Corporate Social Responsibility in the hotel sector. Consumer reaction.

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1. SUMMARY

This report aims to analyse the CSR literature of different authors of the past and the actual century.

Especially, a review of the different theories about the relationship of CSR and consumer behaviour in the hotel industry and how hotel chains gain a competitive advantage and improves its brand image in carry on diverse initiatives related to CSR.

Also, it will be analysed the practices of one of the most important hotel chains worldwide and how these practices are communicated to its stakeholders.

Finally, with the theories and conclusions of the different authors, this report proposes a plan for hotel chain companies that will help them to improve its CSR programme.

2. ABSTRACT

Este trabajo pretende analizar la literatura de la RSC de diferentes autores a lo largo del siglo pasado y del actual.

Especialmente, una revisión de las diferentes teorías sobre la relación entre la RSC y el comportamiento de los consumidores en la industria hotelera, y como las cadenas hoteleras ganan una ventaja competitiva y mejoran su imagen y marca llevando a cabo diversas iniciativas relacionadas ésta.

También, serán analizadas las prácticas de una de las marcas hoteleras más importantes de España y del mundo y como éstas son comunicadas a los grupos de interés.

Finalmente, con las teorías y conclusiones de los diferentes autores analizados, este trabajo propone un plan de actuación para la industria hotelera sobre cuáles son los puntos de interés y como mejorar la estrategia de la RSC.

3. INTRODUCTION

Corporate Social Responsibility (known as CSR in this report) has increased its importance in the business world in the lasts years. Thanks to globalization and, more important, the last economic crisis, society started to ask to its governments’ leaders to take actions to develop a new more sustainable model.

The actual society is more aware of the limitation of natural resources and, especially, due to the financial and geographical internationalisation there has been an increase of negative externalities from big organizations. Climate change, big financial and environment scandals are some examples of negative externalisations.
Here we have a graph from the Instituto Nacional de Estadistica published in 2017 that shows the CO2 emissions from the economic sector in Spain from 2012-2015:

![Illustration 1: CO2 emission in Spain 2012-2015 (INE, 2017)]

For this reasons, the term CSR is being used by a lot of companies. Very creates its own strategy and others just obey the law of its countries or institutions.

In the other hand, there are a lot of businesses and investors who see a potential benefit in applying CSR programmes.

It can be observed a transformation of the business model. From the traditional perspective, where administrations were focus on obtaining the maximum profits in the short run for its shareholders, to a new model, where administrators search a new long-term strategy, more sustainable with the society and with the environment.

With the last model, even more, businesses can win a competitive advantage, creating a differentiation from competition. With a coherent CSR strategy with the main goal of the company, organizations can create an added value that consumers will appreciate.

4. OBJECTIVE OF THE PROJECT

The final objective of this Project is to know how Corporate Social Responsibility strategy affects the decision and the behaviour of customers in the Hotel Industry and what are the benefits of CSR.

Also, it will be explained different theories of CSR and its evolution over the years and how the hospitality sector uses CSR to improve its brand name and to create added value.
5. METHODOLOGY

This project is divided in four different parts.

In the first one it will be reviewed the main theories of CSR as the stakeholder’s theory of Friedman or the Pyramid Theory of Carroll. Also its main characteristics and its evolution along the lasts years.

The second part is an example of Melia Hotel International chain. Melia is a good example of a Spanish company that is commitment with the CSR.

The third part is an analysis of customer perception of hotel companies that uses CSR and how these policies affects in its consumer’s behaviour.

And the last one, are recommendations extracted from different theories and point of views from a diversity of authors.

6. CSR. CONCEPTUAL FRAMEWORK

6.1. DEFINITION

Although the term seems new, we can find evidences in the Ancient Rome and Greece of the existence of the CSR. One of the bases of the CSR comes from charity and philanthropy, which definitions are to help to the community and to improve social wellness (RAE, 2017).

But, it’s in the lasts years when CSR have become important.

This appeared for the first time in the United States due to different social conflicts as the Vietnam war, where citizens started to see the influence that big companies had in the economy and in its governments. For that reason, they started to claim a better control over these organizations.

American economist Howard R. Bowen is known as the father of the CSR who in 1953 wrote a book titled “Social Responsibilities of the Businessman” where it can be found the bases of what we know as the CSR.

According to them, they are “the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action that are desirable in terms of the objectives and values of our society”. (Howard Bowen, 1953).

From Bowen, different theories have been developed by economists along the years.
Carroll was the first in divide responsibilities. This theory is known as the Pyramid Theory (Carroll, 1991), where these 4 responsibilities are seen as a pyramid which each one is the base of the other.

- Economic Responsibility: is the base of the pyramid and represents the production and the consumption of goods and services that customers need. With this, the firm has to gain some profit.
- Legal Responsibility: is the fulfilment of the law and the regulations of the country.
- Ethical Responsibility: is the obligation of companies to act in a correct, responsible and fair way, minimizing the damage to interested people of the company.
- Philanthropic Responsibility: means the commitment of organizations in activities that promote the commonwealth and improves life quality of the society.

This is voluntary, organizations don’t have the obligation of participate in those activities, even when exists expectations of the society that they will follow them.

Illustration 2: The Pyramid of Corporate Social Responsibility (Carroll, 1991)

Another idea appeared in 1997 by John Elkington. Its known as the Triple Bottom Line and says that for the company to work well in the long term, it has to respect these three basic principles: economic, social and environmental equilibrium. The objective of this is to measure these three P’s (profit, people and planet) to know the financial performance of each one over a period of time. Adding social and environmental responsibilities can have a positive effect in the company’s profits. With this, the company will gain more value for the stakeholders and any person interested in the organization. Its main advantage, is the transparency of its social activities.
In the eighteenth it started to consider that CSR was not a separate phenomenon inside the organization and it was when Peter Drucker (1984), a lawyer and considered the father of the management as a discipline, says that all the organization have the responsibility of all of the effects caused to its employees, its environment, its clients and to all of the person close to the organization.

He was agreeing with the modern concept of CSR which is critic with the idea that philanthropy is the only way to contribute to the society.

According to some of the world most important institutions these are its definitions:

European Commission (2001): “The voluntary integration, by companies, of the environmental and social issues concerns in their commercial operations and with their relations with their interlocutors”. (Green Paper for the promotion of a European framework for corporate social responsibility, 2001)

Guía ISO 26000 (2017): "The responsibility of an organization for the impacts of its decisions and activities on society and the environment, through an ethical and transparent behaviour that:
- Contributes to sustainable development, including health and social welfare.
- It takes into account the expectations of the stakeholders.
- Acts in accordance with applicable laws and international standards of behaviour.
- It is integrated throughout the organization, and put into practice in their relationships".

AECA (Asociación Española de Contabilidad y Administración de Empresas): "set of obligations and legal and ethical commitments, national and international with the stakeholders, which are derived from the impacts that the existence, activity and operation of the organizations produce in the social, labour, environmental and human rights fields". (AECA, 2004)
6.2. GROUPS OF INTEREST

Group of interest, known as stakeholders, are those people who are involved in the business activity or who are influenced by it. This is because each organization constitutes a framework that unites people both inside and outside the organization (Libro Blanco de la RSE).

To know who they are and in what issues are they interested in is crucial for the sustainability of the Company and a key to know how to implement the CSR.

CSR understands the organization as a corporate citizen that generates positive externalities and negative externalities. Its objectives are to improve the first one and minimize the second ones.

Exists different types of stakeholders. According to Clarkson (1995) they can be classified in:

- **Primary vs Secondary**: Primary are those who have a strong relationship with the organization as employees and Secondary are those who are influenced or can influence the organization as the media.
- **Key vs. Emerging**: Key is those who can influence in the business economy as suppliers, and Emerging are those who don't participate in the business economy in the present, but can do it in the future, as NGO.
- **Main vs. Peripherals**: Main includes the primary and others as competitors or the government who can influence the business economy at the present and in the future, and Peripherals includes poor people and people who non-interested in the organization.

6.3. CHARACTERISTICS

CSR is a voluntary practices of the business organizations. Corporations do no assume any obligation due to the fact that don’t include any legislation and any legal normative, because these ones are mandatory compliment.

They are based in some facts that substitute the short-term profits maximization to a new long-term vision, performing in a more responsible way, taking care of the limitations of the natural resources and developing new economic, social and environmental sustainable practices.

According to AECA (Asociación Española de Contabilidad y Administración de Empresas) these are the basic principles of the CSR:
1. Transparency: It is the basic piece of corporate social responsibility. It is based on access to information that the organization provides about its social behaviour and that is permeable to social expectations.

2. Materiality: assumes that the organization must take into account the needs and expectations of stakeholders in decision making, addressing all dimensions of corporate social responsibility, as well as all its activities and impacts, direct and indirect.

3. Verifiability: The socially responsible actions of the entity must undergo external verification. Transparency and verifiability are necessary principles to achieve an adequate level of credibility.

4. Broad vision: The organization should focus its corporate social responsibility objectives in the broadest context of sustainability possible. It must consider the impact it produces at a local, regional, continental and global level, with a clear sense of legacy for future generations.

5. Continuous improvement: Corporate social responsibility is closely linked to the idea of continuous management, whose main objective is the survival of the organization. A purely speculative activity with the sole purpose of maximizing the short-term economic benefit, without considering the achievement of other medium and long-term objectives, is by definition an activity lacking corporate social responsibility.

6. Social nature of the organization: Corporate social responsibility is rooted in the belief and recognition of the social nature of organizations, as a value that prevails over any other consideration of an economic or technical nature. It highlights the value and the role of the human being as an individual and social entity, origin and end of the organization.

Carroll (1991) distinguish four types of responsibility:

1. Economic responsibility: good quality products, good conditions for the worker and good results for shareholders.

2. Legal responsibility: comply with the law and the established regulations.

3. Ethical responsibilities: carry out the business activity without causing any damage to third parties.

4. Philanthropic responsibilities: making donations and contributions to society, both economically and doing a good deed.
By carrying out CSR in the activities done by an organization, in addition to making a profit for society, the company improves its competitive position, obtaining an advantage over its competitors. This will be possible as long as the company adequately applies the CSR both internally and externally.

