The Differences between Local and International Chain Hotels in CSR Management: Empirical Findings from a Case Study in Thailand

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Abstract

This study aims to investigate the differences and similarities between managing CSR in international hotels and local hotels. The Banyan Tree Bangkok and the Chumphon Cabana Resort were included in a case study. The research examines the important reasons underlying the success of local hotels, while the research also reveals that CSR achievement is strongly related to the international level of firms. Archive document analysis, eight in-depth interviews, and site observations were employed to obtain the data needed from both hotels. Content analysis was conducted to evaluate the collected data, leading to the summarizing of the differences and similarities between the hotels. A new CSR management conceptual model was constructed taking into account the different contexts of the two hotels. The paper reveals two new models for achieving CSR: Outside-In and Inside-Out according to Deming Cycle: Plan, Do, Check, and Action. The Outside-In concept is based on reaching the standard of CSR with the aim of getting a certificate, while the Inside-Out concept is based on the economic sufficiency philosophy aimed at sustainability. For future research it is recommended that the opportunity be taken to generalize the CSR best practice to other hotels, as well as to employ quantitative methods to examine CSR. Interestingly, there is less concern from existing research about the relationship between CSR and organizational culture.

Keywords: CSR strategy, CSR model, hotels, international, local, Thailand

1. Research Background

Corporate Social Responsibility (CSR) has been a particular concern for many tourism and hospitality-related organizations over the last decade. The benefits of CSR have been a central concern for both academics and the tourism industry. Qu (2009) showed that the effects of a CSR program on hotel performance can be highly significant. Additionally, Porter and Kramer (2006) claimed that by focusing on CSR as their core strategy tourism and hospitality organizations can enhance their sustainable competitive advantage as well as project a different image to society. Moreover, a recognition of social responsibility in the corporate culture accounts for an 8% enhancement of a company’s reputation (Greyser, 1999).

Many researches have confirmed that CSR is an important tool for hotels. Kang et al., (2010) have confirmed that CSR has a high impact on firm value. Similarly, Lee and Park (2009) claimed that CSR programs have a positive impact on the financial performance of hotels, while Kang et al. (2010) have argued that it is not intended for profitability in hotels. Holcomb, Upchurch, and Okumus (2007) revealed that 80% of the top ten hotels do charitable donation activities, and they refer to CSR in their mission and vision statements. However, it was also found that environmental issues are less of a concern. Furthermore, CSR practice is frequently mentioned by hotel managers when the hotels are faced with natural disasters. However, CSR is still significantly focused on philanthropic activities (Henderson, 2007). Bohdanowicz and Zientara (2008) confirmed that most hotels have embedded CSR in their business model, focusing on the enhancement of the quality of the community’s life. In fact, there are some international chain hotels in Thailand applying CSR programs such as: Banyan Tree Hotels & Resorts, the Shangri-la Hotel, the Sheraton Hotel, and also local hotels such as Bann Tong Sai (Koh Samui) and Chumphon Cabana Hotel, all with successful CSR practices.

Obviously, many hotels have adopted CSR programs to enhance their competitiveness. However, international
chains and local hotels are different in terms of the resources at their disposal, their strategies, reputation, and so on. In addition, one study confirms that CSR relies heavily on the degree to which the organization is international and also on the size of hotels (Maccarrone, 2009). However, there are some local hotels in Thailand that have achieved CSR programs efficiently. A question arises as to how they can succeed in being CSR best practice hotels, while they have fewer resources and are not international chain hotels. It seems that local hotels may not easily adopt the CSR initiative programs of the large chain hotels. The chain hotels in different countries still keep changing the CSR programs because of cross-cultural influences within each hotel branch (Nord, 2006). Fortunately, there is a model that can assist with the selection of appropriate CSR programs within organizations (Tsai, Hsu, Chen, Lin, & Chen, 2010). However, this does not mean that every CSR program will be successful. Hence, how different types of hotel can run different CSR programs successfully will be scrutinized in this article, as well as the factors underlying their success.

This paper aims to investigate the differences and similarities of CSR program management in two types of hotels in Thailand: local and international chain hotels. There is little research to show how local hotels can achieve CSR when they are not international. It is expected that the results from this research will demonstrate the benefits of CSR for business management performance and suggest the best ways CSR initiative program goals can be accomplished in local and international chain hotels.

2. Main Research Questions

The main research questions addressed in this paper are as follows:

1) What CSR initiatives have been used by both local and international chain hotels?
2) How do these hotels manage their CSR programs? How do they plan, implement, and assess CSR programs?
3) What are the differences and similarities of CSR implementation in local hotels and international chain hotels?
4) What CSR management models are needed to apply CSR programs in local and international chain hotels?

3. Objectives of the Research Study

The objectives of the current research study are as follows:

1) To study the differences and similarities of CSR management in local and international chain hotels.
2) To construct CSR management models for local and international chain hotels.

4. Literature Review

4.1 CSR Definitions

The proper definition of CSR is still open to debate? The boundaries of CSR are not obvious, which may lead to insufficient firms adopting CSR initiatives. Indeed, there is a question about whether or not CSR should be included in regulations or just depend on voluntary actions. The European Commission (2010) defines CSR as "A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis." The terminology is focused on the responsibilities of businesses toward society, the environment, and stakeholders, as emphasized by voluntary action which excludes legal responsibilities.

Therefore, CSR can be defined as the responsibility of organizations to society and stakeholders. CSR Europe, a membership organization of large companies in Europe, states that CSR covers wide areas such as the workplace (employees), marketplace (customers, suppliers), environment, community, ethics, and human rights (Moir, 2001). Freeman (1984, p. 22) defines stakeholders as any group or individuals who can affect or are affected by the achievement of the firm’s objectives; they consist of two groups: primary and secondary stakeholders. Primary stakeholders are defined as people with a direct involvement such as investors, employees, and customers. Competitors, distributors, and society at large are secondary stakeholders. Stakeholders are those people and groups that influence, or can be affected by, an organization’s decisions, policies, and operations (Post et al., 2002, p. 8). Elkington (1997) disclosed that CSR is concerned with three dimensions: social, environmental, and economic. Agle et al. (1999) cited that the legitimate groups, such as customers and employees, are involved as a consequence of having power and urgency. Additionally, Industry Canada in 2007 cited that CSR initiatives can be divided into three groups by activities: environmental, social, and economic. Similarly, Sheldon and Park (2010) focused on the types of CSR activities and divided these into six parts: destination governance, green practice, community and social, education, business practice, and human resources. However, the boundary that determines the activity type is not obvious; some activities may include more than
one type, such as green practice and community. For instance, tree planting is a cooperative project between firms and local people and should be included in green practice and the community/social activity type. Regarding the CSR definition, it seems that by focusing on the stakeholders of firms it is easy to determine the CSR activity types. In this paper, CSR activities are divided into five categories: employees, environments, communities/societies, customers, and suppliers. The economic is excluded because CSR activities in this area always resemble the environmental issue.

A study has revealed that the most popular CSR initiatives are charity donations (70%), working with local communities (54%), and purchasing of fair-trade goods (50%; Bohdanowicz Zientara, 2008). The publications of most hotels concern environmental issues, but in fact environmental education and training are on hold in most hotels. It can be seen that many hotels in Thailand have run several CSR activities focusing on different groups. Some are aimed at communities, while some point to the natural environment. For instance, Ban Tong Sai Hotel and Resort on Samui Island applies the CSR concept by focusing on the appropriate balance of the environment and community. Most hotels concentrate on their customer’s needs/wants, as in Chumphon Cabana Resort where they have various green activities to serve green-conscious customers. However, there is little evidence to establish the CSR target group of international chain hotels and local hotels. How and why do they differ? Therefore, this paper will examine five dimensions of CSR: the customer, community, employee, other stakeholder, and environmental dimensions.

4.2 Managing CSR

A well-organized CSR program in hotels depends on various important factors, both internal and external. Internal factors can include CSR policies, executive teams, budgets, transparency, the organizational structure of the hotel, and CSR initiatives. In addition, Maccarrone (2009) found that size, degree of internationalism, corporate DNA, and the integration level of the CSR with other strategies significantly influence CSR. Furthermore, the perception of CSR is also an important factor affecting CSR achievement. A recent study by Sheldon and Park (2010) cited that 79% of respondents considered that CSR activities are vague. Moreover, nearly half of them perceived that CSR is costly, expensive, and cumbersome. Furthermore, Sheldon & Park (2010) confirmed that hotels should clearly understand the needs/wants of stakeholders in conducting CSR initiatives because the lack of comprehension of them by 30% of respondents threatens CSR activities.

Empirical researches have revealed that there are many factors driving CSR in SMEs such as the characteristics of the executive and management, the strategic tools, legal regulation, and the specifying of CSR in the vision and mission statement (Murillo & Lozano, 2006). However, the factors driving CSR in local and international hotels may be different. Indeed, CSR should be integrated in every part of the hotel—from hotel director to the front office. There is a CSR implementation framework cited by Industry Canada in 2009. This framework comprises five main stages together with a management concept: Plan, Do, Check and Action (Deming Cycle). The framework can help hotels to manage CSR efficiently, and its five stages are as follows: (1) how to conduct CSR planning; (2) developing a CSR strategy; (3) developing CSR commitment; (4) implementation of CSR commitments; and (5) evaluation and improvement. Sheldon & Park (2010) claimed that the successful CSR firms specify their CSR philosophy in their mission statement, thus it can remind employees to apply CSR in their routine work effectively. Therefore, firms applying CSR should clearly indicate their CSR goals in their mission statement.

With regard to the organizational structure to implement CSR, Bohdanowicz and Zientara (2008) found that nearly half of the hotels surveyed had a CSR officer or an environmental sustainability coordinator. While, one quarter of firms had an employee who took responsibility for CSR (Sheldon & Park, 2010). It is certainly true that the organizational structure is an important factor influencing the success of CSR; however, the proper organizational structure for conducting efficient CSR is not obvious, nor whether the structure applied in the international chain hotels is similar to that in the local hotels. Another matter to consider is the threats applying CSR. Most firms claim that lack of resources such as time, employees, and budget is the main limitation to conducting CSR (Sheldon & Park, 2010). However, research shows that the trend is for SMEs to apply CSR. Most CSR activities are in relation to environment (Sheldon & Park, 2010); however, there is some research that shows that the environment is of less concern and donation is dominant.

Moving to the publishing of information about CSR, managers need to communicate to the public what they have done to enhance the reputation and good perception of stakeholders. The methods to communicate CSR to stakeholders include both internal and external publication of information to provide a clear and accurate understanding of what firms are doing (Handerson, 2007; Murillo & Lozano, 2006). For internal communications, managers can hold periodic meetings, produce newsletters and magazines, publicize awards

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obtained, make use of word of mouth through employees, and provide external communications through web pages and the media. However, advanced technologies such as Web 2.0, blogs, Facebook, Skype, MSN, and so on can be applied to communicate CSR successfully with both internal and external stakeholders.

Hotels can evaluate CSR implementations by analyzing staff turnover, the working climate, accident rates, training costs, productivity, rising profits, and waste reduction (Murillo & Lozano, 2006). Furthermore, customer satisfaction and level of complaints, and community and other stakeholder attitudes are possible tools for measuring CSR programs.

4.3 The Sufficiency Economy Philosophy

In Thailand, there is a philosophy called “Sufficiency Economy” which was created by His Majesty the King in 1997 (Office of the Royal Development Projects Board, 2009). Indeed, the concept of sufficiency economy can be favorably considered as a fundamental philosophy for applying CSR. The official definition of the philosophy emphasizes the appropriate way of life, which starts with self-sufficiency and leads to giving to others or to the expansion of firms. Indeed, the sufficiency economy comprises three main elements: moderation, reasonableness, and self-immunity from the impact of external changes. The philosophy is based upon developing the knowledge and morality to achieve the aims of the sufficiency economy, being unity, balance, and sustainability. Therefore, by this philosophy, the growth of firms is heavily reliant on internal capability, and firms should not incur debt for expansion. Thus, it is an inside to outside method, which can be applied to sustainable living and to sustainable businesses.

4.4 The Green Leaf Foundation

There is a related association, the Green Leaf Foundation, established in 1998 through the cooperation of six organizations (Green Leaf Foundation, 2009). There are five organizations from Thailand consisting of the Electricity Generating Authority, the Metropolitan Waterworks Authority, the Association for the Development of Environmental Quality, the Tourism Authority of Thailand, the Thai Hotels Association and the other is United Nations Environment Program. The Association for the Development of Environmental Quality aims to foster people’s environmental awareness leading to taking action in an environmentally friendly way, supporting tourism and hotel firms in improving their performance according to the green standard, and finally, developing environmental management standards through advanced technology that meets clients’ needs/wants in the tourism and hotel industry. The association will award a green certificate to candidates who have passed an assessment; there are three steps involved: screening, qualifying, and grading questionnaires consisting of 18 sections. There are five levels of the green certificate, being represented by five leaves. Indeed, the green leaf certificate is well-known as a means for tourists to determine socially responsible hotels, thus the certificate helps hotels’ reputations and brings brand awareness. However, candidates have to continuously improve the quality of CSR performance; at the same time, this involves a great deal of cost, meeting timescales, and production of documentation. Recently, more than 170 hotels were reported to be participating in the Green Leaf Foundation. It is important to note that the Green Leaf Standard emphasizes environmental and community/social issues, which does not cover the stakeholders of CSR that deals with both internal and external stakeholders.

5. Research Methodology

The paper is a descriptive research (Yin, 1994) with structured approaches to ensure the comparability of data across the cases (Maxwell, 2005, p. 80). The researchers conducted case studies by using non-probability sampling to select the research samples: an international chain hotel (Banyan Tree Bangkok hotel) and a local hotel (Chumphon Cabana Resort) in Thailand were used to investigate the research questions and develop the CSR management models. The two hotels are best practice in CSR in Thailand.

The researchers collected the data needed from three different sources of evidence at the hotels: archives, documents and annual reports, the internet and media. In-depth interviews were carried out with four respondents about CSR in each of the hotels, a total of eight respondents and site observations (Eisenhardt, 1989; Stake, 1995; Yin, 1994). The four respondents in each hotel included a CSR manager and three employees related to CSR in the hotel. