previous research by Latif and Perez (2020), Ali et al. (2021), and Supriyanto et al. (2021). To examine the indirect effects and mediating roles of Customer Satisfaction and Corporate Image, mediation analysis was conducted. The results are summarized in Table 6.

**Table 6** Evaluation results of relationships considering the role of mediating.

CSR (X1) -> CI (Z2) -> CL (Y)	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
CSR (X1) -> CI (Z2) -> CL (Y)	0.120	0.123	0.036	3.298	0.001
SQ (X2) -> CS (Z1) -> CL(Y)	0.115	0.116	0.036	3.181	0.001
SQ (X2) -> CI (Z2) -> CL(Y)	0.131	0.133	0.039	3.358	0.001
CSR (X1) -> CS (Z1) -> CL(Y)	0.103	0.106	0.034	3.036	0.002

The mediation analysis revealed that ediates the relationship between Corporate Social Responsibility (CSR) (X1) and Customer Loyalty (Y), as indicated by T-Statistics = 3.298 > 1.96 and P-Values= 0.001 < 0.05. This confirms that the mediation hypothesis is supported. The result supports the Service that hotels' CSR practices enhance customer loyalty through the development of a favorable corporate image. This outcome is consistent with the findings of Khawaja Fawad Latif and Perez (2020) and Hanaysha (2024), who highlighted that CSR positively influences corporate image, which subsequently strengthens customer loyalty.

Likewise, Customer Satisfaction (Z1) was found to significantly mediate the relationship between Service Quality (X2) and Customer Loyalty (Y) (T-Statistics) = 3.181 > 1.96; P-Values= 0.001 < 0.05), confirming the mediation hypothesis. This implies that superior service quality fosters greater customer satisfaction, which then leads to greater loyalty. The results support the Service Quality-Satisfaction-Loyalty chain theory proposed by Cronin and Taylor (1992) and align with those of Hanaysha and Al-Shaikh (2024), who also reported a positive association among these variables.

Furthermore, Image (Z2) plays a significant mediating role in the relationship between Service Quality (X2) and Customer Loyalty (Y) (T-Statistics) = 3.358; P-Values = 0.001). This finding suggests that consistent and reliable service quality helps shape a positive corporate image, which, in turn, enhances customer loyalty. The result resonates with Corporate Identity theory (Balmer, 2017), which posits that a consistent and well-communicated corporate identity strengthens reputation and long-term customer relationships.

Additionally, Customer Satisfaction = 0.002), confirming the mediation hypothesis. This finding indicates that CSR initiatives not only build a positive image but also improve customer satisfaction. Customers tend to perceive hotels engaged in CSR as socially responsible and ethically mindful, which enhances both Customer Satisfaction and Customer Loyalty. These findings are in line with Social Exchange Theory (Blau, 1964), which suggests that when customers perceive a company as caring for society, they reciprocate through loyalty. Similarly, Fatma et al. (2020) found that CSR positively affects customer satisfaction, which subsequently strengthens loyalty.

Overall, these four mediation results highlight the pivotal roles of Customer Satisfaction and Corporate Image in explaining the links between CSR, Service Quality, and Customer Loyalty among two-star hotels in East Java. The findings underscore that enhancing customer loyalty depends not only on direct CSR engagement and superior service quality but also on how these factors collectively shape satisfaction and positive perceptions of the hotel's image. The final structural model, incorporating all significant direct and indirect effects, is illustrated in Figure 2.



