CORPORATE SOCIAL RESPONSIBILITY: AN ANALYSIS OF CURRENT PRACTICES IN THE HOTEL INDUSTRY

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Abstract

The fame of corporate social responsibility (CSR) is undeniable and many concerned hotels have already performed CSR practices. Therefore, the purpose of this study is to analyze and identify the current CSR practices by the worldwide hotels and specifically investigate the status and trend of CSR in the hotel industry. This is a concept paper and the methodology used is a secondary data based on in-depth literature review in order to determine how hotels integrate CSR in their core businesses. The analysis is done based on previous conducted study from relevant journals, articles and books. The findings reveal that the main inhibitors were existing confusion over the meaning of CSR and lack of understanding of the CSR concept .The results show a predominance of environmental concerns rather than social impact. Findings require an urgent need for clear conceptualization and genuine directions for CSR involvement by the hotels industry.

Keywords: corporate social responsibility, hotels, CSR practices

INTRODUCTION

The rise of sustainability wave has precipitated the decision for business in 21st century to behave decently by answering the clarion call to adopt more serious corporate social responsibility (CSR). "What gets measured gets managed" has added immense pressures for all industries, as both domestic and international companies are becoming conversant with CSR practices. In the aftermath of the corporate catastrophes, stakeholders are now demanding the business to operate in socially responsible fashion and they perceived to be always attention-getting. Therefore, a tremendous surge of CSR has become more familiar for business institutions worldwide since the concept also acquired a new reverberation in the global economy (Jamali & Mirshak, 2007).

CSR in General

CSR is widely accepted as a concept with major issue in the CSR discussion. Among the hot debate is the lack of an agreed normative key to underpin CSR practices (Scherer & Palazzo, 2007) and this issue has been associated with the absence of commonly-agreed definition of CSR (Oyeke, 2009). Even though CSR is a term without strict definition it is still prevalent in use albeit with the proliferation of myriads overlapping and competing concepts such as 'corporate

responsibility' or 'business responsibility', 'corporate citizenship' or 'global business citizenship', 'corporate community engagement', 'community relations', 'corporate stewardship' and 'social responsibility' (see for example, Werther & Chandler, 2006 : 6). Since CSR is a notoriously complex term to describe, these complementary concepts are all vying to become universally accepted and agreed-upon definition in the field (Carroll & Shabana, 2010). Discussions upon the employed alternative terms, however, have reached an impasse since they create symptomatic of discomfort with the CSR term. CSR itself is an imperfect terminology, but by adding additional terms to existing muddy discussions can cause prolonged vagueness. (Coles, Fenclova, & Dinan, 2013). In fact, these concepts are highly correlated to another because they highlight similar underlying keys and themes such as values, balance and accountability (Schwartz & Carroll, 2008). As a consequence, these concepts can be tacit congruent but not identical ideas.

The term of CSR as a global trend has grown exponentially and witnessed resurgence in recent years. Indeed, various activities from recycling, working with surrounding communities and tackling environmental concerns are now considered under the umbrella of CSR. Despite of being widely used term, the concept is still an embryonic and has not been uniformly coined, with prolonged disparities in definition. At its broadest, CSR is about the way business strikes a balance between economic, social and environmental obligations and on the other hand meets expectation of wide array of stakeholders. More specifically, the Commission of the European Communities (2001) interprets CSR as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis". However, the World Business Council for Sustainable Development (WBCSD) explains CSR as the business commitment to contribute to sustainable economic development, employees, their families, the local community and society as a whole in order to improve their livelihood (WBCSD, 1999). The last well known definition of CSR is defined by WBCSD (2000) as a continuing effort by business to behave ethically sound and contribute to economic growth while improving the quality of the well-being. It is clearly that though CSR term has no universally accepted definition, the proposed definitions are basically boiled down to the same elements namely profit, planet and people.