According to Baltera & Díaz (2005) CSR has two dimension, one internal and one external.

The internal takes into account the legal responsibilities that an organization has with its employees and the investment in the human capital. CSR plays an important role, stimulates the efforts of the business in investing in the formation and the education of its workers. Also, respects and improve its workers’ conditions, respecting human rights and creates a relationship of confidence between managers and workers.

The external dimension is about creating a relation of respect between business production and the environment, developing a new economic and social sustainable model and creating a better relationship between the organization and suppliers, clients, investors....

6.4. EVOLUTION

As already mentioned, CSR appeared in the fiftieth in the United States due to social conflicts as the Vietnam war and the apartheid when the citizens started to know the big influence of the big organizations over important aspects of the country and the environment.

It’s the economist Howard Bowen who first define in its book “Social Responsibilities for the Businessman” as an innovative idea for doing business.

In the sixtieths, it begins to influence the obligations of the organizations towards the interest groups, which are the employees, customers, suppliers and anyone that surrounds the Company. In this decade appeared the term Stakeholder which says that business activities are not the only thing that businessman are responsible on, if not they have obligations over stakeholders (persons of interest in the society). The stakeholder theory was introduced by Edward Freeman in 1984. This author defined stakeholders as “any group or individual who can affect or is affected by the achievement of the firm’s objectives”.

With this theory Freeman argument that the purpose of businesses is to create value for stakeholders not only for shareholders. Stakeholders are those interested in the business as customers, communities, employees, suppliers and shareholders. The main objective is to succeed and sustainable over time.

The decade of the seventies was the era of splendour of the CSR.
On one side, it can be found the CSR oppositions as the economist Milton Friedman (1970) who wrote “The social responsibility of business is to increase its profits” with a different vision. He divides the shareholders and employees, making an emphasis in the fact that the only goal for a company it’s the maximization of its profits for shareholders and are the employees who have to contribute, in a voluntary way, in the society.

On the other side, there was a great contribution to the term by the CED (Comité para el Desarrollo Económico) when they published “Social Responsibilities of Business Corporations” (1971). In this publication they came to the conclusion that the activities carried out by the organizations have as their ultimate goal the fulfilment of society's needs.

The CED, also, did an emphasis about the great responsibility that business supports in creating and improving life quality of the citizens.

Its main theory was “Three Concentric Circles” (1971) where each circle represents different business objectives which are beneficial for businesses and for societies.

In the core we found the economic activity. This is the main objectives of all businesses, to make profits for its shareholders.

In the intermediate circle there are social values and the responsibility of firms to obey legal regulation regarding social wealth fare.

In the last one consists in the organization’s responsibilities to improve the society and the environment.

This may not affect the business economy but exists an expectation of the society that business have the responsibility to help social and environmental issues.

Illustration 4: Three concentric Circles, (CED,1971)
This illustration helps to understand that business model has changed. Profits are not the only objective of organizations. There an increase in awareness of ethical consumerism so business must adopt CSR initiatives to improve relations with customers.

In the eightieth, in the wake of the scandals that occurred during the presidency of Ronald Reagan, the society started to be more conscience about the great damage done by big corporations. For that reason, is why it began to create various objectives for companies to meet them and thus improve the most serious problems of the time such as environmental pollution, employment discrimination by race, sex or nationality, avoid abuses to consumers both with prices and misleading advertising, improve job security, thus improving their quality of work life. Es en estos años cuando Europa empieza a verse un cambio y surgen instituciones como la European Business Ethics Network.

The 90s did not bring great novelties but began to develop new theories linked to business ethics such as the Corporate Citizenship Theory.

This last theory, also known as Corporate Citizenship, appeared in the 80s and was characterized by philanthropic acts carried out by organizations with the aim of appeasing some social problems that existed at that time.

But, as a result of the anti-globalization movements, both companies and citizens understood that the simple act of paying taxes was not enough, but that measures to improve the quality of life of citizens voluntarily and more consciously began to be developed.

In 2002, the World Economic Forum was held in New York. That year was important for the RSC as some thirty executive directors of the largest companies in the world signed an agreement in which they stated the following:

“Global Corporate citizenship goes beyond the concepts of corporate philanthropy, including social investing; corporate social responsibility; and corporate social entrepreneurship in that it entails focusing on “the global space,” which is increasingly shaped by forces beyond the control of nation-states. Global corporations have not only a license to operate in this arena but also a civic duty to contribute to sustaining the world’s well-being in cooperation with governments and civil society. Global corporate citizenship means engagement at the macro level on issues of importance to the world: it contributes to enhancing the sustainability of the global marketplace.

Global corporate citizenship refers to a company’ s role in addressing issues that have a dramatic impact on the future of the globe, such as climate change, water shortages, infectious diseases, and terrorism. Other challenges include providing
access to food, education, and information technology; extreme poverty; transnational crime; corruption; failed states; and disaster response and relief.”

This theory proposes that organizations not only have responsibilities with groups of interests, but that themselves are involved within a government and with the civil society. This means that, as great economic leaders, they must act in a correct, fair and responsible way and achieve sustainable development with practices that affect less on a global scale such as climate change and better management of the use of natural resources such as water.

### 6.5. CSR IN SPAIN

The effects of globalization are diverse, as can be the existence of aggressive practices by large organizations, practices that cause a large negative impact on society.

We can include both economic frauds and environmental catastrophes, facts that have changed the way of seeing companies. As a result of this movement, they have been forced to change, adopting new goals and commitments to improve their image to consumers.

Like the rest of the world, the traditionalist model was profit maximization regardless of the consequences or externalities they caused to society.

During the Franco dictatorship, many companies were nationalized and the worker’s safety and protection was improved, but without giving importance to environmental issues.

With the entry to the European Union (1986) the number of private companies, both national and international, increased due to the tourism boom and in the 90s, Spanish companies began to expand their businesses geographically, especially in Latin America.

However, the CSR began to be applied in the 80s when there began to be a movement in favour of business ethics and, with the entry into the EU, they began to introduce norms and policies to raise awareness in society and especially companies the idea of a sustainable world.

It is worth to mention the great efforts carried out in recent years by public and private institutions.

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An example would be the obligation of the IBEX companies to submit to information and transparency controls and introduce its reports in the annual reports.

6.6. DIFFERENT QUESTIONS

1. Moral question: it is not necessary to argue the important impact that large organizations have on social and environmental welfare. We can say that the organization itself has its own responsibility, and that therefore, we could demand certain behaviours or ways of acting.

These behaviours are focused on employees, customers, the environment, etc. In general, this issue could be related to the theory of the Stakeholders (Freeman, 1990), where all entities related to the main organization are taken into account. An example of what would not be moral in terms of work welfare would be the subcontracting of personnel in Third World countries with almost exploitative working conditions, for the simple fact of lowering production costs.

2. Strategic/Economic Question: as we said in the introduction, companies can benefit from good CSR to obtain diverse benefits.

It is necessary to make the shareholders understand that with CSR, strong links can be created with all stakeholders. Companies not only have financial capital but also have human capital which must be paid attention so that it works as effectively as possible. It would be part of a long-term strategy.

Companies that voluntarily commit to certain social norms will benefit from a better external image, and both their reputation and their market value will be increased.

3. Political Question: related to the important power that companies have in the society and how companies manage this power in a good and responsible way.

4. Ethical Question: are the values that companies want to communicate to the society. How organizations contribute in an improvement of environment and social problems. Also includes the respect of the human rights.
7. CSR IN THE HOTEL INDUSTRY

The hotel sector is one of the most important sectors in the Spanish economy. It generated 60.156 millions of euros in 2017 (Banco de España, 2017) and generated 200.000 jobs (Statista, 2017).

Worldwide hotel sector contributes with US$8.3 trillion the world GDP generating 313 million jobs (World Travel and Tourism Council, 2017)

But, it is one of the sectors that generates the most negative impacts on society, including atmospheric pollution. Also, hotels consume energy, water, food, paper, cleaning products and other resources, generating wastewater, and pollution in the air (Chan, 2011).

For this reason, they have to obey certain regulations imposed by governments and, moreover, hotel chains have to include its CSR’s results/initiatives in their annual reports or memories.

One of the key aspects for hotel chains is to decide which activities can be done, its convenience or not, the way there are going to be communicated it to its customers and its implication in those causes, because in many cases hotels just follow legal regulations.

Hotels chains develops CSR programs with the objective to improve customer loyalty, to help to resolve social problems and or to reduce its impact on the environment.

Hotels will obtain benefits of CSR strategies. It can improve the brand image, the reputation on the hotel chain, and this will lead to an increase of the sales and the loyalty of costumers and investors.

2017 became the International Year of Sustainable Tourism for Development. In words of the General Secretary of the UNWTO (United Nations World Tourism Organization), Taleb Rifai:

“The proclamation by the United Nations of 2017 as the International Year of Sustainable Tourism for Development is a unique opportunity to expand the contribution of the tourism sector to the three pillars of sustainability (economic, social and environmental), as well as to raise awareness about the true dimensions of a sector that is often underestimated.”

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7.1. ENVIRONMENT

One of the most important activities that this type of company follows are related to the environment.

Society is increasingly aware of the climate change evolution and the importance to reduce pollution and to maximize the good use of natural resources like water and energy.

The hotel industry had faced a big social pressure to change its business model. Society demands more control and responsibility for hotel’s managers in environmental affairs. There exists a good relation between hospitality sector and the negative impact in the environment.

Hotels have protocols / standards to achieve. Its objectives are minimizing the use of water, especially because of the shortage of this in summer, and minimizing the use of energy, replacing the old methods of obtaining energy with new ones, more responsible and efficient, such as solar plates.

Another way to help the environment is to build new establishments with recyclable, more sustainable materials, building the hotel with the least impact on the ground and without harming all the living beings that live there, whether humans, animals or plants.

7.2. EDUCATION

More companies invest in educational and training programs, both for young and adults. The hotel chains are not an exception.

There are many that have agreements with universities and other educational institutions to offer jobs and educational practices in their establishments. These also invest economically in their proper functioning and offering scholarships to students.

They offer possibilities of work abroad for those students who feel interested in working in other countries and to improving languages.

The final objective is to reduce the level of unemployment of unqualified people and to improve the education in that regions of a country where the education rate is low.

7.3. PROJECTS FOR THE COMMUNITY

Organizations play a very important role in the environment where they work. Both labour and physical, as would be the traffic, companies have to help their environment to minimize the negative effects they generate.
In the hotel sector, as a negative externality, we have the tourist saturation, both of people and vehicles that worsen the traffic, the price increases of both food and rent, and depending on the type of tourism, we will have some problems or others as they can be the problems of noise and crime in the area.

An example would be the problems of tourism on the island of Mallorca during the summer months and even worse the drunken tourism that is located in the area of Calvia-Palma.

For this reason, companies have to focus on appeasing these problems by creating protocols of action and specific regulations by the government to avoid certain behaviours.

Another way to impact society is by creating training courses for people in a situation of helplessness or in a situation of social exclusion so that they can train and work in their own establishments and thus improve the school dropout rate and the quality of life of this people.

7.4. ART AND CULTURE

Many companies are investing more in the field of culture and art for different reasons.

One of them, being the most important, is to make the destination of your hotels better known. With this, they improve the image of a country and their demand is increased. It is a differentiation to have a competitive advantage over other countries.

Not only do hotels earn with these measures, but society as a whole.

Painting, music, architecture and gastronomy among others are promoted.

7.5. POLICIES ADOPTIONS

Consciousness is not the only reason to implement these measures. There are other reasons why hotels implement these policies. According to Miller (2001), hotels that adopt these policies will see an increase in the Company’s value and a potential economic profits. This CSR strategy can enhance Brand names and can improve the company’s costs.

In the short term, these companies can see a better result in the stock market as the hotel improves reliability (Nicolau, 2008).

One important aspect is how hotels communicate its results to its customers. There exist various projects that had arrived to the conclusion that communicating CSR policies not only creates a competitive advantage but also there’s an increase in the number of hotels that communicate its results, mostly through Internet (Holcomb, Upchurch & Okumus, 2007). But, at the same time
exists a lack of audited information. One example is Melia Hotels Internationals who only audits its CSR memory in the economical aspect, being other aspects (social and environmental) under suspicion.

7.6. COMMUNICATING CSR

CSR communication is important for hotels, so that their investment in CSR initiatives does not stay invisible (Pérez & Rodrigo del Bosque, 2014).

A good communication will lead to higher consumer awareness of CSR, with strong reaction from stakeholders and a higher brand value (Morsing & Schultz, 2006).

CSR can be communicated by various channels, depending on the audience they are trying to reach. This includes CSR reports, annual reports, Corporate web, advertising, social media and public relations.

If the company wants to communicate with employees they will use internal communication as emails or newsletters, but if they want to communicate with shareholders they will use annuals reports.

But, nowadays, the most used is communicating on internet, mostly through corporate websites. Also, social media plays an important role. Hotels through social media platforms as Facebook and TripAdvisor can present its CSR initiatives and know the reaction of its customers to these initiatives. This is the cheapest and easiest way to communicate to all groups of interest.

One of the finals objectives of communicating CSR is to ensure that costumers are aware of all the benefits that the company achieved. It’s a key for the company, to explain the motivation of the organizations in the initiatives and the reason of why it’s important for the firm (Du and col., 2010).

This can be done if a company has a long-term commitment with an initiative. A study from Ellen et al. (2006) presents the idea that a short-term commitment initiative by an organization acts only to achieve other’s expectations instead of acting on the values of the organization.

Other objective of communicating CSR is to improve the brand’s value and this can be achieved if the public understand that the CSR initiatives are sincere and credible.

For this reason, hotels and organizations understand that CSR initiatives must be coherent with the values of the organization. For hotels, the better initiatives are those that are related with the environment and with the community.

Information can be communicating in two ways: on one hand, CSR initiatives can be communicated by the company itself through advertising or company’s website. On the other hand, it can be communicated by a third party as a
journalist or a blogger. The second one is perceived better as a journalist is seen independent of the company and is not influenced by the critics, and the first one can be easily manipulated according to the company’s objectives (Becker-Olson, 2006).

Next, the case of MELIA HOTELS INTERNATIONAL that carries out certain activities that encompasses everything explained above.

8. CSR IN THE BALEARIC ISLANDS: EXAMPLE OF MELIA HOTELS INTERNATIONAL

Below, it’s an example of an important hotel chain, MELIA HOTELS INTERNATIONAL, who operates globally (more than 300 establishments worldwide).

