CSR in India: A Study of Hospitality Industry

Shikha Kapoor
Amity University, Noida, India

Abstract
Organizations have a lot to think about to bring this new field into play. They need to strategize their profit distribution to be in sync with social awareness and participation. Once just a jargon, corporate image is a common phrase that refers to a company’s reputation. This reputation is what the public perceives and bases its decision on. A ‘good’ corporate image ensures a good asset, much like the dollars one gets on selling shares at a very high valuation. The aim of this study is to understand the impact of Corporate Social Responsibility in the Hospitality Industry on Employee Engagement, Organizational Performance, Brand Image and Ethics and Corporate Governance. Three sectors of the hospitality industry – hotels, hospitals, and airlines, were studied with the help of managers working in select companies that operate under each sector to analyze the impact of CSR from a managerial perspective. The aim was to find out the correlation existing between the dependent and independent factors. From the data analysis, suitable conclusions are drawn. The findings of the research can further be extended to future prospects for further analyse as the subject of CSR in hospitality is fairly new.

Key words: Hospitality, Ethics, Brand Image, Industry, Hotel
JEL Classification: M14
Paper Classification: Research Paper

Introduction
Though the concept of CSR in the hospitality and tourism industry is relatively new, the term itself has held a significant meaning for over seven decades (Carroll, 1999). The companies today face pressure from various sides - stakeholders, consumers, the society, and the government. It is due to this reason that firms have to take measures to fulfill the needs of society and give back to the community they operate in. CSR has become a hot topic in the past few decades, and also an integral area of business practice (Goldstein & Primlani, 2012). NGOs, international organizations and several local activist groups pressurize firms to be socially and environmentally sensitive. CSR is all about the proper relationship between business and the society it works in. It is a developing concept that has been getting a lot of attention in form of debate, theory, and research.
Emergence in Hospitality

The hotel industry recently discovered its ability to put CSR into play to provide an enhanced service element. The economic crisis of 2008 played a big role in enforcing the concept into the industry (Goldstein & Primlani, 2012). A lot of developing countries are heavily dependent on tourism for the growth of their economy, and thus, the impact of the industry on the environment and society is also high in such countries. In an attempt to stay on course with the changes in the business environment, the hospitality industry has also initiated CSR practices to sustain the environment and protect their corporate image. These would include optimizing fuel efficiency, reducing wastage of food, saving and conserving water, and minimizing the use of chemicals and other disinfectants. In addition, various hotel brands have taken up their own CSR initiatives not just to give back to the society, but to sustain their brand image and enhance customer perception and win guest loyalty. Brands such as Marriott International, Hilton Hotels, Wyndham Worldwide have programs connected to community development, diversity management practices and more related to CSR (Singal, 2017). Apart from the above programs, some hotel chains have also adopted a relatively new concept, a subset of CSR called ‘environmental stewardship’. Through environmental stewardship, companies are able to play their role beyond the Reuse, Reduce and Recycle norms, and extend their efforts into conducting audits to regulate energy and water consumption, affixing water-conserving utilities in guest bathrooms, encouraging guests to reuse linens and towels to prevent additional usage of cleaning agents, and going green with overall functions and operations. This extra step wins them the certification given by LEED, Green Key, Green Seal etc. that not only symbolizes them as sustainable but also encourages and attracts consumers with similar thinking. A few examples for the same include Westin Hotels ‘Element’, Hyatt Hotels ‘Andaz’, and Hilton Hotels ‘Home2Suits’ and more (Koo, 2013).

CSR’s Linkage to Society

According to the centennials, or the companies that have been operational for over 100 years, say that the key to their long-standing enterprises is not precision, or profit earnings, or growth at a steady pace. Rather, these companies tend to grow the society around them, build the environment in financial and educational ways, and create failures that lead to new experiences. This approach to sustainability is the main reason for their success and their century-long standing. Companies such as All Black invest highly in education, with hope that the society is encouraged to build new perspectives and generate ideas. They encourage the hiring of students who bring in fresh ideas and who have worked in several industries increasing their learning scopes (Hill, Mellon, & Goddard, 2018).

Purpose of the Study

The companies of today have realized that they need to pay more attention to their long-term corporate strategy, their brand image, and also to the social and environmental impact that their products and services have on people (Henderson, 2018). Climate change has become an important issue and sustainability has become a major inclusion in most businesses. The increasing number of working millennials’ is also a reason why the businesses tend to focus on how their operations impact the environment. Today’s young workforce has no other option but to work on ensuring sustainability for them and the future generations. A second reason is due to organizations’ declining dependency on the government’s ability to resolve their problems – be it the global change in temperature or passing laws that benefit society. Ever since Donald Trump’s presidency, these trends have drastically extended. The voice of consumers has also
played an important role in CSR (Boynton, 2013). The power of social media brings the voices of millions of people to a single platform. Companies who pay attention to customer feedback and respond proactively see a greater rate of success in terms of strategy and even customer loyalty. Transparency in sustainability goals is also another aspect that consumers appreciate about brands. Unilever is a great example of an MNC that effectively communicates its strategies for sustainability. This in itself is a CSR program that Unilever has implemented, because it provides a platform to willing participants to put forth their thoughts and ideas for the betterment of the community.

