The Macrotheme Review
A multidisciplinary journal of global macro trends

Hotel Corporate Social Responsibility (CSR) reporting

MATINA ĐUROVIĆ*, BOŽIDAR JAKOVIĆ**, DEJAN TUBIĆ**
*Rochester Institute of Technology Croatia
**College for Management in Tourism and Informatics in Virovitica, Department for Tourism, Croatia

Abstract

The corporate social responsibility report has become a very important tool, which can help companies to set up strategies and build their core competencies. With rising consumer awareness regarding corporate responsibility (CR), it is important for the hotel industry to begin profiling their efforts at social responsibility (SR) as part of their overall corporate and business strategies. This paper provides a literature review of corporate social responsibility concept and emphasizes the importance and benefits of implementing it into a practice and publishing it online. Based on the content analysis of websites and reports published online by five star hotels in Dubrovnik during a summer time 2015, this paper identifies the communication methods used by hotel companies as well as the scope of reported information. The findings reveal that only big international hotel chains provide report with details of specific initiatives undertaken to contribute to CSR goals while small independent hotels only mention social responsibility in their vision or mission statements or some of them not even that. Currently, the five stars hotels in Dubrovnik do not effectively use online reporting and for such reason this paper provides some practical implications about reporting of socially responsible activities for hospitality organizations. For more in depth research and data, the interviews with hotel management and survey with hotel employees should be collected in the future.

Keywords: Corporate social responsibility, Hotels, Online information dissemination

1. INTRODUCTION

Today, there is an increased pressure on the hotel sector to recognize their social and environmental responsibilities and adjust business practices to mitigate negative impacts of their operations and positively contribute to communities they operate. Such growing awareness of the social and environmental consequences of human activity in general, and business operations in particular started to spread more during the last two decades when worries about environment were beginning to grow (Stanislavská, Margarisová & Štastná, 2010), especially in connection with climatic changes, pollution, habitat loss and overexploitation of species (Reddy & Gordon, 2010). Such circumstances led to development of idea of sustainability and implementing balanced approach towards economic, social and environmental activities.

At the same time as sustainable development concept was developing, the new concept of corporate social responsibility (or CSR hereafter) has arisen in the business world. The aim is to work with employees, their families, the local community and society at large in order to improve
their quality of life (World Business Council on Sustainable Development, 2000). This business strategy is not solely driven by the profit-motive (Maphosa, 1997). The initiatives go beyond the environment concerns and are taking care of all stakeholders including consumers, community and employees (e.g. Carroll, 1999; Clarkson, 1995; Wood, 1991).

The concept of CSR in the hospitality literature is limited, even though the interest in and practice of it in the hospitality industry is growing (Sheldon and Park, 2011). The most known CSR activities in the hotel industry are related to environmental efforts or green practices such as linen and towel re-use programs or installation of energy and water-efficient guestroom fixtures which results in great cost-savings (Levy and Park, 2011). Except of these positive actions, hotel industry brings also other benefits to its stakeholders if managed responsible such as an employment of inhabitants, opportunities for investments, infrastructure development, preservation of local environment and additional earnings and foreign exchange (Dodds and Kuehnel, 2010). There are also assistance programs through which hotel companies take care of the environment and involve the community as much as possible such as support for educational needs, ensuring community health and safety, sponsorship, philanthropic giving and other. All these bring the value to the local community. However, if used irresponsible, hotel industry can also be a source of leakage, low fares and seasonal employment, instability and low job status, environmental degradation, displacement of local people, inflation, and the dilution of culture (Agarwal, 2002). Taking into consideration all positive and negative things, hospitality companies must play an important role in the exercise of good governance practices.

Besides implementing those good actions, hotel companies need to communicate their results in order to increase stakeholder’s awareness and interest. It is not sufficient to report only financial performance to a limited group of shareholders. Stakeholders, as a broader group of interested parties (shareholders, employees, customers, property owners, suppliers, business partners, local and global communities, authorities), all influence a company and have the right to obtain information on the company, its performance and behavior, as it is affecting also their lives. Those obtained information can be used in decision making by investors, governments and customers when they choose companies to invest, give grants, or buy, use products or service from.

