

Corporate Social Responsibility: Concept and Cases A Focus on Hotel and Lodging Industry

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ABSTRACT

Corporate social responsibility (CSR) is a widely discussed topic in 21st-century management. The idea that companies have a responsibility to act for social good – not just a greater profit – has become increasingly relevant for businesses to succeed and contribute to sustainability. This paper reviews the concept of corporate social responsibility, its main areas of practices and benefits to companies. It then discusses CSR in the context of the hotel and lodging industry, and studies three companies in detail – Marriot International Inc., Jinjiang International, and Qi Chi lodging. The case studies show that the CSR initiatives of big hotel groups are comprehensive and tend to cover areas that allow the firm to better serve its stakeholders and the environment. Small startups have fewer resources and therefore do not have large CSR projects, but they have potentials in addressing societal problems through entrepreneurial means.

Keywords: *Corporate social responsibility, hotel industry, case studies*

1. INTRODUCTION

Research on corporate social responsibility (CSR) abounds, but little agreement has been reached on the definition of this concept [1]. Intuitively, CSR stands for socially responsible acts carried out by corporations. Two features become immediately noticeable: CSR initiatives are (1) conducive to the society, and (2) done by for-profit companies. Broadly, CSR contributes to economic progress, social justice, environmental preservation, or other sustainability areas including those outlined in the United Nations sustainable development goals. It relates to the intention of organizations and is aimed at making businesses accountable. Compared to non-profits with similar goals, for-profit companies have the potential of motivating and attracting supporters from a wider range of geographies and consumer segments. They can also leverage resource complementarities with their core business and contribute to society in a more efficient way [2]. A closely related concept is ESG (environmental, social and corporate governance), which is more commonly used by investors who “consider it important to incorporate their values and concerns into their selection of investments instead of simply considering the potential profitability or risk presented by an investment opportunity” [3]. Both CSR and ESG are increasingly discussed among global citizens from academic and professional spheres today. This paper

builds on the concept of CSR and reviews its best practices in the hotel and lodging industry.

1.1 Benefits and Issues of CSR

While CSR incurs a cost to a company, there are many potential benefits for a company to implement CSR. The most cited reasons are the following: First, CSR helps improve a company’s brand image and reputation. It helps attract more ethically oriented customers to purchase the company’s core product, as they have a good impression of the company [4]. Second, it helps the company to build deep, long-lasting relationships with the community it serves, its stakeholders (consumer, employee, suppliers), as well as the government. In some sense, CSR serves as a risk cushion – by doing good, it avoids the risk of being forcefully regulated by the government or attacked by activists [5]. Third, CSR helps a company to differentiate [6]. Within the same industry, a company that does CSR cleverly would distinguish themselves from other firms. For example, in the information technology industry, Google is famous for its data centers using 50% less energy than other technology companies in the world [7].

However, there are sometimes a discrepancy between what the company claims it does and what it actually does. This is known as “greenwashing”. Companies engage in both external and internal CSR: external CSR

refers to highly visible activities aimed at public audiences outside the organization, such as branding and disclosure; internal CSR, on the other hand, are inward-looking, stakeholder-related practices that involve real actions, such as employee training programs and refinement of norms and values [8]. Companies that exercise a lot more external CSR relative to internal SCR risk being labelled as a greenwashing company to the detriment of their performance. An example is Coca-cola, which claims that it invests in environmentally friendly packaging in the spirit of “no waste” and “protecting the planet”, but actually is the number one plastic generator in the world.

1.2 CSR in the Hotel and Lodging Industry

Despite the large amount of research on CSR, studies that focus on the hotel and lodging industry are relatively scarce [9]. In addition, some studies mix hotels with resort, restaurants, casinos and travel agencies [10,11]. Although these industries share similarities, they operate in distinctive ways and serve different communities, suggesting that the CSR priorities and outcomes may vary across these different industries despite that they are considered part of the same hospitality sector.

There are three aspects that make CSR particularly important for the hotel and lodging industry: human resource management, environmental protection and local community impact [12]. It is generally acknowledged that employees are the key stakeholders when it comes to CSR in the hotel industry, for frontline employees play a key role in customer satisfaction. Therefore, employees’ well-being, engagement, and commitment are especially relevant for hotels and lodging companies to improve their service quality, offer better guest experiences, and ultimately enhance firm competitiveness. Similarly, environmental and socioeconomical impact on local community are also important aspects of CSR that hotels and lodging companies seek to address. Hotels and lodging places usually locate in touristic areas where tourism development may generate either positive or negative consequences on the local communities. Therefore, successful hotel and lodging operations are those that not only make profits, but also achieve long-term sustainable advantage by preserving local environment and culture and maintaining good relations with the local communities.

In this paper, I discuss the CSR initiatives of three companies in the hotel and lodging industry: Marriot International Inc. (a global luxury hotel headquartered in the U.S.), Jinjiang International Co., Ltd. (a Chinese state-owned company headquartered in Shanghai), and Qi Chi (a small lodging place in Gansu, China). The three examples differ in types and are selected using mixed methods, but they are all among the most socially responsible companies in their respective groups. In the

sections below, I discuss my selection method first, and then elaborate on each example in greater detail.

2. CASE STUDIES

2.1 Selection of Cases

I select the first example – Marriot International Inc. – by systematically analyzing CSR ratings for global companies in the hotel industry and identifying the top performer. The dataset I use is the MSCI ESG ratings data, one of the most authoritative and comprehensive dataset on CSR performance indicators for global companies [13]. Data are obtained from the Wharton Research Data Service. For each company in each CSR area, MSCI assigns scores ranging between 0 to 10 to indicate the company’s performance in that area. Under each broad area (Environmental, Social and Governance), the indicators are categorized into Strengths and Concerns – a high score in a strength area (e.g. renewable energy) indicates more positive CSR effort on that subject, and a high score in a concern area (e.g. corruption) means the opposite. There are 22 indicators (15 strengths and 7 concerns) for Environment, 42 (24 strengths and 18 concerns) for Social and 6 (2 strengths and 4 concerns) for Governance.

I begin with the full panel dataset, which covers a universe of 9,452 companies in the years between 2000 and 2018. From there, I filtered for the 387 companies in the “hotel, resort and cruise” industry. For each of these companies, I calculated a total strength score by adding up all the scores in its strength areas, and then took averages across years to obtain an average score. After removing duplicates, I was able to obtain an exhaustive list of companies in the hotel, resort and cruise industry with their overall (average) scores across years. Based on the ranking of the scores, I selected the top performer – Marriott international Inc.- as my first case to investigate in greater detail. It is a luxury global hotel headquartered in the U.S.

I select the second example – Jinjiang International Co. Ltd. – by qualitatively searching among news articles and public reports large and long-established hotels in China with good CSR reputation domestically and internationally. Jinjiang International – a state-owned Chinese hospitality conglomerate headquartered in Shanghai – stands out as one of the leaders in this field. It has operations across the globe, with the majority of hotels built in China. A recent report on Jinjiang’s responsible acts is our main source of reference in studying this example.

The third example – Qichi – is a small, lodging place in the mountain areas of Gansu, China. It was founded by Ms. Xin in April 2019. I select Qichi as the third case since I have substantial first-hand experience working at this firm and have collected qualitative evidence through

interviewing its founder. The case is similar to the previous two companies in that it also provides lodging and related services. It is different in that it is a local startup firm in its early development stage and seeks to address societal issues in drastically different ways.

2.2 Marriot International

Marriott International Inc. is an American multinational company that operates, franchises, and licenses lodging including hotel, residential and timeshare properties. It was founded in 1927 by J. Willard Marriott and his wife Alice Marriot, and is currently the world's biggest hotel chain [14]. As of 2021, Marriot's worldwide system consists of nearly 8,000 properties and roughly 1.48 million rooms in 139 countries and territories [15].