**Future Scenario**

The study on CSR practices is relatively less as it is a newly emerged concept. However, its importance and relevance in society has been increasing at a steady pace. In fact, many developing countries, who rely on tourism as its source of foreign income have been making attempts to increase their CSR programs and activities (Bittner & Leimeister, 2011). The research on CSR in the hospitality industry is fairly scarce. The field requires further research in order to better develop the concept and its application in the industry (Myung, McLaren, & Li., 2012; Garay & Font, 2012; Coles, Fenclova, & Dinan, 2013 and Holcomb, Upchurch, & Okumus, 2007). Companies can also use CSR as a means of insurance (Vermeulen, 2009). Companies that were more socially responsible did not see a significant drop in their price share when something awful happened to them (such as bankruptcy, customer complaints, government fines etc.). However, those companies with a low socially responsibility index saw that their stock price dropped significantly. Therefore, companies’ reputation in terms of CSR serves as a form of insurance. Large Companies like Apple, Facebook, and Microsoft also play an important role in the future of CSR (Henderson, 2018). The strategies that they set have a significant impact on the entire industry, and its players, both big and small. Since they have the market power, they lack any serious competition, which makes it easy for them to focus on more crucial matters at hand, which may include social objectives and current environmental concerns. They are also financially strong enough to absorb many costs which they may not want to put on the consumers. The same cannot be said for medium and small scale companies which have relatively less financial backing, so absorbing these costs may not be a feasible option for them.

**Objective of the Study**

The paper aims to understand the impact of CSR activities in the hospitality industry with respect to Employee Engagement, Brand Image, Organizational Performance and Ethics and Corporate Governance. We aim to survey managers from hotels, hospitals and airlines who are a part of the hospitality industry to understand the extent of CSR impacting their operations. As stated by Kabir (2011), companies dealing in services must integrate CSR practices in order to maintain a favorable corporate image, promote goodwill in the society, and to sustain the community for the long run.

**Research Methodology**

The primary data for this research was collected through means of a multiple choice questionnaire from 59 managers working in the hospitality industry. The survey was completed online on Google Forms, access to which was provided through a link. The companies selected for this research were Hotels, Airlines and Hospitals. Managers from these companies were selected to complete the questionnaire. A total of 59 responses were collected from managers employed in the hospitality industry. Managers were preferred for this research because they are the key
implementers and decision-making authority when it comes to engaging in CSR activities and programs. The primary method for data collection to fulfill the research objectives included an online survey consisting of 21 questions. The first 5 questions were demographic questions (i.e., gender, age group, education, work and work experience). Questions 7 to 11 are based on Employee Engagement. Questions 12 to 14 are on Organizational Performance. Questions 15 and 16 are on Brand Image. Questions 17 to 21 are on Ethics and Corporate Governance.

Both quantitative as well as qualitative analysis was used in this study. The data collected through the online questionnaire was collected, ceded and tabulated through IBM Statistical Program for Social Sciences (SPSS) [Version 21]. This program is well reputed for its user-friendly interface, reliability, accuracy and convenience. A comparative study was conducted of the responses acquired from the different branches of the hospitality industry – Hotels, Hospitals, and Airlines with respect to dependent factors to find out the differences between them. Microsoft Excel was used for this purpose.

**Limitations of the Study**

The main limitation of this study was the lack of sufficient data from the entire nation’s perspective. A study of this scale would have required an extra effort and an extended period of research but the findings would have been more relevant to the study of Corporate Social Responsibility. However, this study can help future researchers form a pattern of the research they wish to conduct on a similar topic. It can assist future entrepreneurs and human resource managers who may seek interest in this field of subject. In addition to that, other companies that fall into other industries such as casinos, restaurants, consultancies that are also a part of the hospitality industry were not a part of this research. This paper only looks into the perspective of hotels, hospitals and airlines, which are also coincidentally some of the top performing industries in the service sector. Another drawback of this research was the lack of geographical reach. This can be considered as a limitation because it considers the findings from the perspective of India, and not of the entire world. There are different scenarios and different impact of CSR on other companies of the world in accordance to the political, economic, and legal situations.

**Corporate Social Responsibility**

There are several definitions for Corporate Social Responsibility. The following are a few definitions put forward by several researchers and theorists. Thorough studies of the business environment, HR literature and the global economic changes have created both narrow and broad definitions for the term ‘Corporate Social Responsibility’. The basic understanding of CSR changes, and its definition can be seen as follows:-

<table>
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<th>Reference</th>
<th>Definition</th>
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<tr>
<td>(Bowen, 1953)</td>
<td>“The obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society.”</td>
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<td>(Drucker, 1954)</td>
<td>“It has to consider whether the action is likely to promote the public good, advance the basic beliefs of our society, contribute to its stability, strength, and harmony.”</td>
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<tr>
<td>(Brown &amp; Dacin, 1997)</td>
<td>“A corporate status and activities with respect to its perceived societal or, at least, stakeholder obligations.”</td>
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<tr>
<td>(Matten &amp; Moon, 2004)</td>
<td>“CSR is a cluster concept which overlaps with such concepts as business ethics, corporate philanthropy, corporate citizenship, sustainability, and environmental responsibility. It is a dynamic and contestable concept that is embedded in each social, political, economic and institutional context.”</td>
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Through the above definitions, one can understand how CSR has developed as a process that was previously optional, but is now a compulsory part of any business operation that impacts the environment. It can be defined as “the concept that integrates the sustainability of society and the economy, in the political, legal, environmental, technological aspect and links it to the everyday activities of an organization working for-profit.”

**Employee Engagement**

There has not been much research in the field of Employee Engagement. Most of the researches conducted have not been able to prove their hypothesis on the proper measures of employee engagement. They had failed to get their conceptualization correct. Macey & Schneider (2008) say that the field requires further research as the concept is still unclear. They state that the changing workforce and the aging population has led to making employee engagement a key asset and a competitive advantage.