Melia has adopted several measures to minimize its negative impacts, both on the environment and on society.

Melia divided its activities in two segments:
1. Global priorities that comprises human rights, employment and climate change
2. Local improvement that comprises leadership, culture and university and knowledge.

Those principles are aligned with the Sustainable Development Objectives (SDO) promoted by the United Nations and with the International Summit for Climate held in Paris in 2015.

Its measures started in 2008 with its first Plan Director Meliá. Its main objective was to create a global model for all the establishments, but being flexible in each city and country, respecting all different cultures.

8.1. RELATION WITH STAKEHOLDERS

Melia approved in 2012 the creation of an ethical code. These are a set of principles of action that order and give meaning to the values of the Company (Melia annual report, 2016). This code aims to guide the ethical relationship and commitments of Melia with its main group of interests.

Also, Melia supports various corporate behaviours models and the ethical code reinforces it.

Melia has improve its communications with its stakeholders (groups of interest) through an annual meeting with some representatives of its groups and with the creation of a Materiality Analysis Report which contains the main important themes for the company and for its stakeholders. Created in 2014, this analysis permits to Melia know which are the principal’s problems/awareness of its stakeholders.

Materiality Analysis was attended by 22,000 people among the different stakeholders of the company. This includes customers, employees, suppliers, owners, analysts, experts and members of the Board of directors (Melia, 2016).

Its divided by 4 different categories: Business, Environment, Corporate government and CSR.
With these, Melia improves its communication with stakeholders, creating a confidence environment, with transparency and value generation.

8.2. ENVIRONMENT

Melia has adopted an important role in the fight against climate change. In its Annual Reports, he commits in changing its business model creating a new one more responsible and sustainable with the environment and society. They are focused in the energy efficiency and a responsible consume of natural resources.

Its strategy consists in four steps: control of the efficiency, sensitize customers, standardize and innovate and an incorporation of sustainable policies.

Melia has reduced its CO2 emissions in a 7,07% between 2012-2017 in comparison to 2007-2001. He calculates it with the standard GHG Protocol. Also he has reduced the consumption of water in a 2,30% and the consumption of energy in a 6,37%. (Melia Annual Report, 2017)

He had implemented several projects since 2014, with the purpose of minimize the use of natural resources;

1. Contract with ENDESA with the objective of using renewable energy in all the hotels and offices in Spain
2. Change the lighting by led lights
3. More energy control in the hotels
4. More use of natural gas
5. More investment in the environment management
6. Reduce of hydraulic consumption

With this, Melia has improve its punctuation in the Carbon Disclosure Project, obtaining 91 over 100 and with a qualification of B in a scale A-D.

8.3. EDUCATION AND EMPLOYMENT

Melia have shown interest in the childhood defence. It was the first Spanish company to sign the ECPAT Code of Conduct against child commercial sexual exploitation in 2006, and on of the first to sign the United Nation Global Compact.

This is reinforced with the support of Melia with the groups with risk of social exclusion.

They incorporate in its CSR strategy a commitment to the development of the employability of young people at risk of exclusion or in a situation of difficult socio-
labour integration with the aim of developing high impact initiatives focused on providing a better qualification to people who, in the future, can develop in the Tourism sector (Melia annual Report, 2016).

With this, Melia contributes in the creation of opportunities for vulnerable collectives, developing its knowledges and experience in the labour market.

Also Melia has a partnership with 20 universities worldwide, including a Cathedra of Studies Gabriel Escarrer Juliá to encourage education, research and divulgence in tourism.

9. CSR. CONSUMERS

According to the Diccionario de la Real Academia Española, consumer is who consumes or buy something. Is the person that satisfies its needs acquiring goods and services in an exchange of a certain price.

Consumers are buyers or goods and services by definition and are one of the two parties of the market, the demand in opposition of the supply.

The use of CSR initiatives can influence consumer’s decisions and also can differentiates products and services of an organization. It can creates a loyal relationship between consumers and companies if the CSR strategy is carried out in coherence with the final goal of the organization.

Some companies just take an advantage of some issue that worries the society. For example, Ralph Lauren Foundation supports the foundation of breast cancer (Ralph Lauren, 2017). People may see this initiative good, but with no relation between a retail store and breast cancer.

Other, as the hotel industry, will have as purpose the environmental issue, maximizing water saving, the use of renewable energy and the minimizing the negative impact on the community.

9.1. CONSUMER BEHAVIOUR

Consumer behaviour entails "all activities associated with the purchase, use and disposal of goods and services, including the consumer's emotional, mental and behavioural responses that precede or follow these activities." (Kardes, Frank R.; Cronley, Maria L.; Cline, Thomas W., 2014)

In the hospitality sector, the costumer is present in the production process and in the service. The costumer experiences the service when he/she arrives at the hotel, that is the intangible component, but also they can experience a tangible component as the breakfast service or any restaurant inside the hotel. Hotels must take into account what the customers feels when they arrive and leave the hotels and CSR can play an important role.
According to Kotler and Armstrong, four factors can influence consumer’s behaviours: social, personal, psychological factors and cultural.