Marriot's CSR efforts are widespread and substantial. It was among the first companies in the hotel industry to issue policy statements related to environment, global diversity and inclusion, poverty alleviation, disaster relief, the vitality of children and other sustainability areas [16]. The company's sustainability efforts date back to as early as the 2009, and it had been consistently recognized as the top large hotel chain in terms of its sustainable business practices. For example, the company was chosen in 2012 as one of the best companies for working women, thanks to its Women's Leadership Development Initiative established in 2009.

In 2017, Marriott International launched its sustainability and social impact platform "Serve 360", which is guided by four priority areas, each with dedicated focuses and ambitious targets: (1) *Nurture our world*: advancing the resiliency and development of its communities; (2) *Sustain responsible operations*: reducing the company's environmental impacts, sourcing responsibly, and building sustainable hotels; (3) *Empower through opportunity*: hoping people and businesses explore opportunity in the hospitality industry; (4) *Welcome all and advance human rights*: creating a safe and welcoming environment for associates and travelers [17]. The breath of Marriot's CSR initiatives is anticipatable, given that it is a large company with rich resources. The 17 United Nations Sustainable Development Goals can all be mapped to at least one of these four categories. Within each category, specific goals are specified; for example, one of Marriott's goals

in the "sustain responsible operations" category is to reduce 30% of carbon intensity by 2025 [18]. At the end of each year, Marriott releases an annual report, which specifies the progress made by the company in the previous year on each of these areas. This report fosters transparency and allows the company to reflect on its accomplishments on a regular basis as well as the challenges that still remain.

In the most recent annual report, Marriot highlights its CSR accomplishments in 2020. In the first category, *Nurture the World*, Marriot played a crucial role in supporting its communities, associates and guests during the COVID-19 pandemic. For its communities, the company offered discounted accommodations for healthcare professionals, donated cooked meals and critically important supplies to frontline workers, and provided event space for health-related non-profits (e.g. for American Red Cross to host their blood drives). For its associates, the company established a wellness program to support their mental health and distributed over \$1.45 million of medications and other essential items to employees in 16 markets. For its guests, Marriot refined its cleaning and safety standards. In the second category *Sustain responsible operations*, Marriot did extremely well in reducing carbon intensity: compared to 2016 baseline, the company has reduced 32% carbon intensity thus far, exceeding the 2025 goal of 30% by 2% (Figure 1). Equally notable is its progress in building "adaptive reuse projects" with owners around the world, which allows for the reuse of existing land and buildings when building new facilities. While the company is a little behind in achieving its 2025 goals in reducing water intensity, tracking landfill waste and sourcing from renewable energy, it has made active progresses in these areas. For example, St. Regis Mardavall Mallorca Resort – one of Marriot's properties in Spain – installed a water recycling system which recycles an average of 4,000 cubic meters of water from showers, sinks and bathtubs in the hotel's guest rooms. Marriot has done extremely well in the areas of *Empower through opportunity* and *Advance human rights*. As of year-end 2020, it has invested \$8 million in programs and partnerships that develop hospitality skills and opportunity among youth, women and diverse populations. It also expanded its human trafficking training to a broader audience. Overall, given its scope and resources, Marriot's CSR efforts are expansive and far-reaching.



Serve 360 Coordinates	2025 Sustainability and Social Impact Goals	Status	2020 Progress
 Nurture Our World	15 million volunteer hours	BEHIND SCHEDULE	5.5+ million* associate volunteer hours contributed since 2016
	50% of volunteer hours will serve children and youth	ON TRACK	32.6% of volunteer hours have served children and youth since 2016
	50% of volunteer activities will be skills-based	BEHIND SCHEDULE	29.2% of volunteer activities were skills-based since 2017
 Sustain Responsible Operations	15% water intensity reduction**	BEHIND SCHEDULE	38% increase from 2016 baseline**
	30% carbon intensity reduction**	ON TRACK	32% reduction from 2016 baseline**
	45% waste-to-landfill (and 50% food waste) reduction	BEHIND SCHEDULE	Engaged with World Wildlife Fund (WWF) and hospitality industry members to develop a waste tracking and reporting methodology

Figure 1: Excerpt of Marriot’s CSR impact areas and progress report. Marriot is ahead of schedule or on track on achieving 10 of the 19 social impact goals by 2025. *Source:* Marriot 2021 Serve 360 Report [18].

