Local Communities' Perceptions of Hotel Activities in Corporate Social Responsibility

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Abstract: Corporate social responsibility (CSR) continues to attract interest from tourism businesses, and many hotel companies are now substantially engaged in social and environmental responsibilities. This paper investigated local community perceptions of hotels undertaking CSR activities in provincial areas of Thailand. Semi-structured interviews were undertaken with local community members. Results show a hotel's CSR activities had been perceived to affect local communities' quality of life (QOL) which influences their perception of the hotels and CSR activities.

Keywords: corporate social responsibility; local community perception; hospitality

INTRODUCTION

Today, corporate social responsibility (CSR) has become part of the business paradigm whereby many companies accept responsibility for the way they impact on society (Porter & Kramer, 2006). In particular, CSR has become particularly relevant in hospitality organizations, especially hotels, due to an increased focus on sustainable tourism (Sheldon & Park, 2011). Hotels have spent substantial resources in implementing CSR activities because among other factors, such activities are beneficial to local residents (McGehee et al., 2009) and in turn, the hotels themselves can benefit from a better image or even increased profits (Porter & Kramer, 2006). While hotel managers have claimed that they have contributed a large amount of money to residents in the community (McGehee et al., 2009), no studies that have asked communities how they actually feel about such matters have been found: whether they care about hotel CSR activities, whether the CSR activities make a difference in their lives, and if such activities change the way they think and behave toward the hotels? Thus, this research examines the perceptions of a specific stakeholder that has been neglected in CSR literature. Using a case study approach in Thailand, this study explores how local communities perceive hotels that undertake CSR activities.

LITERATURE REVIEW

This study draws from two main streams of literature: (1) CSR; and (2) tourism development impacts. In the CSR literature, stakeholder theory provides a theoretical foundation for firms to understand how their activities impact on others or how they themselves are affected by other groups (Ulmer, 2001). In simple terms, stakeholders are classified as groups of people with common characteristics, interests or shared goals that may differ from other groups. This paper follows Freeman's (1984) suggestion that stakeholders are groups who can be influenced and affected by firms, including shareholders, customers, employees, and suppliers. Apart from these traditional stakeholders, Simmons (2004) suggested that firms are also expected to manage their responsibility to silent stakeholders, such as local communities and the environment. There are a wide range of CSR practices that corporations can engage in and consequently some CSR activities will affect different stakeholder groups to varying degrees (Spiller, 2000). For example, some CSR activities that directly impact on local community members include donating money, and being involved in community affairs and activities (e.g., McGehee et al., 2009). In regard to businesses operating in the tourism industry, many studies have found that numerous corporations have been extensively engaged with CSR through their activities and policies (e.g., McGehee et al., 2009; Sheldon & Park, 2011).

In the literature, it is evident that responses to CSR activities by firms have been examined from the perspective of a number of stakeholder groups (e.g., McGehee et al., 2009; Sheldon & Park, 2011). The evaluation of stakeholders regarding CSR initiatives that can lead to positive or negative perceptions toward firms can be based on the relevant benefits of the CSR activities. In some studies, CSR initiatives are viewed as the characteristics of the company that satisfy stakeholders by offering them relevant benefits and improving the lives of the expected beneficiaries (e.g., Du, Sen, & Bhattacharya et al., 2008). Also, stakeholders' perceptions of CSR initiatives are based on the perceived motives of firms. Motives can be viewed from different ends of a spectrum which are anchored by altruism or profit motives. A number of researchers have revealed that consumers who recognize a firm's CSR practices as being altruistic are likely to reward the firm (e.g., Creyer, 1997; Ellen, Mohr, & Webb, 2000). In contrast, several other researchers have found that customers punished firms that were perceived as profit-centered in their CSR initiatives (e.g., Creyer, 1997; Sen & Bhattacharya, 2001). Overall, the most commonly investigated stakeholder perceptions regarding companies undertaking CSR activities are firstly the customer stakeholder group and secondly organizational stakeholders, such as industry, shareholders, managers, and employees.