Employee Engagement can be defined as “active participation of the workforce of an organization which includes their continuous involvement in their roles and positions, responsibilities and actions. It is a concept involving job satisfaction, positive work environment, motivation and knowledge of their organization affairs and happenings.”

Due to the growing number of young workers, their active participation can add to the company’s overall brand image. By engaging employees, there have been reports of decreased turnover and increased productivity. Aligning employee engagement to the overall business goals is a very powerful tool. A study was conducted by Amy Richman (2008) to find out if a link exists between perceived workforce flexibility and work-life policies to employee retention. Results showed a positive effect on both factors, i.e., with better flexibility and work-life policies, there was a more than expected retention rate. The study was proof to the fact that workforce flexibility had a direct relation to employee engagement and thus, to job tenure.

**Organizational Performance**

Organizational performance (OP) has become an important component of research in the field of business. An organization is a body that is a part of an individual’s daily life, on a micro level, and for the continuous progress of the world economy, at a macro level.

In the past 60 years, many researchers have delved into the study of organizations and theorized the importance of continuous and quality performance in the overall development of the organization. As of now, the term OP has become very common in the subject of Business Management. However, there is no universal definition for the concept as various researchers and academicians have established their own definition of OP.

1950’s: The definition of OP (Georgopoulos & Tannenbaum, 1957) was stated as the extent to which organization objectives were fulfilled. An organization was viewed as a social system, and performance evaluation was done by keeping work, people and organization structure as subjects.

1960’s and 70’s: By this time, new ways of evaluating OP were being discovered and so performance was defined as an entity’s potent to make the most optimum use of its surrounding environment and its resources (Yutchman & Seahsore, 1967).

1980’s and 90’s: An era when managers of organizations began to realize the importance of both organization objectives and efficient utilization of available resources combined. This led to the formation of theories (Lusthaus & Adrien, 1998) stating that an organization that achieves
its objectives is heavily influenced by the limited resources they have access to. This also led to ‘profit’ becoming one of the indicators of performance.

2000’s: Lebans & Euske (2006) provided several definitions to illustrate the importance of OP, one of them being, “Performance is a set of financial and nonfinancial indicators which offer information on the degree of achievement of objectives and results”.

Ethics

Much like Employee Engagement, the study on Ethics and Corporate Governance in the aspect of business is fairly new. It can be defined as the study of morality and the application of reason which helps differentiate between what is morally right or wrong. There have been previous studies in regards to ethics, however, its importance and relevance has increased in the recent years due to the simple fact that businesses must play fairly in the field. Various ethical theories have been created to mandate the role of ethics in business. The paper by Abdullah & Valentine (2009) summarizes these theories of ethics as:

Business Ethics Theory: Focuses on the ‘rights and wrongs’ of business. It is important due to the fact that the influence of business on society has a huge role.

Virtue Ethics Theory: Focuses on moral excellence, goodness, chastity and good character.

Feminist Ethics Theory: Focuses on empathy, healthy social relationship, loving care for each other and the avoidance of harm.

Discourse Ethics Theory: Focuses on the peaceful settlement of altercations.

Postmodern Ethics theory: Focuses on the inner feelings and ‘gut feelings’ of any situation.

Corporate Governance

According to Ching, Tan, & G. (2006) Corporate governance can be defined as “a set of rules, which govern the relationships between management, shareholder and stakeholders”.

In the study by Abdullah & Valentine (2009) the authors undertook the theories on Corporate Governance. The theories are defined as follows:

Agency Theory: A theory by Alchian & Demsetz (1972) stating Corporate Governance as “the relationship between the principals, such as shareholders and agents such as the company executives and managers”.

Stewardship Theory: A theory by Davis, Schoorman, & Donaldson (1997) defines Corporate Governance through the concept of stewardship as “a steward protects and maximises shareholders wealth through firm performance, because by doing so, the steward’s utility functions are maximized”.

Stakeholder Theory: A theory developed by Freeman (1984) stating “any group or individual who can affect or is affected by the achievement of the organization’s objectives”.

Resource Dependency Theory: A theory developed by Hillman, Canella, & Paetzold (2000) that focuses on “the role that directors play in providing or securing essential resources for an organization through their linkages to the external environment”.

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Transaction Cost Theory: A theory first initiated by Cyert & March (1963) and then later developed by Williamson (1996) that assumes that “the firm as an organization comprising people with different views and objectives”.

Political Theory: A theory by Pound (1993) that supports the concept of voting from shareholders, rather than by purchasing the voting power.

**Hospitality Industry in India**

An expansion of contending brands, shorter business and PLC’s together with numerous diverse plans of action all makes the world’s business condition more perplexing and testing. The Indian tourism and hospitality sector has proven to be one of the prime drivers of growth of the service sector in India.

The hotel industry too is no special case. Indeed, even in times of economic recession, for example, since 2008, the hotel industry has seen noteworthy changes with a few divisions booming, for example, eateries, cafés and the spending lodgings areas, while others have seen a similarly sensational decay, for example, the general population house (authorized bar) area.

The newest hit however, has been the launch of budget hotels, such as Oyo Rooms, Wudstay, etc. There is also the continuing growth of boutique hotels, once the protest of energetic private lodging administrators, into critical chains inside bigger multinational chains. At the global level one can observe fast extension of global lodging brands, for example, Hilton, as the white collar classes develop in numerous nations including the BRIC nations in which are included some African economies.

The Indian hospitality industry is also known to be one of the main job creators, as it is able to hire people from either rural or urban areas. India, being a famous tourist attraction supports a huge footfall in a year, and is also a contributor to the high revenue generated by hotels and resorts at tourist destinations.

