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# Implementation and Governance of Hotel Chains' CSR policies to Individual Properties

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## Introduction

Corporate Social Responsibility (CSR) has gained increasing importance in the tourism industry over the past two decades, making it a central aspect of many business strategies. Many international hotel corporations have integrated CSR policies and today, many hotel chains publish not only comprehensive annual CSR reports but also disclose their CSR practices on their corporate websites, press releases and advertising campaigns (de Grosbois 2012). One major question refers to how international hotel corporations manage their CSR policies and strategies and govern the implementation of these in their numerous properties which are located all over the world. Previous research has revealed that chain-wide CSR strategies and what parts of it are actually applied at the hotels vary considerably (Font et al., 2012). This research aims at providing further insight into the management and implementation process of corporate strategies in individual hotels and critically assesses the causes for the *"disclosure-performance gap"* identified by Font et al. (2012) and de Grosbois (2012). Moreover, a focus was put on the management processes governing the implementation and controlling of chain-wide strategies at the properties, to provide insight into the implementation and monitoring processes of international hotel chains.

## Methodology

The research was designed in form of a case study analysis. The sample was composed of five international hotel chains and their properties in Vienna respectively. The research questions refer to the extent to which corporate and individual strategies and policies differ from each other and to the implementation process and governance of chain-wide CSR policies.

First, a framework of six areas of CSR and 51 CSR-related indicators has been developed for the analysis of the CSR strategies and activities. The identified themes and indicators are based on a selection of criteria sets used by hotel certification schemes, in particular the

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criteria sets of the certification schemes TourCert, Austrian Eco-label and GSTC. The six areas indentified to constituting CSR are management initiatives, environmental initiatives, customer initiatives, employee initiatives, supplier initiatives and community initiatives. This differs from previously proposed frameworks (Spiller, 2000; de Grosbois, 2012; Font et al, 2012) mainly in terms of including management initiatives as an area. The data was collected through in-depth analysis of the corporate websites, annual reports, sustainability and CSR reports and other information publicly accessible and recorded as a binary variable (existent versus non-existent) for the predefined 51 indicators. In addition, for the individual properties representatives were asked to fill out the criteria list again indicating if a strategy or practise is existent or non-existent.

To complement the quantitative analysis of the CSR strategies a qualitative analysis in form of individual interviews was conducted. The interviews were executed with representatives of the hotel properties in Vienna and provided further insight into the implementation and governance of chain-wide CSR policies in the individual businesses. A special focus was put on the influence the chain has on the decision making process in the hotels, as well as control processes, and the causes for differences between the chain-wide and individual CSR policies.

**Findings**

The major findings were that individual hotel properties fully complied with the chain-wide CSR policies and strategies, indicating a high degree of commitment to CSR within the up-scale Viennese hotel sector. No specific area of low performance could be identified for either the corporation or the hotels. Moreover, it was found that corporate and individual CSR strategies deviated from each other to some extent though the underlying policies and principles remained similar. The most significant deviations were that individual properties rarely had a code of conduct for suppliers in place (management initiative), and almost all individual properties exceeded corporate strategies in their environmental, employee and community initiatives. The qualitative interviews with hotel representatives revealed that the deviations between corporate and individual strategies are deliberate considering the cultural and geographical differences of the individual properties and the need to adapt CSR strategies to the local environment. This is in line with the research of Matten and Moon (2008) who argued that "*corporate choices about CSR strategies are coloured by their social and political context*" and that differences in the CSR policies are rooted in different national business systems constituted by the political system, financial system, education and labour system and cultural system which have grown historically (Matten and Moon, 2008).

The qualitative interviews addressing governance issues of implementing CSR policies and strategies, show homogenous results. In all cases either the General Manager or the Director of Human Resources is responsible for the implementation and management of the CSR

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policies, but they actively seek to involve all departments in the development of CSR strategies. Together with the department heads they develop CSR strategies and action plans for the individual property. The involvement and engagement of all employees is seen as a significant factor for a successful implementation of CSR strategies.

Regarding the implementation of chain-wide CSR policies into chain affiliated properties it was found that all hotels were required to employ "standard policies" which include codes of conducts, human right statements or environmental policies. In addition, charity organizations partnering with the hotel chain had to be supported by the individual properties as well on either a global or regional level. Besides these requirements, individual properties are free to develop their own CSR approaches to meet the chain-wide CSR policies. This autonomy is considered as very important and positive as individual properties are able to tailor their strategies within the national business system and to the needs of their regional stakeholders. The corporate policies serve as an important guidance, ensuring that hotels implement some fundamental "standard policies" and providing the direction for individual strategies, which is an important aspect ensuring coherence between the different hotels belonging to a chain. All strategies introduced and the impacts of the respective CSR activities are subject to strict control processes and have to be reported to the headquarters regularly.