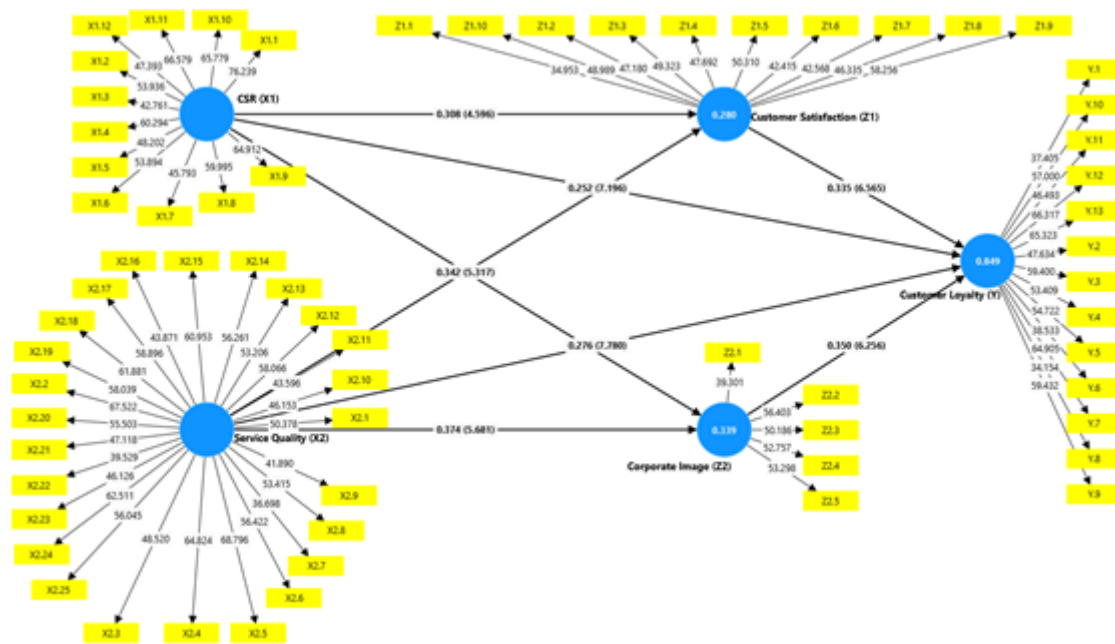


Figure 2 Final model.

### 6. Discussion

The Effect of CSR on Corporate Image (H1). These results are in line with research (Dimitriadis & Zilakaki, 2019; Kim & Kim, 2016), which consistently finds that positive perceptions of a company's CSR activities significantly shape a stronger corporate image in the eyes of consumers. Sincere and well-communicated CSR activities send positive signals to stakeholders about the company's values and ethical commitments, which are ultimately reflected in its image (Veloso et al., 2021). This is also evident in real practices within the East Java hospitality sector, where Swiss-Belhotel Jawa Timur organized CSR activities under the theme “Merajut Semangat Kemerdekaan”, involving veterans and youth through health checks, donation distribution, and social visits (BisnisLife.com). Similarly, THE 101 OJ Malang carried out mangrove reforestation programs to celebrate its anniversary, reinforcing the role of CSR in enhancing environmental sustainability and corporate image (Radar Malang).

The influence of CSR on customer loyalty and customer satisfaction (H2 & H3) in this study reinforces the body of knowledge that CSR is not only instrumental but also strategic. Research in the food industry (Ali et al. 2021) and hospitality industry (Iglesias et al., 2020) proves that CSR directly increases customer loyalty. The mechanism is by fulfilling the psychological and social needs of consumers, who are increasingly concerned about sustainability and business ethics issues. This mechanism is also observable in the Indonesian hospitality industry, such as Hotel Neo+ Waru Sidoarjo, which engaged staff and the community through its “Mencuci Bersama untuk Masjid Al-Furqon” program (Instagram), and Bromo Park Hotel Probolinggo, which hosted iftar with orphans and offered free stays for village communities (bromoparkhotel.com). Both examples show how CSR generates emotional bonds with customers, creating satisfaction and loyalty.

The relationship between corporate image, customer satisfaction, and customer loyalty forms a central pillar of relationship marketing theory. Prior research consistently demonstrates that a strong corporate image enhances trust and differentiation two critical elements that drive customer loyalty. At the same time, customer satisfaction represents a direct pathway to loyalty, as highlighted by Halika (2024) and Noor (2020). Satisfied customers are more inclined to return, repurchase, and recommend the brand to others.

A practical illustration of this concept can be observed in Hotel Santika Pandegiling Surabaya, which collaborates with local community organizations such as PKK and Kelurahan to promote social welfare initiatives. These community-oriented CSR efforts have strengthened the hotels public image and built greater trust and loyalty among its guests (Facebook).

The findings of this research empirically confirm the proposed hypotheses H6, H7, and H8. First, service quality was found to have a significant positive effect on corporate image (H6). This aligns with previous hotel studies, such as Cheng et al. (2014), which indicate that guests’ perceptions of superior service quality directly enhance a hotel’s overall image. Second, customer satisfaction was shown to positively influence customer loyalty (H7). This supports the work of Bowen and Chen (2001), who demonstrated that satisfied hotel guests are more likely to exhibit repeat patronage and engage in positive word-of-mouth communication. Finally, corporate image was found to positively impact customer loyalty (H8), reinforcing the findings of Lai (2019), who argued that a favorable brand image and strong reputation significantly contribute to guest loyalty in the hospitality sector.



Taken together, these findings confirm that service quality serves as a critical antecedent of both customer satisfaction and corporate image, while satisfaction and image act as essential drivers of customer loyalty within the hospitality industry.