In regard to 'local community' stakeholder groups, few studies have directly or indirectly investigated the relationship between local communities and the CSR concept, especially in the tourism sector (e.g., Bohdanowicz & Zientara, 2009). No studies could be found that have directly examined local communities' perceptions of hotels undertaking CSR activities. On the other hand, numerous studies have investigated local communities' perceptions toward tourism development (e.g., Andereck & Nyaupane, 2011; Gursoy et al., 2010). These tourism impact studies have focused on understanding local residents' reactions to specific tourism developments in their local area. Social exchange theory (SET) has been used to support much of the research on residents' perceptions toward tourism. SET suggests community members are likely to favor tourism as long as they perceive that the benefits outweigh the costs (Ap, 1992).

A more complex approach has been taken to explore how tourism has an effect on residents' perceptions of quality of life (QOL) (e.g., Khizindar, 2012). The concept of people's quality of life (QOL) has been defined slightly differently among researchers; however the broad concept of QOL is concerned with life satisfaction (Campbell et al., 1976). A small number of community studies have investigated the effects of tourism on QOL (Andereck & Nyaupane, 2011). QOL studies vary slightly from mainstream tourism impact studies. That is, typical tourism impact studies narrowly focus on the way local communities perceive how tourism might affect their community, while QOL studies investigate the broader effects of tourism on their life and family life satisfaction, including satisfaction with their community (Allen, 1990). Even though no studies investigating local community perceptions towards the CSR activities of businesses could be found, the tourism development literature provides a sound theoretical background to inform this study. Therefore, CSR and tourism development impact literature provided the theoretical framework for this study. The purpose of this study was to explore how resident community members living in the area around a hotel perceive the hotel's CSR activities, whether such activities led them to support the hotel directly or indirectly, and the manner of such support.

METHODOLOGY

A qualitative case study was employed to gain insights into the nature of local community perceptions regarding hotels undertaking CSR activities. Thirty respondents were interviewed and the snowballing technique was used to find the next respondents. The sample comprised members of four selected local Thai communities located near hotels that have undertaken CSR activities: (1) Nakhon Si Thammarat (NK); (2) Surat Thani (ST); (3) Trang (TR); and (4) Chumphon (CP). These respondents were from a group of urban middle class and educated local residents in provincial areas of Thailand. They were most likely to be aware of, and have interest in, using hotel services, having parties and having meals at the hotel restaurants, attending meetings and supporting the 3-4 star hotels. There were 15 female and 15 male respondents aged between 30-69 years of age. There were different occupations, including civil servants, private company employees, shop owners, school/university staff and lecturers, and a non-profit organization employee. These jobs were the common careers of the local communities who lived around the hotels. In this study, the researcher was Thai and therefore, the interviews were conducted in the Thai native language. After each interview, the interview record was transcribed and translated from Thai to English. However, some initial interviews were examined in a preliminary fashion in Thai before proceeding to further interviews. This allowed the researcher to reflect on initial insights to guide the later stages of data collection. Pseudonyms for respondents and hotels were used for the purpose of de-identification. Abbreviations were used to denote the specific communities. The interview transcripts were analyzed for themes or issues and interpreted for meanings.

FINDINGS

The interview data analysis found that respondents were satisfied or dissatisfied with hotel CSR activities for various reasons. In particular, respondents appeared to favor CSR activities that could potentially benefit their communities and affect their QOL. One key theme is presented

in this paper and refers to the perceived QOL. In other words, how CSR activities have been perceived to affect local communities' QOL, which is the satisfaction desired by local communities and how they feel or view their personal lives, as well as the community at large, that arises from or is attributed to CSR activities. Local communities are concerned with the effect of CSR activities on their QOL based on how these activities can make a difference to the community and indirectly improve their well-being in the long term. Accordingly, the theme of effectiveness of CSR activity was classified into two sub-themes: (1) making a difference to communities; and (2) long-term individual wellbeing.

Making a difference to communities

The first sub-theme of 'perceived QOL' is making a difference to communities which refers to the concept that CSR activities undertaken by hotels should have a significant direct positive effect on communities. That is, did the hotel's CSR activities actually provide any 'real' benefit at all to communities? Many respondents believed that CSR activities that could address social problems immediately could provide direct benefits to the communities. Poverty is one the biggest problems in Thai local communities, in particular poor students who do not have enough money to study. A few people suggested that donating money and offering scholarships to children was a good thing to do because this would have immediate benefits to the local children. For example, a respondent from SR strongly suggested that the hotel should help poor children because the "...children are capable but have no opportunity; their status is as poor people." (Tom, male, 50, meeting organizer, SR).