There are several options by which CSR information can be communicated. Some of them are: sustainability reports, media or the Internet (Morsing, 2006). Despite, the documented trend of increase in the number and quality of CSR reports and Internet communication of CSR across different industries (Lober et al., 1997; Esrock and Leichty, 1998; Line et al., 2002), reporting practice still shows low adoption in many sectors and the information released by different companies varies significantly in its scope and depth (Holcomb et al., 2007). Another issue with those reports is also a concern about the quality and usability of the reported CSR information.

This paper presents the communication method of CSR practice for five stars hotels in Dubrovnik area and the degree to which they report their corporate social responsibility initiatives online on their web sites. Five stars hotels are categorized with the highest level of service and facilities and one of the premises of this research it that they have good communication method developed with all stakeholders in order to satisfy their needs and wants. The research is focused only on CSR communication method and analysis is done through a review of the corporate web sites using a content analysis procedure. The first part of this paper states proposed definition of CSR, its
benefits and dimensions for the hospitality industry. In the second part, the research methodology is explained. The results and limitations of research together with proposed suggestions for practice and future research are stated in the conclusion part.

2. CORPORATE SOCIAL RESPONSIBILITY

There are several names that are used to describe corporate social responsibility such as social responsibility (SR), corporate citizenship, and in the case of tourism, corporate sustainability. All those terms capture the ethical and sustainable behavior of a company towards society and the environment. The concept itself has been defined by numerous authors and evolved significantly over the years, changing its scope knowingly. In the early 60s corporate social responsibility was typically seen as synonymous with company’s voluntary and philanthropic acts aimed at alleviating social ills or benefiting a disadvantaged group: above and beyond meeting the economic and legal obligations (Meehan et al., 2006). This model implied that companies conduct their business unaffected by the social and environmental concerns and then make charitable donations to selected causes. Friedman (1970) and Levitt 1958) famously warned business not to be concerned with “social” issues, because the primary purpose of business is to make profits. Moreover, it has been argued that CSR is not useful concept in practice for business managers (e.g. Freeman and Liedtka, 1991; Porter and Kramer, 2011), because the concept inherently separates business and society, imposing business to be accountable for social ills, beyond their economic role in society.

Over time CSR became more as a core business activity. Global problems such as climate change, the depletion of natural resources, supply chain issues, coupled with financial scandals and economic crisis, forced managers to recognize CSR and sustainability as “essential” for strategic operations, innovations, and talent management. Kiron et al. (2013) and Pricewaterhous Coopers (2011) both emphasized in their research that sustainability and corporate responsibility are necessity and an opportunity for the business. In order to achieve long term shareholder value corporate leaders started to gear strategies and management to harness the market’s potential for sustainability product and services while at the same time successfully reducing and avoiding sustainability costs and risks (Holcomb et al., 2007). Kotler and Lee (2005) noted that CSR is a commitment to improve community wellbeing through discretionary business practices and contributions of corporate resources. In another important publication Porter and Kramer (2006) explained that CSR should integrate business and society because corporations need a healthy society. This includes productive workforce through education, health care, equal opportunities; efficient utilization of land, water and energy and good governance.

