Local Communities’ Perceptions of Hotel Corporate Social Responsibility (CSR) Activities: The Influences of the Community Orientation of Hotel Owners

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INTRODUCTION

Corporate social responsibility (CSR) continues to attract interest from tourism businesses, and many hotel companies are now substantially engaged in activities relating to social and environmental responsibilities. Furthermore, the hospitality industry has claimed it contributes a significant amount of resources to CSR activities for local communities, and in turn that the community appreciates such efforts (McGehee, Wattanakamolchai, Perdue, & Calvert, 2009). However, no studies have been found that have sought to question how local communities feel about these efforts and whether such efforts do contribute to broader community support for the hotel. Therefore, the purpose of this study is to gain insight into the perceptions of local community stakeholders regarding hotels that undertake CSR activities in Thailand, by using a case study approach.
LITERATURE REVIEW

This study draws from two main streams of literature: CSR, and tourism development impacts. The term CSR is broadly defined as a company accepting responsibility for economic, environmental, and social aspects, such as improving the quality of life of employees, their families, local communities and society at large (Watts & Holme, 1999). In the CSR literature, a large number of studies have investigated stakeholder perceptions of firms’ CSR activities, including within the tourism sector (McGehee, Wattanakamolchai, Perdue, & Calvert, 2009; Sheldon & Park, 2011). The evaluation of stakeholders’ views regarding CSR initiatives has revealed both positive and negative perceptions, and such perceptions are often based on the level of a firm’s interaction with and awareness of CSR (e.g., Tian, Wang, & Yang, 2011). Furthermore, stakeholders’ perceptions of CSR initiatives are influenced by the perceived motives of firms (Ellen, Mohr, & Webb, 2000); that is, whether stakeholders believe that firms are acting in the stakeholder’s interests or simply seeking profit. In addition, much research has found that stakeholder evaluations of a firm and its products or services are correlated with a corporation’s reputation regarding CSR practices (e.g., Stanaland, Lwin, & Murphy, 2011). However, until now, CSR literature has focused on the views of industry, shareholders, managers, employees and in particular, customers but not community stakeholders.

In terms of local community stakeholders, numerous studies have investigated residents’ perceptions of tourism development and the factors that are likely to influence their perceptions (e.g., Andereck & Nyaupane, 2011; Gursoy, Chi, & Dyer, 2010). These tourism impact studies have focused on understanding local residents’ reactions to specific tourism developments in their local area. Much of the research on residents’ perceptions of tourism has been supported by social exchange theory (SET). SET suggests residents tend to favour tourism as long as they perceive that the benefits outweigh the costs (Ap, 1992). In addition, 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). 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). Furthermore, within the broader tourism literature, CSR has been examined from the standpoint of resident support for ecotourism projects (e.g., Mukherjee, 2011; Vincent & Thompson, 2002).
METHODOLOGY

The sample for this study comprised members of four selected local Thai communities located near hotels that have invested heavily in CSR activities: (1) Nakhon Si Thammarat (NK); (2) Surat Thani (ST); (3) Trang (TR); and (4) Chumphon (CP). Thirty respondents aged between 30-69 years old were selected using a snowballing sampling technique and asked to participate in semi-structured qualitative interviews. These respondents were representative of a group of urban middle class and educated local residents who were most likely to be aware of and have interest in supporting hotels. Each interview took between 30 – 45 minutes. 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. The interview transcripts were analysed for themes or issues and interpreted for meanings.

RESULTS

Overall, the interview data analysis found that the respondents were satisfied or dissatisfied with hotel CSR activities based on these key themes: perceived fairness of the CSR activity; perceived quality of life (QOL); normative expectations about hotels undertaking CSR activities; perceived CSR motives; and the community orientation of the hotel owner. One key theme has been selected for presentation in this paper, which refers to the perceived community orientation of the hotel owner. The research found that residents were heavily influenced by the hotel’s reputation. The hotel’s corporate reputation includes how residents perceive the hotel entity together with how they perceive the actual owner of the hotel. Residents often viewed the hotel owner as reflecting the hotel entity and attributed the hotel’s actions to the individual. The study found that CSR activities were perceived positively when they were attributed to hotel owners whom residents perceived as being community-oriented. The community orientation of hotel owners is displayed in three discrete sub-themes.

The first sub-theme of community development refers to the notion that respondents were more likely to be satisfied when they recognised the hotel owners as people who help their communities to become more economically and socially advanced. This assistance could possibly influence positive local community perceptions regarding the hotel and its CSR activities. This positivity eventually created a sense of support among residents because the hotel
owners had devoted themselves to developing their communities. For example, a respondent spoke in general about the hotel owner by implication referring to the hotel entity, in regard to one hotel’s CSR activities in sponsoring local events:

...everyone in his family works for the province. They are trying to develop Trang. It’s like they want to give something back to Trang. [...]. I have to thank him [the hotel owner] and his family. He always thinks about Trang with every breath he takes

(Informant 19, TR).

The second sub-theme of community status refers to how respondents were more in favour of the hotel when they recognised social positions or how important hotel owners were to their communities. In this case, when hotel owners were perceived as important people within the community, residents tended to have positive perceptions regarding the CSR activities undertaken by the hotels. Consequently, the local communities tended to recognise and accept only positive actions from hotels and overlook their weaknesses. The statement below is from a respondent who talked about why one hotel undertook CSR activities. The respondent expressed that the hotel owner was well-respected and trusted in the community, and that she perceived that the hotel owner had genuine motives in undertaking CSR activity.

...he [the hotel owner] was one of the five important people in Surat. He was the one who promoted Surat to other people so he is always willing to give scholarship to students [hotel CSR activity]. He really wants to give back to the society.

(Informant 7, SR).

On the other hand, if the hotel owners were considered as having high community status in the communities but had abused their power, the local communities perceived them negatively, and this could lead to a lack of support for their hotels. For example, the following respondent declared explicitly: “...the governor has to be considerate of his [hotel owner] requests...because the last governor had to be transferred when he didn’t... [I think] locals don’t like this use of power at all” (Informant 22, TR). The statement illustrates that the respondent strongly felt that the hotel owner’s behaviour was interfering in local government politics.
The third sub-theme of local identity refers to local communities positively regarding hotel owners with have a local identity. That is, whether or not the hotel owner lived in the local area appears to have an influence on resident perception. Respondents expressed this theme implicitly when speaking about owners as being ‘one of them’ or not (living outside the local area). Respondents also spoke explicitly; for example, one interviewee stated: “…the owner of the hotel is from Surat, therefore he doesn’t aim only to promote the hotel but he also really wants to help the society because locals here are also his relatives as well” (Informant 7, SR). The statement indicates that the respondent felt strongly that the hotel owner ‘loved’ his hometown and wanted to help his community. In Thai society, those with business or career success are expected to give something back to their hometowns. In this case, the hotel owner is a local member in the community; therefore, the respondent perceived that the hotel owner would like help the community. As a consequence, this could lead the respondent to perceive the hotel and its CSR activities positively.

CONCLUSION AND IMPLICATIONS

Investment in CSR activities for local communities by businesses, including hotels, is expensive. In addition, attribution of credit for CSR activities is confounded by the communities’ perceptions of the individual hotel owner. Therefore, regardless of the extent of the hotel investment in CSR activities for local communities, community members may not appreciate such actions because of the perceived reputation of the individual hotel owner. Accordingly, it is possible that the phenomenon of international hotel chains appointing expatriate CEOs who are not well known and who do not reside in the community will influence how local residents view the CSR activities of the hotel.

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