2.3 Jinjiang International Group

Founded in 2003, Jinjiang International Group is a Chinese state-owned hospitality company headquartered in Shanghai. The group operates a wide range of hotels, including full-service hotels and select service hotels. Jinjiang Hotel, Peace Hotel, Park Hotel, and Metropole Hotel are some well-known brands. The Group owns about 10,200 hotels in operation in the world with a total of approximately a million guest rooms in 68 countries across the globe. Among these hotels and rooms, over 50% are located in China. The company was successfully listed on Hong Kong’s Main Board of the Stock Exchange in December 2006. In the section below, I summarize the CSR efforts initiated by the Group as a whole and by Jinjiang Star, a chain of economy hotels managed by the Group.

Unlike Marriot which organizes its CSR activities around UN sustainable development goals via one platform (i.e. Serve360), JinJiang’s CSR initiatives are more scattered. Nevertheless, they cover all essential areas and are clearly documented and reported to the public. According to the company’s annual ESG reports, Jinjiang Group pioneers in offering high-quality services to its guests. Staffs regularly review and follow up on guest feedback to consciously improve their service level. The Group also seeks to provide a just, caring, and inclusive working environment for its staff. In addition to regular employee benefits such as pension and various types of insurance, the company provides subsidies for meals, transportations, and telecommunication as well. The Group strictly abides the Law on working hours and rarely ask employees to work overtime. It also puts great emphasis on improving women’s competitiveness in promotions and career development. In terms of serving its communities, Jinjiang Group makes active contributions to alleviate poverty: in 2020, it visits 15 low-income families and assisted them with RMB 30,000 as financial aids. The Group also requires all

subsidiary hotels to provide free rooms for disaster victims, rescuers, and people with disabilities. In terms of environmental protection, Jinjiang Group has actively reduced carbon emissions, energy usage and water waste. It minimized window size and adopted efficient lighting lamps to save energy, and restricted water pressure to 0.2MPa to save water resources. As a result, several of Jinjiang’s subsidiaries had been certified as “gold leaf rank” and “silver leaf rank” green hotels [19].

Jinjiang Star is the budget brand from the Jinjiang International Group. It is a chain of economy hotels that offers limited set of services at affordable rates. In the most recent decade, the economy hotel sector grew rapidly in China and became an integral part of the tourism economy. Notwithstanding its economical approach, Jinjiang Star has been implementing CSR for many years. Starting 2008, Jinjiang Star has participated in the annual “Earth Hour”, with the majority of its Inns turning off the lights for an hour on a particular day [20]. Some budget hotels have renovated their boilers and burners to ensure lower carbon emissions. Others offer guests rewards for recycling wastes in order to raise their environmental awareness. Jinjiang Star also donates to charity on a regular basis and contributed to disaster relief following the Wenchuan and Yushu earthquakes.

While Jinjiang does not use UN sustainable development goals as references, it has its own way of evaluating and reporting its CSR performance. It constructed the ESG materiality analysis model, which “identifies and determines subjects in the 11 aspects required by the ESG Guide based on stakeholder concerns” (Figure 2, A1-B8). Through assessing and analyzing subjects in these 11 aspects, the Group measures the impact of these subjects on stakeholders and its business development and determines significant ones to disclose in the annual report. Jinjiang Group encourages its stakeholders and shareholders to review their reports on a regularly basis – this transparency helps the Group in monitoring its corporate performance.

