



## Corporate Social Responsibility in Spanish hotel chains: determinants of its level of development and consequences

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### Goal and objectives of the dissertation

#### Goal

To analyse the determining factors of the level of development of Corporate Social Responsibility (CSR) and the consequences of this in business performance/returns.

#### Objectives

To develop a model capable of explaining the extent of influence of the factors that determine the level of development of CSR, and the consequences of this on the business performance of the Spanish hotel chains, in particular. This model should include determining factors such as the perception of CSR, the principal arguments for it, the motivating factors, and the obstacles that impact the adoption of responsible social practices. The novelty of the study resides in the integrated treatment of the factors cited, which to date have not been studied in an interrelated way, and in the study of the

consequences that give rise to the performance of the companies concerned.

This overall objective was broken down into nine more specific objectives, namely:

Objective 1: To analyse the perception that those responsible for CSR have of the term itself.

Objective 2: To study the relationship between the motivations for implementing CSR practices and the level of development achieved in this area.

Objective 3: To study the relationship existing between the principal reason that leads these hotel chains to adopt responsible social practices and the existing level of development of CSR.

Objective 4: To analyse the relationship between the concept of CSR and the principal argument for implementing these practices.

Objective 5: To identify the obstacles hindering the implementation of responsible social practices and their influence on the level of development of CSR achieved by these companies.

Objective 6: To study the relationship existing between the obstacles identified and the principal argument for implementing CSR.

Objective 7: To evaluate the relationship between the concept of CSR as understood within the company organisations studied and the factors motivating its implementation.

Objective 8: To study the relationship existing between the concept and the obstacles.

Objective 9: To analyse the consequences of the level of development of CSR for the business performance of the companies studied.

## Methodology

In the first part of this thesis, the classic methodology of a comprehensive review of the scientific literature was used; based on this review a model was created, to be tested empirically, after the presentation of the state of the art in this topic.

The second section is devoted to the empirical study. The subject or universe of companies studied in the empirical work (Spanish hotel chains and foreign hotel chains operating in Spain) is first described. The technique of Partial Least Squares (PLS) has been used to test the hypotheses of our research model; for this purpose a questionnaire has been designed and validated, as an instrument of measurement. This questionnaire was administered during the period between March and September 2010 to the company executives responsible for the area of CSR. The following table, in which the characteristics of the sample are presented, gives the technical details of the survey conducted.

## Results

We can conclude, in general, that the properties of the measurement models are acceptable in terms of both reliability (internal consistency) and validity (convergent and discriminant validity).

Concerning the structural model, as a result of the significant relationships found, it can be stated that the construct "concept" influences the "motivations" for adopting socially responsible behaviours, and thus exerts an indirect influence on the level of development of CSR. The same occurs with the construct referring to the "principal argument", which influences the "concept" of CSR held by those executives. Finally, the construct "motivations" has a direct influence on the level of development of CSR.

## Theoretical Conclusions

After reviewing the specialist scientific literature on the topic, we can state that, although there is no consensus on the concept of CSR, it has been evolving over time in function of the changes taking place in the company models, from mere compliance with the law to satisfaction and creation of value for the stakeholders.

By implementing CSR a company aims to progress towards a new company model in which profitability is compatible with good economic, social and environmental practices. The generation of value exclusively for the shareholders has been evolving towards a model based on CSR as a strategic and multi-stakeholder variable.

In Spain important steps have been taken in the topic of CSR, through the definition by the Government of a policy to promote CSR. In this context, it should be noted that, in the year 2008, the State Council for Corporate Social Responsibility was created, and the so-called Law of the Sustainable Economy was introduced (2011). The adoption of responsible social practices has also received a strong impulse with the creation of the ISO 26000 standard.

The recent decades represent a period of theoretical consolidation in which the basic concepts proposed in previous decades were refined. A notable contribution to this process has been made by the review articles that compile previous studies and set out the current status of the subject, like that of Garriga and Melé (2004). In the latter paper

**Table 1.** *Technical details of the research*

CHARACTERISTICS	SURVEY
Universe	Spanish hotel chains and foreign-owned chains operating in Spain.
Data collection methods used	Web and telephone survey.
Types of question	Questions with responses on a Likert scale and by semantic differential.
Dates when the information was gathered	March to September, 2010.
Geographic scope	Spanish territory.
Size of sample obtained	61 companies
Response rate	40.6%.
Statistical tests applied	Descriptive, Correlations, Regressions, Structural equations
Statistical programs used	SPSS version 15.0 and Visual PLS.

the current theories of CSR are classified in four categories: instrumental, political, integrative and ethical. The complementary contributions to the theory made by later authors such as De Bakker *et al.* (2005), McWilliams *et al.* (2006) and Alvarado (2008) have been extremely useful.

In our research on the factors that influence the level of development of CSR in the sector studied we have taken these theories into account. Specifically, we have followed the model of Carroll, within the group of Ethical Theories, to analyse the dimensions of CSR: economic, legal, ethical and discretionary (Carroll, 1979, 1991, 1999). This model has been widely studied in the scientific literature and there are references to it in many research studies.

CSR is a multidimensional construct, with effects that extend to diverse areas of action; the sectors of activity also possess differentiated characteristics, and all of this is combined with the complexity and variety of instruments used for its measurement.

There continues to be a lack of any broad consensus in the study of the relationships between social and financial actions. However, most authors support the hypothesis of a positive relationship between the two (Freeman, 1984; Freeman and Evan, 1990; Orlitsky *et al.*, 2003). Few studies have

found a negative relationship (Gómez, 2008). Therefore, because most of the research studies undertaken on the subject of the relationship between CSR and financial performance conclude that a positive relationship exists, it is reasonable to accept the existence of this relationship and the hypothesis of positive synergy.

The tourism sector, and more specifically the hotel subsector, in which the tourism product is the destination, can cause economic, social and environmental impacts that emphasise the need to implement responsible practices in this sector.

In Spain there have been very few studies made of CSR applied to the tourism sector, and to the hotel chains in particular. Stakeholders are demanding that tourism organisations pursue sustainable development and accept responsibility for the externalities caused when carrying out their commercial activities.

In fact, the tourism organisations, and in particular the hotel chains, are viewing CSR as an ally for increasing the confidence of society in general, for improving their relationships with the stakeholders, and for improve competitiveness. Consequently they are collaborating, principally, in social programs and publishing reports on the sustainability of their operations.

### **Practical application of the dissertation**

CSR is not unknown in the hotel chains, who understand that this concept not only means compliance with the law but is also associated with the satisfaction of the needs of the interest groups, and with the creation of value for these groups.

In the subsector of the hotel chains we can state that the factors motivating the adoption of responsible practices have a positive influence on the level of development of CSR. One peculiarity that we have detected in this subsector is that there is a close relationship between the ethical culture of the organisation and the pressures of NGO's for the adoption of responsible behaviour.

The principal reason that leads the hotel chains to adopt responsible practices, whether of the economic or ethical type, does not have a direct influence on the level of development of CSR, but rather indirectly through the concept and obstacles identified.

It can be stated that if the principal reason for implementing socially responsible practices is the search for profit, without taking into account the satisfaction of interest groups' needs and the creation of value for these groups, this principal reason will represent an obstacle that influences negatively the level of development of CSR.

The principal obstacles that the hotel chains face implementing responsible practices are the lack of information on the subject, and the lack of financial and human resources, together with the lack of time, with a similar weight.

The level of development of CSR has a positive influence on the business performance, which is the conclusion we reach after performing the structural analysis of the results. All the variables studied when measuring the performance, have a similar and important weight in this analysis.

### **Content of the dissertation**

#### *Abstract of chapter one*

In this chapter an analysis is made of the interrelationships between ethics and CSR,

and different approaches to these concepts are offered. The possible relationships that can exist between CSR and the financial results are considered. The reasons, motivations and obstacles that may be found by those company executives responsible for adopting and implementing responsible practices are presented. The evolution and current status of CSR, previous research conducted on the subject, and the results obtained are analysed.

#### *Abstract of chapter two*

In this chapter we present the theories of CSR proposed by other authors, grouped under four headings: instrumental, political, ethical and integrative theories. We then explain why we find the most appropriate framework for analysing the level of development of CSR in the ethical theories.

#### *Abstract of chapter three*

In this chapter CSR in the tourism sector is studied; we show the connections between the terms "responsible" and "sustainable" tourism. The codes of environmental conduct, good environmental practices, and the "eco-labels" of the hotel subsector are presented; and the current state of research on CSR in this subsector is reviewed.

#### *Abstract of chapter four*

In this chapter, we demonstrate how our empirical research has been designed, the research model proposed, the working hypotheses derived from this model, and the methodology adopted. The population selected for study is presented (the first 150 Spanish hotel chains and foreign-owned chains operating in Spain, ranked by value of annual invoicing) and we describe the sample.

#### *Abstract of chapter five*

Here we present the descriptive analysis of the properties of the sample, the statistical methodology of the analysis, together with the estimation of the measurement and structural models, concluding with the testing of our hypotheses. Following this, we present the results obtained from the questionnaire survey, and the corresponding data treatment

using SPSS 15.0 and Visual PLS. In summary, we analyse the validity and reliability of the scales and, finally, we test the hypotheses of the model by means of the analysis of structural equations.

#### *Abstract of chapter six*

The main conclusions obtained from the study, both theoretical and practical, are outlined.

#### *Abstract of chapter seven*

Finally, this chapter details the references used for conducting the research described.

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