**Discussion**

The research showed a deviation of corporate and individual CSR policies and strategies, although the disclosure-performance gap identified by Font et al (2012) could not be confirmed. Individual properties which had to follow and operate within the corporate CSR policy framework but were granted certain autonomy for implementing CSR strategies outperformed the corporate policies and strategies and implemented CSR approaches which were addressing the specific needs in their local environment and of their local stakeholders. Referring to the stakeholder approach of CSR (Freemann, 1984) and considering the research on the influence of national business systems to CSR approaches (Matten and Moon, 2008), these results could have been expected. The governance model (figure 1) applied successfully in the Viennese upscale hotel industry is driven by the following elements:

- Corporate standard CSR policies and CSR performance goals which have to be incorporated by the individual properties.
- Commitment and leadership by the property management (general manager, human resource manager).
- High involvement of department heads in regard to the development of CSR strategies and action plans.
- Involvement of employees in CSR activities aiming to create awareness and change the mindsets of employees.

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- A certain degree of autonomy for regional CSR strategies and activities (CSR activities are often governed in regional offices).
- Strict control processes with regular performance reports to headquarters.
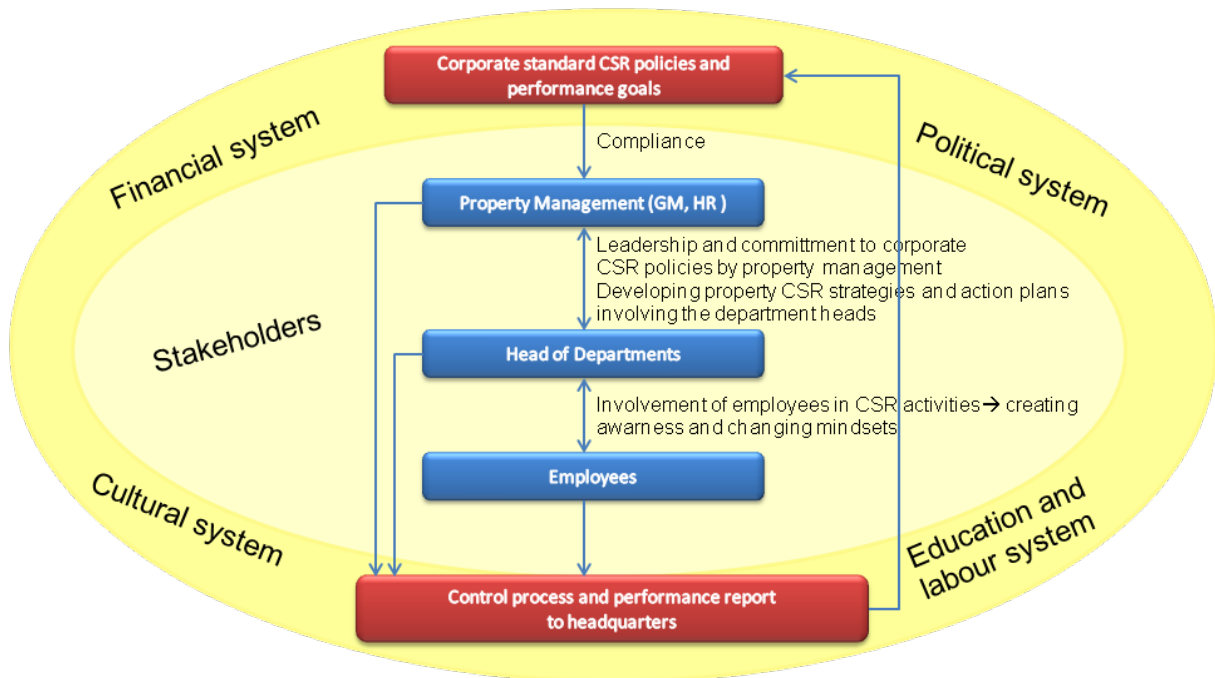


Figure 1: Corporate CSR Governance Model

Future research in different cultural and geographical settings should add to the robustness of this model.

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