ESG Report Guide Aspects	The Group's Indicators	No.
/	Economic performance	1
/	Investor relationship	2
A1 Emissions	Emission Reduction	3
	Adaption to climate change	4
	Waste reduction	5
A2 Use of Resources	Energy Conservation	6
	Water conservation	7
A3 The environment and Natural Resources	Green construction and reconstruction	8
B1 Employment	Staff right and interests protection	9
	Promotion	10
	Staff benefits	11
B2 Health and Safety	Safe Production	12
	Occupational disease prevention	13
B3 Development and Training	Staff training	14
B4 Labor Standards	Forbid child labour and forced labour	15
B5 Supply Chain Management	Responsible procurement	16
	Quality service	17
B6 Product Responsibility	Privacy protection	18
	Propaganda compliance	19
	Health and safety	20
B7 Anti-corruption	Integrity management	21
B8 Community Investment	Charitable activities	22

Figure 2: Jinjiang’s Materiality Assessment Framework. *Source:* Jinjiang International Group 2020 Annual Report [19].

2.4 Qichi Lodging

Qichi lodging is a small startup company founded by Ms. Xin in April 2019 in Gansu, China. It is located in YuHe village, southeast of Gansu, with picturesque view of mountains and rivers. It provides high-quality guesthouses and related services such as meals and tea-tasting to visitors and tourists in the area.

While small, entrepreneurial entities such as Qichi are more constrained in resources and therefore do not carry out many CSR projects as large companies do, they themselves offer great solutions to society’s intractable problems. Developing countries are characterized by “institutional voids”, meaning frictions in the market ecosystems that prevent the efficient flow of resources [21]. The role of startups or entrepreneurs is to come up with creative solutions that fill in these voids. Qichi is such an example. Before it is established, YuHe village had a problem: a tea town in essence, all the tea that were grown and processed by the local farmers were unable to sell to a wider audience due to its remote location and lack of distribution channels. Furthermore, manufacturing practices in the village were relatively outdated, resulting in an overstock of raw tea to be processed. Ms. Xin saw this problem as an opportunity. She decided to take over the tea-processing factory that is insufficiently used and develop it into a fully functional tea garden Inn.

By pursuing this entrepreneurial opportunity, she addressed societal problems in many regards. First, the local tea industry has seen revival growth since Qichi was established. Both the amount and quality of tea processed are greatly improved. Demand for local tea has increased as well as more visitors become aware of the

area, including people from urban areas who have seen beautiful pictures of Qichi and the tea garden on social media apps. Second, Qichi sources organic tea from local farmers, whose are able to obtain higher income from this increasing demand. Moreover, the farmers have become more knowledgeable about viable channels to sell their products. Previously, local farmers used to focus exclusively on producing and supplying goods, whereas now, they have learned to market their products digitally to broader audiences thanks to the internet and Qichi’s social media account. Third, local employment is improved as Qichi recruits local workers to engage in scientific tea-growing practices and work at its guesthouses. Fourth, on a macro level, Qichi also facilitated regional development by introducing more consumption in the area. In the past two years, Qichi has developed superb reputation and have attracted a large number of people to visit the area and purchase local specialties, such as fungus and honey. Not only YuHe town but also its surrounding areas have seen economic growth in recent years.

Despite the many accomplishments achieved, Qichi still faces challenges. Due to its remote location, many tourists are reluctant to come due to transportation inconveniences. For similar reasons, sourcing supply is difficult. Recruiting talent is also challenging as non-local workers are unwilling to leave home and work in the mountains for extended periods. In these respects, the natural environment is both a blessing and a curse for the firm. Additionally, local governmental policy changes quickly and Qichi needs to adapt well. Mr.Xin plans to address these challenges by providing services of even higher qualities and potentially develop Qichi into a chain.

3. CONCLUSION

This paper discusses the concept of corporate social responsibility (CSR) in the context of hotel and lodging industry. After defining CSR and related concepts broadly, the paper zooms in on three companies to discuss their CSR strategies, actions, and outcomes. The cases were drawn from various backgrounds to demonstrate the commonality and differences in firms’ CSR approaches. The cases highlight the common CSR areas of interest to hotel and lodging companies as well as big and small firms’ different approaches to address societal issues.

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