The health care industry administration plays out its obligations in the hierarchical setting of the doctor’s facility. It uses assets, individuals and innovation to perform authoritative objectives, of which the most vital is tolerant consideration. Since India is a creating nation where a huge area of populace is underneath the destitution line, wellbeing and cleanliness are not up to date (Kavitha, 2012). Private health care centers play a more important role in CSR because they operate for profit. The government has placed in certain regulations for private health care centres in India in order to ensure that they do not profit in the name of medicine and health.

**Review**

An article featured in the Harvard Business Review by Hafenbraedl & Waeger (2018) states the reason why a lot of business executives choose not to invest in CSR initiatives, even though they know its advantages. The main approaches to the question are: i) the executives do not find enough evidence to support the cause for CSR, and do not believe in the viability of such projects; ii) the executives have an inclination to move towards CSR provided they are given the right evidence that makes the case and; iii) the executives are willing to invest and believe in the case for CSR because it is the socially and environmentally responsible thing to do. For the third approach, there are 2 further assumptions: a) these executives already have a strong sense of belief, despite attempts to persuade them into the thing they already believe in and; b) their belief originates from their ideological worldviews, which can be harmful as they create blind spots. Palacios-
Florencio, Junco, Castellanos-Verdugo, & Rosa-Diaz (2018) found that the recognized trust is as an important factor when meeting stakeholder needs for corporate social responsibility. Their study aimed to find out the impact of CSR activities on customer loyalty, image perception and most importantly their trust. Results of the study showed that investing in initiatives by hotels to strengthen trust is crucial to enhance customer image and loyalty. They also discovered that including a trust as a mediator between image and loyalty, and the CSR activities tends to increase overall guest loyalty. A study by YongHee, MinChung, & Mattila (2017) examined the impact of CSR on the perception of firm value for shareholders, who are ultimately the fundraisers for any entity. The researchers examined the CSR activities of 4 hospitality sectors - airlines, casinos, restaurants, hotels and evaluated the equity risks involved with it. Results of the study showed CSR activities reduced the systematic risk at casinos and restaurants to a great extent. At the same time, there was no impact of unsystematic risks on any of the sectors. The study concluded with the research providing several crucial theoretical as well as practical implications in the field of hospitality management. Another study by Abram & Jarzabek (2016) found that small and medium sized hotels operating in Poland showed that the CSR activities of such hotels focused more on environmental protection and gave less importance to community benefits and employee well-being, although it could also be due to the low financial status of organizations in such scale. However, large scale hotel chains and international brands were found to have systemized CSR activities programmed that cater to both environmental as well as stakeholder aspect of the scenario. A study by Casey & Sieber (2016) suggests the need to induce more employee engagement activities in the field of sustainability and CSR. It is important for companies to become more environmentally aware and manage their ways of producing products and providing services. They should focus on developing viable strategies keeping in mind a vision which aims at both environmental and social sustainability. This involves hiring the right people with the right ability to understand the strategic vision of the company. A study by Mahyuni (2016) aimed to analyze the impact of Corporate Social Responsibility Practices (CSR) on hotel working in Bali, Indonesia. A thorough primary study was conducted by collecting data from over 117 respondents holding top management positions across all levels of hotels across the country. Results of the study proved that CSR is a heavy investment, the finances for which can only be taken up by larger brand names. Small local brands do not have the advantage of advanced CSR’s. It was also observed that CSR is a charitable but necessary investment done in order to survive the competitive market. Hotel owners and stakeholders also play an important role in determining CSR’s for any hotel. The importance of certification and certification organizations are also highlighted in the paper. Another study by Jogdand, Sawant, & Ragde (2015) proved that managers at 5 star hotels based in Mumbai have a positive outlook towards CSR. However, due to legal barriers, a lot of hotel brands find it difficult to implement any CSR initiatives, which further proves that these companies have made attempts to implement such practices. Ethics and social responsibility were also found to be important factors that contributed to the operations in the hotel industry. A study by Majeed, Aziz, & Saleem (2015) to understand the link between Corporate Governance and CSR reporting shows that there is a positive correlation between the two factors. The elements of Corporate Governance include size of the board, the independent directors, women representatives and the presence of foreign nationals. These factors were shown to have a positive correlation in CSR reporting for companies operating in Pakistan. There was also a contrasting relationship observed between women and foreign nationals who were one of the elements of CG. Results to this study concluded that organizations should audit their activities related to CSR to showcase themselves as responsible entities of the society that they work in and work for. A study by Qeed (2015) in the state of Jordan was to find out the impact of CSR activities of hotels in Jordan. The small scale study was built on two hypotheses, and the results showed that financial compensation played an important role in overall employee enthusiasm.
The presence of rewards was also found to increase overall productivity in hotels, hospitals and others. Another important aspect analyzed was the equal opportunity for training at such companies. Overall, the study proved the presence of a relationship between CSR activities and performance of the company. Another study by Cernec (2014) aimed to find out the relevance of CSR activities in the hospitality industry with respect to stakeholder theory and triple bottom line reporting. Results of the study showed that the stakeholder theory assists in identifying the most important units and their response to CSR activities. However, it’s one limitation was the very fact that it was biased towards the stakeholders’ interest and the decision-making ability relied on them. The triple bottom line approach to the study was found to have a positive impact on the CSR activities as well, with benefits like reduction in costs, enhanced competitiveness, and productivity improvement and so on. However, the TBL system was not a famous method among a majority of hotels, owing to the fact that they preferred to choose their own classification system.