One of the most widely adopted definition of CSR was proposed by the World Business Council for Sustainable Development (WBCSD, 1999) which states that CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large. From all stated definitions, it can be concluded that the CSR is an integral part of sustainable development and has the same three categories accepted as the main dimensions of sustainable development: environment, economy, and society.
The CSR implementation into the business strategy can bring a wide range of potential benefits (Bevan et al., 2004). These include improved financial performance and profitability; reduced operating costs; long-term sustainability for companies and their employees; increased staff commitment and involvement (Peterson, 2004; Chiang, 2010); enhanced capacity to innovate; good relations with government and communities; better risk and crisis management; enhanced reputation and brand value; and the development of closer links with customers and greater awareness of their needs (Senthikumar, Ananth, & Arulraj, 2011; Luo & Bhattachara, 2006) and company’s reputation (Brammer & Millington, 2005; Janney & Gove, 2011). There are numerous theoretical frameworks that capture the scope of CSR and identify CSR performance measures for companies. One of the most famous standard and guideline for corporate non-financial reporting is the Global reporting Initiative and the UN Global Compact. Even though, there has been numerous frameworks and metrics for CSR developed there is no unified agreement as to which should be used while evaluating CSR reporting practice. Interest in Internet reporting is driven by the primary purpose of presenting a positive public image building than anything else. The information is released via annual reports (Esrock and Leichty, 1998)

The following part of this research gives more details about dimensions and scope of CSR reporting.

3. CORPORATE SOCIAL RESPONSIBILITY REPORTING

Information that stakeholders are looking for, are behind the brands and products they purchase. They are looking for greater transparency and accountability. This emphasis was escalated to an international scale through the implementation of Agenda 21, which is an international guideline for sustainable tourism (Senthikumar, Ananth, & Arulraj, 2011). This has also resulted in the increased number of publication in the media devoted to this topic, development of global standards for non-financial reporting, as well as an initiative from governments and international organizations aimed at facilitating or, in some cases, mandating CSR disclosure.

Nevertheless some authors (Hooghiemstra, 2000; Elkington, 1997; Neu et al., 1998), consider corporate social responsibility reports to be primarily public relations instruments that are intended to influence the perceptions of stakeholders to achieve public acceptance for the company. Nonetheless, any initiative that a company takes to achieve trust and legitimacy through responsible corporate behavior necessarily includes its capacity to respond to demands from stakeholders and to communicate with them.

Marlin and Marlin (2003) have identified three stages in the development of what they call “CSR reporting”. The first phase dating from the early 1970s was seen to be composed of advertisements and annual reports which focused upon environmental issues but which were not linked to corporate performance. The second in the late 1980s was characterized by the introduction of a social audit, which examined the performance of companies in the areas of social responsibility with respect to communities, employees, customers, suppliers and investors. The third phase dating from the late 1990s saw the strengthening of several externally certified standards.

Still there is no globally accepted international standard or regulations regarding CSR disclosure, as it is in case of financial disclosure. In the US and EU, the CSR reporting has so far been a voluntary activity.
The literature review of CSR reporting is mainly focused on: what are the factors motivating companies to report their CSR efforts, what content is being reported, how it is being used, what communication means are being used and how the reporting influences the extent of reporting such as country of origin, company size and other. This paper is focused on what and how is being communicated.

Companies are using a number of different channels to communicate their CSR information, including but not limited to, sustainability or CSR reports, advertising campaigns on television, press releases and the Internet (Lober et al., 1997; Line et al. 2002; Esrock and Leichty, 1998, 2000). The current research is based on Internet source of communication.

Regarding the content of the reporting i.e. what is being reported and how, this has been changed over the years (e.g. Esrock and Leichty, 1998; Maignan and Ralston, 2002; Wanderley et al., 2008). Morhardt (2010) has analyzed many corporate social responsibility reports published on the corporate websites. In his research, he indicated that the authors used many different theoretical frameworks and methodologies to evaluate CSR reporting. The two most common approaches are to measure the volume of disclosure by recording the number of words or pages devoted to specific topics and secondly to document the presence of specific topics. In most cases, a list of CSR activities, policies, practices have been identified but they do not take into account that there might be many varying ways to address this issue. (e.g. Esrock and Leichty, 1998; Maignan and Ralston, 2002; Mak et al., 2007; Holcomb et al., 2007).