- Social Factors: A key component that influence the social factor of a person is its family. Family helps customers in developing a buyer’s behaviour. Also, friends have a potential influence in developing an identity and a personality.

- Personal Factors: some personal factors as age, lifestyle, occupation, economic situation and personality affects consumer’s behaviour. For example, age affects the way consumers act people use to change is taste over the years.

- Psychological Factors: this is related to motivation, perception, learning and beliefs of the person (Kotler, 2001). Motivation arises from a biological need. Then motivated person’s actions are guided by its perception of the situation. People learn from experience, is the interplay of drives, stimuli, cues, responses and reinforcement (Kotler, 2001). And finally, beliefs come from acting and learning.

- Cultural Factors: refers to the values and beliefs of a society. These influence consumer behaviour as a guideline for identifying correct products and services.

In the other hand, Abraham Maslow developed the Maslow’s Hierarchy of Needs (1943) to understand what motivates buyers to consume. It’s based on five levels of needs, organized to the level of importance:

- Physiological: are the basic needs as food, water and sleep.
- Safety: is the need of security, physical safety
- Belonging: is the need to be part of a group, to be loved
- Esteem: the need for status and self-respect
- Self-Actualization: the desire of self-fulfilment

![Illustration 9: Maslow’s Hierarchy of Needs, (Abraham Maslow, 1943)](image)

Also, Robert J. Lavidge and Gary A. Steiner proposed the Hierarchy of effects model (1961). Says that customers pass through six different steps to decide which product or service to purchase. These steps are:
• Awareness: is the first stage. Organizations must make sure that customers know its brand and products/services.
• Knowledge: is how consumer evaluate the different products and its characteristics.
• Liking: this is the emotional part. Consumers creates a linking in a product.
• Preference: it's when a consumer is nearly convinced to purchase/try one product than another.
• Conviction: it’s the stage when consumer is totally convinced and is ready to take action.
• Purchase: is the final step and the most important. Companies must do the purchase easily and satisfaction for the customer. It’s the moment to create a guest experience, make the product enjoyable and easy to understand.

They go further and divided these steps in three groups of behaviour:

• Cognitive behaviour: related in the awareness and the knowledge of the products or service. Is the rational stage.
• Affective behaviour: it’s the liking step. It’s the emotional part when consumers think about pros and cons of the product.
• Conative behaviour: related in the last three steps. Is when consumers decide its preferences and buys the product.

Other authors as Beckman (2007) and Valor (2008) proposes that the responsible consumer must overcome three barriers: the motivational barrier, the cognitive barrier and the behaviour barrier. They arrive to the conclusion that responsible consumption is not an easy decision because these barriers can affect consumer predisposition to buy an specific product or service.

9.2. CONSUMER'S PERCEPTION IN THE HOTEL INDUSTRY

Socially responsible consumers are defined as consumer citizens who are not only interested in satisfying their needs, but whose purchase decisions also include concern for the environment and social causes (Arredondo, 2011).

Some studies proposed the idea that CSR has an impact in costumer’s loyalty (Martínez & R. del Bosque, 2013). CSR helps to hotel chains to differentiate its brands from competitors, to improve costumer’s loyalty and to retain them.

The main goal of CSR is to maximize the long-term positive effects on society while minimizing the negative effects.

Nearly all of CSR initiatives of the hotel industry are focused in the environmental issue.
Many of these practices require the collaboration of the costumer (as turning lights off or methods of water saving). This has an impact on the costumer experience. Consumers are more conscience about what hotels do if they participate actively in the initiative. Other initiatives as hotel construction, which generates a great environmental impact, are less acknowledge by clients, as they don’t participate directly.

This can be related with the hierarchy of efforts theory (Lavidge & Steiner, 1961) exposed before.

Consumers experience CSR initiatives while they are in the hotels. So positive or negative experience while carry on these initiatives as recycling or reusing towels would be appreciated later by costumers. Will create a positive or negative impact on consumer attitude toward the hotel and the brand.

So, perceiving CSR have a significant positive influence on the customer loyalty toward a hotel.

On one hand, some authors indicate that exists a positive relation between consumer’s reactions and CSR initiatives by companies (Dopico, 2014).

Theory indicates that CSR is a strategic tool for companies to build a brand with reputation a with a great value (Herrero y Rodriguez del Bosque, 2005), and moreover, has a positive effect on consumers’ attitude toward companies (Brown & Dacin, 1997).

Dopico, in 2014, reinforced and indicates that companies that are focused on CSR initiatives towards consumers are able to achieve positive impact. Better attitude toward the company means better consumer predisposition towards the organization.

Also, communicating CSR practices to consumers has a positive link with consumer behaviour (Brown & Dacin, 1997). Exists a relationship between developing a CSR and consumers purchasing a recommending its products and services.

On the other hand, others authors say that this link between CSR and consumer behaviour it’s no clear or non-existent (Carrigan & Attalla, 2001) and that consumer’s behaviour are influenced by other factors as prices and quality (Beckmann, 2001).