Heesbeen (2014) aimed to study whether Scandic Hotels were on the top position when it comes to CSR in the hospitality industry. A primary research was conducted in a hotel unit of the Scandic Hotels in Finland. Questions comprised of both open ended and close ended questions, and were made to determine the extent of sustainability in Scandic Hotels. Results of their study showed that the brand was indeed a leader in CSR initiatives. Their guests had empowered the company’s policies, proving that the company is able to execute their activities and communicate the same to their guests. However, customers did not find CSR to be a contributing factor to the overall brand loyalty towards a company.

A study by MinChung & YongHee (2014) examined the effects that CSR-strengthening and CSR-concerning activities had on restaurants and their shareholder stock. Results to their study showed that CSR-strengthening actions had a greater and positive impact on shareholder value (upon increasing the value of Tobin’s Q). On the other hand, CSR-weakening actions were found to cause a reduction in shareholder value increasing the risk associated with the organization.

According to Park & Levy (2014), the main aim of their research were to find out the overall perception of CSR activities by the frontline employees of the hotel industry, in their place of work, and the impact of their perception in the organizational identification of the employee. The research was carried out nation-wide and responses were filled by over 570 respondents working in hospitality in the US. The results showed that CSR activities were more than just environmental sensitivity of employees, and that it revolved more around co-workers, society, and guests/customers. In addition, organizational identification was found to be positively influenced by the CSR activities.

A study by Patricia, Andrea, & Bosque (2014) was done to keep in mind the importance of organizational identity in today’s world. The research was aimed at studying the role of CSR on the identity of an organization, by examining the case of a hotel brand in Spain. Results of their research showed that the brand, like many of its other competitors in the industry, had aligned CSR with its overall strategy while keeping in mind the view of the local community around it. They also make use of organizational identity to portray a positive image to stakeholders, since CSR is what most companies have to undertake in order to attain a positive stakeholder image. A secondary research as done by Wijaya & Held (2014) aids in the field of CSR by implying the benefits of CSR related activities in today’s business environment of the hospitality industry. This industry is one which has a heavy reliance on its surrounding environment as a contributing factor to its USP. Hotel companies engaging in CSR not only benefit the environment but also gain the label of a responsible brand. It is known to enhance the overall image of the company, and provide sustainability for future generations. A study of Haski-Leventhal (2012) focused more on the
payroll giving aspect of CSR, and an activity that involves the partial or complete donation from an employees’ pay check. Participation levels of employees were determined based on variables such as job level, age, family status, and traits such as motivation, beliefs and values. Results of this research showed that the stakeholder theory of CSR can be easily coupled with the corporate giving theory of this research in order to increase employee involvement in payroll giving. This paper focuses on a different branch of CSR where the employees will to donate a part their finances is involved. An article by Mirvis (2012) talked about the importance of CSR and its overall impact on motivation, employee engagement, organizational identity and sense of meaning and purpose. The article sites various examples from large firms and the initiatives that they are undertaking – namely, the transactional approach that aims to meet the needs of the employees who are willing to engage themselves in CSR activities, the relational approach emphasizing the psychological contract that exudes social responsibility, and the developmental approach that enables the company to be sustainable and encourage its employees to be socially responsible in the society they live in. The article goes in depth with these 3 approaches, citing examples from various companies and their overall advantages and disadvantages.

Another article published in HBR by McPherson (2012) gives a glimpse onto the future of CSR and its importance to any organization. Employee Engagement activities will see a steady increase in the years to come, as they have been known to increase the bottom line. Cause-marketing will also grow in popularity as business will tie up with for-profit and non-profit partners in order to enhance their reputation and to provide legitimacy to their business. Consumers of today also play an important role as they are becoming more knowledgeable and are demanding more transparency from organizations. Finally, the involvement of board-members in CSR can ensure that they are able to evaluate risk, the return on investment and financial performance while also integrating environmental, social and CG into their final analysis. A study by Casado, Nicolau, Ruiz, & Sellers (2010) aimed to understand the effect of CSR activities on an organizations’ overall performance, with an implication stating that CSR activities are more important for firms dealing in services than those dealing with physical products. The study was an analysis of 248 companies that had businesses in Spain between the years 1990 and 2007. Results of study show that CSR activities do have a positive impact on organizational performance, with a greater impact visible on service-providing firms than product-manufacturing firms. The findings suggest that when it comes to differentiation in the context of services, the presence of CSR activities has a great impact. The study by Kyung Ho, Chang, & Seoki (2010) examines how positive and negative CSR activities have an impact on the financial performance in the hospitality sector. Since the field of finance in hospitality is a rarely researched field, further future studies for the same was encouraged. The results of the primary study undertaken showed that positive CSR activities have a positive impact on firm value in restaurants and hotels but no impact on profitability. On the other hand, airlines have shown positive CSR activities to have a negative impact on profitability, and negative impact of negative CSR activities on firm value. A thesis by Lorenc (2010) aimed to identify the activities best suited for the Hilton brand operating in the Czech Republic. Data was collected in order to understand whether the CSR activities that are carried on in the country can be supportive of fulfilling the desired needs. The results showed that there was a huge imbalance in the model being put to use and the environment of the country. If the given activities are not suitable to be carried out in a certain region due to varying factors, it can have a huge impact on its overall productivity. The author was personally involved with a singular hotel unit in the Czech Republic, working in the HR department, with the aim of participating in given CSR activities and developments. An article by Butler (2008) featured in the Cornell Hospitality Quarterly, goes into depth about the increasing importance of accreditation and standards maintenance. Hotels are expected to shell a fortune in order to prove themselves as sustainable and energy efficient to their
customers. Certificates like the LEED have become the basis for deeming buildings as sustainable. Increased pressure from the government demands such companies reduce their carbon footprint, thus adding new costs. A study by Holcomb, Upchurch, & Okumus (2007) measured the level of social responsibility achieved by top 10 hotel companies. Results of the study showed that 8 out of the 10 companies were responsible for exuding socially acceptable behaviour. In this paper, diversity was also considered as a factor of CSR, with 60% of the companies reporting an inclusion of diversity. The paper highlighted the importance of environment, vision and values when such companies decide to be more socially responsible. With consumers regarding CSR as an important activity, companies need to profile their social responsibility as integrated it into their corporate strategies.