In the context of East Java hotels, Bromo Park Hotel was praised for its polite service, cleanliness, well-maintained rooms, and varied breakfast menus, which directly improved satisfaction and image (bromoparkhotel.com). Likewise, Rayz UMM Hotel Malang received positive guest feedback highlighting cleanliness, friendly service, and thoughtful gestures that enhanced satisfaction and loyalty (rayz-hotel.com). Grand Inna Tunjungan Surabaya, as a four-star hotel and CSR partner in East Java also demonstrates how consistent service quality contributes to both reputation and customer loyalty (csrjatim.bappedajatim.id). This shows that operational excellence and business ethics (CSR) work simultaneously in building positive consumer perceptions.

Findings on the mediation of corporate image and customer satisfaction in the relationship between CSR and customer loyalty in hypotheses 9 and 12 are the most significant contribution of the research supported by (Latif & Perez 2020) in their cross-country study in the hospitality industry, which explicitly states that customer satisfaction and corporate image mediate the relationship between CSR and Customer Loyalty. This means that CSR does not always work directly but by first building a positive image and satisfying customers. Sindhu and Arif (2017) also confirm this dual mediating role, emphasizing that CSR creates loyalty by building a foundation of reputation and satisfaction.

The mediating role of customer satisfaction and corporate image in the relationship between service quality and customer loyalty in Hypotheses 10 and 11 explains how Service Quality translates into loyalty (Halika & Kharisma, 2024). In other words, quality service must first generate satisfaction to have an impact on loyalty. Furthermore, Cheng (2014) emphasized that service quality also contributes to the development of corporate image, which subsequently reinforces customer loyalty. These findings are consistent with the broader perspective that, in modern business practices, service quality and corporate social responsibility (CSR) are two complementary dimensions in shaping corporate image and customer satisfaction, thereby forming the fundamental basis for building sustainable customer loyalty.

## 7. Conclusion

This study examined how Corporate Social Responsibility (CSR) and Service Quality influence Customer Loyalty among two-star hotels across East Java, Indonesia, with Customer Satisfaction and Corporate Image acting as mediating variables. Drawing on data from 385 respondents representing 274 hotels in 22 cities and districts, the findings reveal that both CSR and service quality exert significant positive effects on customer loyalty, both directly and indirectly, through satisfaction and corporate image. The structural model demonstrated strong explanatory power ( $R^2 = 0.849$ ) and substantial predictive relevance ( $Q^2 = 0.599$ ), suggesting that CSR and service quality collectively play a vital role in fostering sustainable customer relationships within the budget hotel sector.

From a theoretical standpoint, this study extends hospitality literature by positioning CSR as a strategic determinant of customer loyalty not only in upscale properties but also in lower-tier establishments such as two-star hotels—an area that has received limited scholarly attention. Furthermore, the dual mediation model involving satisfaction and corporate image provides deeper insights into the synergistic mechanisms linking CSR and service quality to loyalty. The findings strengthen the theoretical integration of Stakeholder Theory, Social Exchange Theory and Corporate Identity Theory in explaining how customers form perceptions and behavioral intentions in the hospitality context.

From a managerial perspective, the findings underscore the importance of aligning CSR initiatives—such as environmental stewardship, social engagement, and community development—with continuous improvements in service quality. The managers are encouraged to embed CSR values into operational strategies to enhance customer satisfaction, project a favorable corporate image, and ultimately cultivate loyalty. In today's competitive tourism environment, the integration of CSR and service excellence serves as a key differentiator for two-star hotels striving for long-term business sustainability.

Although this study offers valuable insights, it has several limitations. First, the exclusive focus on two-star hotels restricts the applicability of the findings to higher-class properties. Second, because the research used a cross-sectional design, it only reflects customer perceptions at one specific point in time, which limits the ability to draw conclusions about long-term loyalty patterns. Third, the use of self-reported responses may be susceptible to bias. Future studies are encouraged to expand the investigation to various hotel categories, adopt longitudinal or mixed-method designs, and perform cross-regional or segment-based comparisons to provide a deeper understanding of how CSR and service quality contribute to sustaining customer loyalty within the hospitality industry.

## 8. Declarations

### 8.1. Ethical considerations

This investigation was carried out in accordance with ethical standards. This study appropriately complied with ethical guidelines for survey participants. Furthermore, we certify that all participating respondents gave their consent. Throughout the study, all replies were kept confidential and anonymous to protect respondents' privacy.

## 8.2. Use of artificial intelligence (AI)

The authors declare that the generative artificial intelligence (AI) tool ChatGPT (OpenAI) was used solely for language editing and grammatical improvement during the preparation of this manuscript. The use of AI did not influence the scientific content, study design, data analysis, interpretation of results, or conclusions of the study. Full responsibility for the content of the manuscript remains with the authors.

## 8.3. Conflict of interest

The authors declare that they have no conflicts of interest.

## 8.4. Funding

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