In addition, the CSR activities that could directly assist local economic problems by promoting the communities were more preferable to several respondents. For example, a respondent from TR spoke specifically about the advantages of local events that were sponsored by the hotel saying that "The activities [cake and grilled pork festivals] can create a selling point for Trang. These activities promote what we already have become well-known for all over the country" (Jackie, male, 50, shop owner, TR). Hotel CSR activities then could promote resources that the community is already renowned for. In this case, community members are skilful in baking traditional cake and grilling pork with their own unique special recipe. The hotel together with the local government has added value to this local wisdom by creating festivals which have become famous among tourists. Therefore, when such festivals have been promoted, tourism has increased which benefits the community. In particular, a respondent expressed specifically about direct positive economic impacts from the hotel CSR activities to local businesses, stating that when the hotel sponsored the local festivals, "...the restaurants here have more customers." (Jackie, male, 50, shop owner, TR). The local economic situation therefore appears to have rapidly improved during the festivals.

However, even though the hotels generally had positive intentions to promote the communities, the respondents still possessed negative perceptions regarding the CSR activities because the hotels sometimes did not undertake the activities effectively. When the hotels did not control the quality of the CSR activities, it wasted time and money, and also tarnished the hotels' reputations. Most of the respondents from SR had negative perceptions toward the Food Fair which was annually organized by the province and supported by large companies in the

community, including the hotel. For instance, a respondent was strongly disappointed with the event, and the following statement implies that the hotel sponsored the local Food Fair without checking and controlling the quality of food in the event. The respondent gave serious negative feedback because the Food Fair did not provide any obvious benefits to the town and this consequently had a negative effect on the hotel reputation.

[I dislike] Surat Food Fair because the nature of the event is for people selling food in a tent. The event focused mostly on seafood which is very a famous food type in Surat. However, the seafood selling at the event was not fresh at all. This has been going on for 5-7 years and the quality of seafood is still not in A grade (Robert, male, 50, shop owner, SR).

Some respondents explicitly favored hotel CSR activities that could directly solve environmental problems. For example, a respondent from TR spoke in general about the planting of mangroves by the hotel, stating that “Mangrove forests are nurseries for water creatures.” (Monica, female, 59, administrative officer, TR). This respondent felt very satisfied with the mangrove planting which directly benefited the ecology in the area. Another instance where hotels make a difference to the environment of the communities was by preventing natural disaster. For example, another respondent referred to additional specific benefits of planting mangrove forests, stating that “If we grow these forests it is a way to help protect against too much erosion from water.” (Lindsay, female, 32, university, lecturer, SR). Planting mangroves was seen as making a positive difference because the activity responds to a significant local environmental problem in the community which is erosion and flood. As planting mangrove forests could directly reduce these problems in the community it tends to result in positive perceptions regarding the activities.

In contrast, if the hotel CSR activities did not directly improve the environment but instead worsened the situation, this could cause negative community perceptions toward the CSR activities. For example, a respondent from SR spoke in frustration about the practical implications of the hotel undertaking CSR activities that did not improve the environment in the community because the activities were not efficient.

People from Bangkok came with the hotel to plant mangrove trees but later on all the trees died. This is because they don't fully understand the nature of mangrove forests. If they plant mangrove trees inappropriately, this should not be called responsible activity (Robert, male, 50, shop owner, SR).

Long-term individual wellbeing

The second sub-theme of ‘perceived QOL’ is long-term individual wellbeing which refers to the perceptions of local community members in terms of how CSR activities indirectly benefit their individual long-term wellbeing. This sub-theme has a narrower focus on long-term indirect benefits of the CSR activities on individual's QOL. In tourism, researchers have found that local communities talked about personal direct benefits. In contrast, the interview data analysis found no instances of respondents favoring activities that would grant short-term direct benefits to themselves. Even though people talked about self-interests, they referred to indirect long-term benefits. In general, this data analysis found that positive perceptions arising from CSR activities were evident when CSR activities could provide indirect long-term personal benefits. Most of locals perceived that CSR activities that reduce social problems in communities could provide indirect long-term benefits individually. It is apparent, from several respondent

comments, that a key social issue for communities is safety and crime. Thus, the longer students stay at school, do well, and get better jobs, then the more there is a perception that there will be less 'bad' youths on the streets partaking in drug activity and other crimes. For example, the comment below from a respondent from NK spoke explicitly about what she could benefit from hotel's CSR activity. The comment below implies that she tended to feel confidently safer in such environments and welcomed the hotel's activities that supported efforts to reduce key social issues.