Analysis

A total of 59 responses from managers employed in the hospitality industry were collected. The managers were sent the questionnaire through means of a link accessible online and they filled the questionnaire of their own accord.

The Cronbach Alpha Reliability Test was used and Cronbach Alpha value turned out to be 0.821. A value equal to or greater than 0.6 indicates high reliability and acceptance of data, and hence the data can be deemed reliable for further studies. The KMO and Bartlett Tests are conducted to find out the factors that are the most suitable for research purposes and their usability for further factor analysis. KMO factor of 0.679 indicates that the data set is well suited for factor analysis. The Bartlett’s test for Sphericity indicates that significance of 0.000 shows no scope of dimensionality reduction. Descriptive analysis on gender shows that the industry is mostly male dominated in the managerial level, with men making up 57.6% of the respondents while women made up the remaining 42.4%. These results go in line with the study conducted by Chaudhary & Gupta (2010) who showed that the industry is mainly operated by males more than females. Players in the industry must make sure that the equal hiring policies adopted by the companies are applied in the hiring as well as career development programs that can boost the involvement of women in managerial positions and that there is little to no occupational segregation.

The analysis on the age range of respondents shows that a majority of the respondents fall between the 41-50 age group. This is because the prime area of interest about CSR is from the management perspective, due to which most of the respondents hold management or supervisory positions and thus fall into the 30’s to 50’s age bracket. Another reason for the same is due to the presence of doctors as part of the research. This is followed by respondents in the age groups 31-40 and 51 and above, while respondents in the age group 21-30 make up the minority of the population. Most of these respondents hold supervisory positions and thus fall into the younger age bracket.

The analysis on education shows that a majority of the respondents held a master’s degree (55.9%), owing to age group and the kind of respondents selected for this research, 30.5% held a Bachelor’s degree, 5.1% held just a high school degree and 8.5% held a doctorate degree. The reason for respondents holding doctorate degrees is because the research targets hospitals also as part of the hospitality industry and as contributors to CSR and sustainability. The reason for high school qualified respondents could be due to the fact that they may be supervisors in either the hotel industry or airline industry or both.

The analysis on the work experience of the respondents shows that the majority has almost 20 years of work experience (30.5%). Almost at par were those having 10-15 years of work experience
(27.1%). There were an equal number of respondents who had both less than 5 years and 5-10 years of work experience (13.6%). Finally, 9 respondents out of the 59 had more than 20 years of work experience, and most of them were from the health care industry.

This research made use of correlation analysis to understand the degree of relationship between CSR (independent variable) and Employee Engagement, Organizational Performance, Brand Image and Ethics and Corporate Governance (dependent variables). According to the information prescribed in Business Research Methods by Cooper and Schindler, the coefficient of correlation (r) is a number ranging from -1 to +1. A number between +1 and 0 indicates a positive relationship between the independent and dependent variables. On the contrary, a -1 or number less than 0 shows a negative correlation between the independent and dependent variables. 0 indicates that there is no correlation between the dependent and independent variable. Hence, a coefficient closer to +1 would indicate a positive linear relationship between the two variables, whereas a coefficient closer to -1 would show a negative linear relationship between the two variables.

For this study, the correlation analysis was conducted using Pearson Correlation Coefficient. The mean values of all the dependent factors (Employee Engagement, Organizational Performance, Brand Image and Ethics and Corporate Governance) and CSR was taken. These five factors were then applied for Correlation Analysis.

**Table 1: Correlation Coefficients**

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Employee Engagement</th>
<th>Organizational Performance</th>
<th>Brand Image</th>
<th>Ethics and Corporate Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Social Responsibility</td>
<td>Pearson Correlation</td>
<td>.550**</td>
<td>.595**</td>
<td>.615**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>59</td>
<td>59</td>
<td>59</td>
<td>59</td>
</tr>
</tbody>
</table>

As depicted in Table 1, all of the dependent factors show a positive Pearson coefficient with the factors associated with Corporate Social Responsibility. Brand Image is shown to have a higher degree of positive correlation than any other factor (0.615). This is followed by organizational performance (0.595), ethics and corporate governance (0.532) and employee engagement (0.550).

**Testing Hypothesis 1**

**Null Hypothesis (H10):** There is no significant relationship between Corporate Social Responsibility and Employee Engagement.

Since Pearson’s Coefficient Value was 0.550, it can be safely stated that there is a positive correlation existing between Employee Engagement and Corporate Social Responsibility Practices in the hospitality industry. This means that any change in CSR initiatives, whether positive or negative would have a similar effect on the Employee Engagement aspect and vice versa.

This finding goes in line with a chapter from Mirvis P. H. Encyclopedia, which stated that when employee, for instance has, a personal desire to serve society and/or protect the planet, they feel welcome to bring their “whole selves” into the workplace. This yields more commitment to one’s work, a deeper connection to a company, and a broader sense of meaning associated with one’s job and employment.
We therefore reject our Null Hypothesis and accept the Alternate.