CSR Practices and Hotel Industry

CSR at Global Level

As far as its volume and value are concerned, sustainability wave has gained so much importance in social and environmental consciousness by the worldwide concerned hotels since most of them have now made concerted efforts in making good headway in CSR (Tsai, Hsu, Chen, Lin, & Chen, 2010). Hyatt Hotel, for instance, is a globally renowned hospitality industry that integrates CSR into all aspects of their activities. Socially responsible business practices and serious commitment on their surrounding communities have been pivotal to Hyatt's culture since they engaged critically with their internal and external stakeholders. The hotel has recently initiated a new corporate philanthropy program "Ready to Thrive" which devoted in upgrading

lives of communities and creating economic sense in a way (Koo, 2013). Thus, many hotels have incorporated CSR as part of their strategic tools and marketing strategy. Take, for example, Marriott International practice strategic CSR through a program called "Pathway to Independence" by cultivating needed talent and providing extraordinary job professions. The result mutually benefits both, the hotel and societies, whereby the program substantially decreased Marriott's turnover in a way that CSR enables tangible business benefits (Heslin & Ochoa, 2008 ; Porter & Kramer, 2006).

CSR in Different Regional Context

Behind the emergence trends and growing number of hotels to behave in a more sustainable way, hotel industries are still in their initial phase of CSR development. Indeed, a survey undertaken by PricewaterhouseCoopers (2006) into 14 of Europe leading hotel chains shows that even though some progress has been made, hotel sector is still lag behind other European industries in responding to corporate responsibility challenges. Font, Walmsley, Cogotti, McCombes and Häusler (2012) in their study to examine ten international hotel groups with a strong presence in Europe indicates that the focus on CSR issue was predominantly inward- looking. Hotel is more interested on CSR impacts on the organization itself rather than on its audiences. There was a strong emphasize on environmental impact which has been presented in most policies, however a focus on socio-economic issues of the hotel was totally limited. Another crucial study is in the European context on the top three of most popular hotel in Croatia has also witnessed similar pattern of CSR practices. The findings are quite disappointing because CSR practices have not been widely accepted while social consciousness is still lacking among the surveyed hotels (Golja & Nižić, 2010).

Nevertheless, the fact remains that rapid expansion of CSR has provided avenues for economic growth for many countries, regions and social groups. Besides, social responsibility practice has become a main concern for both large corporations and small medium enterprises as they are competing to be seen as socially vibrant entities. Unlike large multinational hotel chains, some smaller hotel groups still struggle with the proposed ideology and belief CSR is only applicable for large businesses with adequate resources. It is in tandem with a study done by Maccarrone (2009) confirms that size of the company, budget and international dimension turned out to be relevant factors supporting CSR achievement. For instance, in most West African region, like Nigeria, small medium sized hotels can act as a vital platform for CSR to flourish since high proportion of room revenue is generated by them. However, according to study undertaken by Efiong, Usang, Inyang and Effiong (2013), exploring CSR engagement of the hotel industry in Nigeria found that there was a low level of CSR sensibility among the smaller hotel groups. Unsurprisingly, the level of CSR involvement is still heavily weighted towards environmental concerns with little acceptance of social impacts. At this instance, the area of CSR involvement in Nigeria is still at its infancy stage in fact smaller hotel groups should viewed CSR comprehensively in order to be on par with the superior companies.

CSR activities in many ways have numerous benefits for hotels in terms of creating a positive reputation, generate competitive advantage, enhanced workers' motivation, increasing sensitivity for social needs and to some extent provide significant economic benefits. Thailand, a country in the continent of Asia, for example, perceives CSR as a "change agent" particularly in addressing complex social and environmental issues. However, in some circumstances, international chain hotels in Thailand are focusing on strengthening their reputations and revenues in the first place with the aim of getting certificate and recognition from publics. Conversely, local hotels may only focus on costs and long term sustainability due to their resource deficiency (Khunon & Muangasame, 2013). The repercussion from that will cause local and smaller hotel groups to only deliver what they have promised as their CSR involvement is based on sufficiency economy approach. With such claims, a recent study in Kho Samui Island reveals that most of the visible hotels (4 and 5 star hotels) are concerned with CSR practices while environmental sector is the most preferred dimension after all (Wuncharoen, 2013). In this context, the more hotels regard CSR programs as a rational investment and as part of their core business and strategies, the more sustainable CSR activities will be. And it seems, as far as social needs are concerned, the more the merrier.