There is no consensus among authors on the relationship between CSR and consumer behaviour.
10. CONCLUSION

It can be observed the lack of consensus between authors, but most agreed on the positive relationship between CSR and consumer loyalty, the improvement of brand reputation and an increase in sales.

Thus, companies that have a CSR strategy and are able to communicate its initiatives to its potential customers, are more attractive, both for employees and clients. Moreover, those companies improve its financial results and are more attractive for investors.

Initiatives must be viewed serious and constant over time, not only in periods of crisis or scandals. According to Porter & Kramer (2006) organizations which CSR initiatives are coherent with the core business, will find out that will gain a competitive advantage and can be a source of innovation.

In the hotel industry, consumers are more aware of the negative impacts that hotels can make to the environment and to the society.

Hotels can gain benefits if managers take actions to implement a correct CSR strategy.

Costs associates with electricity and water would be reduced at the same time that its brand image and reputation increases (Bird et al., 2007)

To sum up, in a highly competitive industry as the hospitality industry, engaging and retaining costumers and stakeholders would be possible via CSR initiatives that are in concordance with the business values and that are able to be communicated to its stakeholders through, for example, annuals reports or social media.

11. SUGGESTIONS

11.1. COMMUNICATION

Communication is the key part for hotels chain. Carrying out a good communication strategy would be a fundamental aspect.

There's a need for part the organizations to justify and to implicate costumers to its initiatives.

Organizations have many ways of communication with its stakeholders. As it explained before, there exists two ways of communication depending of the organization’s interest.
There’s internal communication, where business managers want to communicate to its employees via emails, newsletters or meetings, and external communication where managers want to communicate its initiatives to customers, suppliers and so on.

Communicating CSR initiatives to costumers, hotel chains can elaborate an annual report about how its CSR strategies works and its results, or can be daily in contact through social media.

As the most part of costumers don’t use to consult corporate websites and its annual reports, social media could be used more frequently by organizations.

Social media platforms as Facebook or YouTube, allow companies to communicate to its clients in an easiest and cheapest way. It’s a flexible tool that also enable organizations to know the opinion of its customers and to receive a feedback.

With that feedback companies can improve its efforts and be more efficient in carrying out its initiatives.

Another advantage using social, it’s the fact that with that platforms, companies can improve its image and to be better known. Strategies as Word of mouth (WOM) permits to know the experience of other costumers before to decide if to purchase the product / service or not.

For that reason, costumer experience is fundamental for future costumers, as they will recommend your brand or not.

**11.2. COSTUMERS IMPLICATION**

Implicating stakeholders in the CSR strategy and initiatives will create stronger links between them and the brand.

Costumers participating in CSR initiatives will empower its stay and improve its experience while staying in the hotel.

Communicating initiatives in the hotel will increase clients’ awareness about the issue and will feel like they are doing a good thing.

An example would be the information from the hotel about the benefits of saving water when re-using towels or using the shower instead of the bathtub. Other issue would be to give information about how not to waste electricity and or food.

Making customers participants of the initiatives, will increase its engagement and its experience will be better, creating a stronger link between them and the brand.
11.3. EMPLOYEES IMPLICATION

Companies with strong CSR should have as a priority its employees. Good training programmes, flexible working hours, free healthcare insurance are some of the CSR activities that companies use to do.

With a good CSR, employees will feel more engage with the company and will participate in more initiatives in a voluntary way as projects for the community or social events.

Also, it’s the best way to motivate and to retain them. They will feel happier and comfortable with their jobs and this will result in better results. This sense of belonging will improve employee’s perception of the brand and its pride and commitment with the organization.

11.4. CSR AND FINANCIAL PERFORMANCE

CSR strategies are focused on the long-term profits. It’s obvious to mention that organizations carry on those initiatives because its expected profits are bigger than its costs.

It’s worth to mention that most of the companies that have a CSR strategy obtain more profits that those with none initiative.

This relation is not clear as some authors says that those profits come from other aspects as prices or quality.

But most of the authors agree in this positive relationship between CSR and profits.

Shareholders will invest more in those companies who are engage with CSR as they see bigger potential profits and a better operating performance.

11.5. BRAND VALUE AND REPUTATION

All explained before, helps hotel chain companies to improve its brand image and its reputation.

A good and efficient communication of CSR activities and the implication of customers, employees and all of the stakeholders in those activities, creates a strong link between them and the brand.

Experience is fundamental. Making costumers part of the initiative, will improve its behaviour towards the company and this will make costumers reward these companies with good reviews and recommendations to other potential costumers. This is what is known as word of mouth strategy (WOM).
Also investors will see potential benefits. As the brand image improve, its profits will improve as well.

To sum up, hotel companies will have to create a good way of communication with customers to inform them and to receive feedback about its CSR initiatives.

Those initiatives must be coherent with the business’s values and with its activities.

The best way in creating a long-term relationship with its stakeholders is through experience. Making customers and employees participate in those initiatives will improve the way they see the brand.

This, will make increase the hotel's profits, value and reputation of the brand.
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