**Null Hypothesis (H10):** There is no significant relationship between Corporate Social Responsibility and Employee Engagement. (REJECTED)

**Alternate Hypothesis (H1):** There is a significant relationship between Corporate Social Responsibility and Employee Engagement. (ACCEPTED)

**Testing Hypothesis 2**

**Null Hypothesis (H20):** There is no significant relationship between Corporate Social Responsibility and Organizational Performance.

Since Pearson’s Coefficient Value is 0.595, it can be safely stated that there is a positive correlation existing between Organizational Performance and Corporate Social Responsibility Practices in the hospitality industry. This means that any change in CSR initiatives, whether positive or negative would have a similar effect on the Organizational Performance aspect and vice versa.

A similar study by Imran, Ur, Irshad, Jamil, & Maria (2010) found similar results using SEM modeling techniques. They identified significantly positive relationships between CSR and Organizational Performance and Employee Commitment.

Therefore Null Hypothesis is rejected and Alternate is accepted.

**Null Hypothesis (H20):** There is no significant relationship between Corporate Social Responsibility and Organizational Performance. (REJECTED)

**Alternate Hypothesis (H2):** There is a significant relationship between Corporate Social Responsibility and Organizational Performance. (ACCEPTED)

**Testing Hypothesis 3**

**Null Hypothesis (H30):** There is no significant relationship between Corporate Social Responsibility and Brand Image.

Since Pearson’s Coefficient Value is 0.532, it can be safely stated that there is a positive correlation existing between Brand Image and Corporate Social Responsibility Practices in the hospitality industry. This means that any change in CSR initiatives, whether positive or negative would have a similar effect on the Brand Image aspect and vice versa.

The coefficient value for Brand Image is found to be the highest in the research, meaning that CSR and Brand Image go hand in hand to a great extent. This can be attributed to the simple fact that today’s consumer has become environmentally conscious. Studies have shown that they would be more brand loyal to a company that works on sustainability and giving back to society than one that does not. This proves to be a competitive advantage in many ways, as proven in a study by He & Lai (2014).

Therefore Null Hypothesis is rejected and Alternate is accepted.

**Null Hypothesis (H30):** There is no significant relationship between Corporate Social Responsibility and Brand Image. (REJECTED)
**Alternate Hypothesis (H3):** There is a significant relationship between Corporate Social Responsibility and Brand Image. (ACCEPTED)

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>ETHICS AND GOVERNANCE</th>
<th>EMPLOYEE ENGAGEMENT</th>
<th>SUSTAINABILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>IHG (The Parent brand of Crowne Plaza)</td>
<td>Aims to develop strong relationship with guests, customers, suppliers and other business partners. Maximize the impact and promote CSR with continuous dialogue and increase knowledge and understand the stakeholders’ future concerns. Fair competition and conduct operations with principles and abide by all applicable regulations. With respect to corruption, extortion and bribery apply zero tolerance approach.</td>
<td>Work with employees and other relevant stakeholders to ensure the best possible physical and psychological work environment. Embrace diversity. Equal treatment to all employees. To maximize the employees potential, provide training opportunities so that they maximize their contribution to the company strategy. Recruit, employ and promote employees on the basis of objective criteria, their qualifications and abilities required for the job to be performed.</td>
<td>In September 2013, IHG owners association achieved 4 of the 5 external targets. Launched targets to signal commitment to doing business responsibly. Collaborated with hotels and the IHG Owners Association to achieve four of five external targets. From 2018-2020: Reduce carbon footprint per occupied room.</td>
</tr>
<tr>
<td>EIH Limited (A member company of The Oberoi Group)</td>
<td>“The Oberoi Dharma” Company’s philosophy on governance is documented. This is fundamental code of conduct of the Company in its “Mission Statement”. The Corporate Social Responsibility Committee (“CSR Committee”) comprises of four Board Members. The Oberoi Group Employee Engagement Survey was conducted by Aon Hewitt to seek employee opinion and feedback about working at The Oberoi Group.</td>
<td></td>
<td>Importance of society and the environment is recognized by the company. Mobilization of resources and efforts to strengthen and empower the socially and economically disadvantaged and to conduct business in a manner which is environmentally responsible.</td>
</tr>
<tr>
<td>Emirates Group</td>
<td>Dnata is a member of the Emirates Group. dnata4good is dnata’s Corporate Social Responsibility programme, designed to make a positive difference in the communities around us through employee engagement and community involvement. The programme encourages volunteer work, philanthropic efforts and fundraising activities in support of three main causes – Education, Humanitarian, and Wildlife Conservation. Extending environmental goals. Emirates Engineering is using new procedure in aircraft washing and saving 11 million litres of water a year. Saving electricity through efficiency measures using installing light emitting dode lighting in hangers saved a substantial 237 megawatt-hours of electricity a month. A fleece blanket from 28 recycled plastic bottles provided onboard in Economy Class on long-haul flights. Idle reverse thrust on landing by pilots has saved 4,941 tonnes of fuel (15,564 tonnes of CO2). And ‘engine out taxi in’ has saved 1,170 tonnes of fuel (3,686 tonnes of CO2).</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Alongside this tremendous growth, through commitment to its environmental policy and objectives, Qatar Airways Group has demonstrated improvement in environmental performance across its business interests, including airline and airport operations, catering services, retail outlets and hotels. Qatar Airways has continued to improve how efficiently it uses aviation fuel, making airline operations 2.5 per cent more carbon efficient than the previous year, building on the considerable efficiency gains reported in 2015-16. The airline’s ongoing fuel optimisation programme focuses on reducing weight, route optimisation, aircraft operations on the ground and technical performance.