CSR in Malaysia

Malaysia, being one of a well developed tourism hub in the South East Asian region had also demonstrated a growing sensibility of social responsibility in recent times. The increasing number of non-governmental organizations (NGOs) such as the Malaysia Trade Unions Congress (MTUC), Consumers Association of Penang (CAP), the Federation of Malaysia Consumers Associations (FOMCA), Malaysian Nature Society and World Wide Fund (WWF) Malaysia trigger extremely in the wake of social and environmental awareness in Malaysia. Even the Government of Malaysia has been discussing about CSR as a boardroom agenda for several years along with the establishment of Prime Minister's CSR awards and National Tourism policy to encourage greater degree of CSR implementation amongst the hotel sector. Despite of running the industry within permissible social and environmental constraints, the extent to which Malaysian is doing CSR is still in its rudimentary stage (Nejati & Amran, 2009).

Currently in the context of Malaysian scenario, most of CSR practices do not directly meet the expectations of local communities although some multinational companies posses good CSR reputation (Amran & Devi, 2008). CSR initiative is more on occasional gesture since many businesses will express their magnanimity by providing donations to the poverty-stricken, elderly as well as orphanages during the holiday season. These activities are normally will be held in the large five star hotels with the existence of the media to grant them publicity (Amran, Zain, Sulaiman, Sarker & Ooi, 2013). And according to Ramasamy and Ting (2004), smaller companies in Malaysia have been experienced financial and organizational constraints which curtail myriad CSR activities and appeared to be lacking in their commitment with regards to CSR. Consequently, many companies will conduct charitable activities as a means in upgrading their public relations (PR) practices and likely to select the programs that have most direct impact on their performance. Indeed, business cultures in Malaysia probably have mistaken CSR

as solely corporate philanthropy when in fact the better world is not created through only charitable deeds or sympathy. Too much open and clear philanthropic giving will lead to the public skepticism to conclude a business's intention is not genuine and hence swept away all the intended goodwill (Blackburn, 2010). At this point, Malaysian organizations including the hotel sector regard CSR to be more on sporadic motion and on the other hand such practices are always motivated by public relations and underlying financial motives. In fact, CSR seems to be benefiting more on organizations than society does. It is obviously to notice many companies are only practicing certain facets of CSR and apparently the most prevalent approach of sustainable practices are donations, sponsorship and providing educational support whereas in reality there are explicitly a plethora of other CSR issues that need to be addressed (Lu & Castka, 2009).

Nonetheless, most of CSR practices in Malaysia that have been identified in academic hospitality literature placed more importance on environmental aspect as are evidenced in the study of Siti-Nabiha, George, Wahid, Amran, Abustan and Mahadi (2011), Kasim and Scarlat (2007) and Kasim (2009). As been discussed earlier on, environmental concerns have also received an increase of attention at regional level. The ultimate reason behind such trend is because environment had the strongest predictive power for consumer to value the corporate efforts for CSR. Hotels subsequently emphasize more on this factor as part of their CSR implementation and eventually will elevate its brand image (Kucukusta, Mak, & Chan, 2013). It implies the hotel largely avoid instantaneously anything that do not add value to the business particularly on its performance. Ironically, hotel relies more on society for its ubiquitous presence and growth than many other sub-sectors of the tourism industry. This symbolic connection is essential in the success of business because social demands are considered to give certain authenticity and prestige. Therefore, since CSR is a win-win situation the focus on the impact of hotel's activities should be on a wider basis to include social consideration as being indispensable for CSR development and credibility.

CONCLUSION

A generic conclusion is that CSR terms are no longer idiosyncratic for the hoteliers worldwide especially in both discussed regional and national context but the practice is still more often seen as an ad hoc approach and something nice-to-do add on. Apparently, hotels are practicing CSR in their own way without understanding the notion as to what CSR actually is. Such practices do not align with the CSR conceptions and many hotels remain confused about the true meaning of CSR and its ideology. It is a sign of immaturity of the CSR implementation where the key inhibitor is narrow view of the definition itself. Irrespective of what these countries have practically achieved from sustainable practices, hotels are still at the beginning of their journey in preparing themselves to meet the global challenges and sustainable tourism market. Henceforth, it is vital for hoteliers to comprehend every components of CSR to ensure that they developed them comprehensively and genuinely.

While CSR is not a new fashion in today's parlance, it is not clearly evident on to what extent hotels have contributed towards ecological and societal issues. The study predominantly looks

into CSR initiatives whether the hotels are well-informed of to what CSR is and its connection with business responsibility. It is believed that involvement of serious CSR by hoteliers has significantly contributed to sustainable development as it stresses on the balanced integration of economic, societal and environmental growth, thus, for that to happen, a more genuine approach of CSR should be developed and promoted by the hotels industry.

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