There are many dimensions that make up CSR, from the environment to the responsible treatment of employees. Different companies often labeled similar socially responsible behavior differently depending upon the source. For example, for the social responsible treatment of employees, sources categorized this area as workforce (Business in the Community, 2005a), employees (Clarkson, 1995), employee wellbeing (Jenkins and Yakovleva, 2005) and human resources (Alnajjar, 2000).

In the following paragraph dimensions of the hotel CSR report will be identified. Those dimensions are used for the content analysis of this research.

4. HOTEL CORPORATE SOCIAL RESPONSIBILITY REPORT

The concept of corporate social responsibility has been carried out in the hospitality industry as a form of sustainability. Important aspects of global hotel groups are ensuring high labor standards, promoting environmental sustainability and supporting local communities (Bohdanowisz & Zientara, 2008). There are several research studies that show that hotel firms are actively promoting CSR activities and state that CSR initiatives in the tourism and hospitality sector are becoming more significant, in line with other business sectors (Holcomb et al., 2007). They pointed out that many leading international hotel firms adopt the integration of social and environmental objectives into their operations and use this as a basis for developing unique competitive advantages, such as Hilton, Intercontinental and Marriott. Other global hotel best practices in the hotel industries are the European groups Scandic and Rezidor (Bohdanowisz & Zientara, 2008; Hsieh, 2012). However, it is also repeatedly stated that there is less focus on CSR issues than in other industries (Hsieh, 2012) or that hotels are rather satisfied with the implementation of CSR (Levy & Park, 2011).
In their research Holcomb et al., (2007) have identified major dimensions of hotel CSR reporting. Those categories are community, environment, marketplace, vision and values and workforce and will be used for this paper analysis. In the following table the categories and keywords are represented.

<table>
<thead>
<tr>
<th>Community</th>
<th>Environment</th>
<th>Marketplace</th>
<th>Vision and values</th>
<th>Workforce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charitable donations</td>
<td>Cultural heritage</td>
<td>Ethical advertising</td>
<td>Accountability</td>
<td>Advancement</td>
</tr>
<tr>
<td>Community welfare</td>
<td>Energy management</td>
<td>Providing a product of value</td>
<td>Clear purpose</td>
<td>Fair and equitable benefits</td>
</tr>
<tr>
<td>Corporate giving</td>
<td>Pollution control</td>
<td>Relation with guests</td>
<td>Code of conduct</td>
<td>Career planning</td>
</tr>
<tr>
<td>Donations in kind</td>
<td>Recycle</td>
<td>Relation with suppliers</td>
<td>Enduring values</td>
<td>Compensation and rewards</td>
</tr>
<tr>
<td>Education</td>
<td>Waste management</td>
<td>Relation with shareholders</td>
<td>Ethical behavior</td>
<td>Daycare and family accommodations</td>
</tr>
<tr>
<td>Grants</td>
<td>Water conservation</td>
<td>Supplier diversity</td>
<td>Fairness</td>
<td>Diversity/Equal opportunity</td>
</tr>
<tr>
<td>Local regeneration</td>
<td></td>
<td></td>
<td>Self regulation</td>
<td>Employee assistance program</td>
</tr>
<tr>
<td>National welfare</td>
<td></td>
<td></td>
<td>Trust</td>
<td>Employee communication</td>
</tr>
<tr>
<td>Volunteerism</td>
<td></td>
<td></td>
<td>Health and safety</td>
<td></td>
</tr>
<tr>
<td>World welfare</td>
<td></td>
<td></td>
<td>Recruitment</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Training</td>
<td></td>
</tr>
</tbody>
</table>

Table 1. CSR hotel report dimension – Keywords (Holcomb et al., 2007)

5. METHODOLOGY

The content analysis is used as a technique to identify and describe patterns on the web site regarding the CSR initiatives and their reports. Eleven five stars hotel companies in Dubrovnik represent the population for analysis. Those hotels are taken from the list of categorized objects done by the Ministry Tourism of the Republic of Croatia (2014). Five stars hotels are: Villa Dubrovnik, Excelsior, Grand Villa Argentina, Bellevue, Dubrovnik Palace, Pucic Palace, More, Ariston, Kazbek, Imperial Hilton, Rixos Libertas. The content of their web sites is analyzed in order to provide more in depth situation on corporate social responsibility practices and its communication method. In overall, the web site is a valuable resource of information, particularly considering the CSR because of transparency being one of its most important features.
Major dimensions of hotel CSR reporting are community, environment, marketplace, vision and values and workforce are used for analysis of CSR reporting practice. Each CSR issue mentioned on the web sites and in the report of five stars hotels from Dubrovnik, was sorted into common categories in order to make appropriate analysis and conclusion.

6. FINDINGS

The findings of this study are presented in a matrix in Table II. In each table sign X represent categories that were reported on the company’s web site. After the content analysis was performed, it was found that five stars hotels from Dubrovnik do not provide enough information for CSR activities. They do not practice publishing the sustainability or environmental reports online yet. However in their vision and mission statement can be found some of corporate social responsibility aims: such as care for the environment, guests and employees. All the other information on their web site are related to their products and service from which can be concluded that their web site is mainly selling point. Also it can be concluded that their business strategy is mainly related to profit.

The web site of hotel Villa Dubrovnik does not present any information on CSR practice. The communication with community is not established through the web site while the communication with guests is established through Facebook and Trip Advisor, which can be seen from the link on the web sites. The same case is with other five stars hotels in Dubrovnik. Excelsior hotel is part of Adriatic Luxury hotel group and there is no information regarding CSR initiatives neither on their web site nor on their corporate site Excelsa Nekretnine. The same scenario is with web site of Grand Hotel Villa Argentina and Bellevue. The only information they provide on the web site are about their products and services. Even under the section of activities, they provide only services for guests what to do and buy. There is no information about their corporate activities related to the community and wellbeing. Such corporate information may include information on social responsibility and community engagement, its core values and its corporate culture, its environmental care, etc. Regarding the sustainability report and publishing it online, unfortunately it is not the case for five stars hotels in Dubrovnik since they do not have them. The only hotels that have a link to the published reports for corporate social responsibility and sustainability practice are Hilton Imperial hotel and Rixos Libertas hotel but on their corporate web site, not directly on their hotel web site. Those hotels are part of big international hotel chains, which have a practice to publish online their CSR activities and sustainability actions. The information on the websites is generally rather difficult to find under ‘about us’ which is usually a small link on the bottom of the homepage. It is questionable if potential customer or some other stakeholder interested in CSR information is taking the effort to find it and therefore the marketing effect is not evident. Results of the content analysis are indicated in the table below:
In order to achieve recognition and a better reputation, hotels have to measure and benchmark their performances (social and financial). Therefore, it is important to regularly publish the sustainability or environmental reports or include information in their annual report. For the future practice, it is highly recommended for hotels to implement in their operations, activities that might positively influence society and brings the value for everyone. The hotel management
is the one who takes the step forward and communicate it with all stakeholders. Here below are several possible activities that hotels may implement:

- Provide the financial support for protecting nearby environments and improve the sanitary vicinity.
- Provide the financial support for improving safety and smooth neighboring traffic
- Hire employees without age, sex, disability/impairment discrimination
- Get involved in community voluntary work and provide the financial support for community leisure activities
- Provide the financial support for charitable and philanthropic offering for children
- Provide satisfactory tourism information in the website
- Provide various kinds of healthy and certified local foods in the hotel operations in order to help the local industry to growth
- Cooperate with local related tourism department of Universities in the research and development of hotel operations.

The decision to select optimal CSR program is not whether a cause is worthy but whether it presents an opportunity to create benefit for society and simultaneously value to the business. Such initiatives need to be communicated with all stakeholders to bring the competitive advantage.

REFERENCES


Dodds, R., Kuehnel, J., (2010) CSR among Canadian mass tour operators: good awareness but little