Fortis Healthcare

In CSR healthcare, education, environment and capacity building for sustained wellbeing and Adopt "Mother & Child" as the primary focus Build and leverage partnerships with likeminded Individuals, Corporates and Institutions for achieving positive change.

Participate in social change drive not only in the areas of its competence but also in such area which impacts its existence and sustainability.

Nutrition Disability Capacity Building in the arena of Health Creating Awareness and Disbursement of Information (important MCH health concern) Adolescent Education

Testing Hypothesis 4

Null Hypothesis (H40): There is no significant relationship between Corporate Social Responsibility and Ethics and Corporate Governance.

Since Pearson’s Coefficient Value is 0.615, it can be safely stated that there is a positive correlation existing between Ethics and Corporate Governance and Corporate Social Responsibility Practices in the hospitality industry. This means that any change in CSR initiatives, whether positive or negative would have a similar effect on the Ethics and Corporate Governance aspect and vice versa.

Much like CSR, the concept of Ethics and Corporate Governance is fairly new, and not much research has been conducted on it. The concept branches towards several definitions and explanations, but it can be safely assumed that both these concepts have a significant positive influence on one another, though not to a great extent.

Therefore Null Hypothesis is rejected and Alternate is accepted

Null Hypothesis (H40): There is no significant relationship between Corporate Social Responsibility and Ethics and Corporate Governance. (REJECTED)

Alternate Hypothesis (H4): There is a significant relationship between Corporate Social Responsibility and Ethics and Corporate Governance. (ACCEPTED)

Key Findings to the Study

Some other relevant key findings of the study were:

- There was a high positive correlation between Organizational Performance and Ethics and Corporate Governance. This can be due to the fact that employees who believe that they
are working for the right cause tend to get motivated more and perform better overall, thus increasing the overall organizational performance.

- Correlation between Brand Image and Employee Engagement was the lowest. This might be attributed to the fact that employees may be solely focused on maintaining the brand image of the company they work for, sparing them little time for engagement practices. Further research for same can provide better clarification.

- The number of male and female respondents above 51 was equal (6 men and 6 women). There was however, a gender gap between male and female managers aged between 41 and 50, with 16 male respondents and only 7 female. The hospitality industry is known to have been facing issues with regards to gender equality. This research shows that the same problem exists across these industries even at the managerial level.

**Conclusion**

According to the Companies Act of 2013, organizations that experience a net profit of INR 5000 crores are bound to contribute 2% of their earnings into CSR welfares, under the Corporate Social Responsibility section of the act. This means that most medium to large scale companies in India are required to engage in CSR by law. In addition to that, the study aimed to observe whether aspects such as employee engagement, brand image, performance and ethics are impacted by the inclusion of CSR in the organisation.

The findings from this study bring a certain amount of contribution to the field of CSR and Human Resource Management. From this study, it can be concluded that there is a significant relationship between CSR and Employee Engagement, CSR and Organizational Performance, CSR and Brand Image, and CSR and Ethics and Corporate Governance.

With increased employee engagement, there is a significant increase in the performance of organizations in the hospitality industry. Better performance is linked to better financial growth and therefore increased CSR contributions. Therefore, both engagement and performance are influenced by CSR initiatives. The hospitality industry is trying in itself, as workers need to be constantly motivated in order to provide top quality service, especially in 5 star hotels and airlines.

According to the first hypothesis, it is found that CSR and employee engagement are positively correlated, meaning that employee engagement can be considered as an attribute to CSR in the hospitality industry. Apart from rendering services, employees that actively engage in their workplace can contribute greatly as part of CSR.

According to the second hypothesis, CSR and OP are positively correlated, meaning that performance has a direct link to the CSR activities of a company. In today’s environment, sustainability is the key to ensuring that there are enough resources available for the future generations. The airline industry is a great example of sustainability, because the large amount of fuel it uses is hydrogen based fuel and is non-toxic to the environment. Similarly, the health care industry must ensure that proper disposal of expired or used medical equipment occurs in order to protect the environment.

Third hypothesis can also be linked to the second because better OP results in an enhanced Brand Image. More and more consumers are choosing to spend extra for an organization that cares for its society and engages in activities external to its main operations. Maintaining good public relations not only enhances the corporate image, it also gives the company an insight into what the consumer really wants from the brand and whether they can add a certain amount of value to their needs.
Finally, the last hypothesis also proves that CSR and Ethics go hand in hand. The concept of linking stakeholders’ and Board of Directors to CSRP’s is a fairly new practice but has shown to reap great benefits. It is also linked to the brand image of the company as it displays that even the top most management level players are concerned about sustainability for the future generations.

References


**Author’s Profile**

**Shikha Kapoor** is working as Professor (HR & OB) in Amity International Business School, Amity University, Noida, India. A Doctorate in Management (HR), she is also Program Director for Ph.D. course, Consortium Member of Amity Centre for Counselling and Guidance, Organizer, Faculty Enhancement Program, Member Advisory Board of Studies for Management Programmes and Corporate Trainer. She has a total experience of 27 years in consultancy, research, training, corporate and academics. She has organized and conducted various seminars, conferences and worked on international (ILO, USAID) and national assignments in HR and Management consultancy. She has to her credit 15 books and 100 research papers, articles published and presented in international and national conferences, journals and newspapers. She has been guest speaker and done live chat shows in Management related topics in T.V. and radio. She is Life Member of professional institutions — Indian Society for Training and Development; All India Management Association. She is working with NGO “Sanchetna”. National HRD Network (Delhi Chapter); Faridabad Small Scale Industries Association; Women Entrepreneur Club; and Personnel Management Association. Her specialities include: HR Consultancy, Talent Assessment - Individual, Team Assessment, Training & Development.