[awarding educational scholarship] I think it's good because the hotel gives the opportunity for local students to study which is equal to the hotel is building a future for those kids. [...]. I think this will have an effect because when the community is full with good people; it will be safe and no crime. I think this will have positive impacts for sure. This may be indirect impact, such as safety and good environment in the community (Cameron, female, 33, insurance agent, NK).

Moreover, the interview analysis found that CSR activities undertaken by hotels could indirectly promote good health in the local communities and indirectly benefit the respondent individually. For example, a respondent who was a grandmother of two grandchildren could indirectly benefit from the CSR activities by the hotel. When the hotel purchased sport equipment for the local children, this could help her grandchildren to use their spare time wisely. This could also indirectly promote health among the community. Thus, the children play more sport, they do not become involved with drugs, they have good health, and parents and relatives do not have to worry which reduces stress. Also, when the children behave well, it could bring happiness to the families.

[support sport for local children] The activity helps the students to use their free time with sports and keep them away from drugs...it's good...People can become stronger and keep them away from disease. To exercise is better than taking medicine (Rihanna, female, 60, retiree, NK).

In addition, it was found that the respondents perceived environmentally-related CSR activities undertaken by the hotels could reduce future natural disasters and prevent it happening to them in the future. The comment below infers that CSR activities could increase awareness among local communities to protect the environment and indirectly prevent and reduce flooding. These will in turn reduce those problems and make a better environment for the community and indirectly benefit the respondent individually. This respondent's community always gets flooded once a year. Even though it is not a severe case if compared to other provinces in Thailand, it causes damage to properties. Therefore, these environmentally CSR related activities could have indirect benefits to an individual.

[Growing mangrove forests, CSR activity undertaken by the hotel] Growing mangrove forests [...] will help lessen carbon dioxide in the air and will reduce the heat in the environment and also trees can prevent or reduce flooding [...] we have to stop the destruction of the environment and instead take good care of it (Richard, male, 35, lawyer, TR).

Furthermore, a few respondents spoke implicitly about personal benefits of hotels' CSR activities on preserving the local culture. For example, a female retiree who had lived in the community for all her life with strong ties to the region felt strongly positive with the hotel's CSR activity and stated about the hotel's support for the religious events in the province that "it is good. It helps preserve custom and tradition of the town" (Rihanna, female, 60, retiree, NK). This respondent was active in social aspect because she was retired and mostly spent her free time at the temple nearby. Therefore, in this case the CSR activity could indirectly benefit the respondent. This is because this activity could raise local communities' awareness in preserving

local culture and traditions. When these have been preserved, the respondent could indirectly preserve her way of life which provided her with a feeling of belonging in the community.

40 year old male respondent from NK who was career oriented, in contrast, focused more on economic benefits rather than social benefits like the retiree respondent. The respondent spoke implicitly about the future personal indirect benefits from the CSR activities in terms of economic benefits as evidenced below. The respondent spoke impressively about the hotel letting the local communities grow pesticide-free vegetables to supply to the hotel. The respondent obviously felt passionate about the benefits that the farmers could get as well as his personal benefits in the long-term. The respondent uses the word “we” in the last sentence, which implies that he could see indirect personal benefits out of this CSR activity. This is because when the community becomes a center of pesticide-free fruit of the southern part of Thailand, it can boost the economy in the community and the respondent could gain indirect benefit from it.

...if the hotel really wants local people to plant vegetable, they would educate local people and develop the process of the production. They would send somebody who knows well about it to help local people to grow vegetable. So, the local people will be educated on how to plant pesticide-free vegetable and they also earn money. In the future, the activity can be expanded to pesticide-free fruit...local fruit of course. Then, we can be a center of fruit in the south Thailand (Matt, male, 40, civil engineer, NK).

Investment in CSR activities for local communities by businesses, including hotels, is expensive. The respondents favored the hotels' CSR activities that could have an impact on their QOL and perceived CSR activities positively when they could have significant impacts on the communities. Also, the respondents were satisfied when they could foresee their personal long-term benefits from the CSR activities indirectly. However, respondents regarded these activities negatively if they did not fulfil their perceptions of how CSR activities should benefit their QOL. Accordingly, regardless of the extent of hotels investment in CSR activities, local community members may not always appreciate such actions because of the perceived QOL impacts on their local communities.

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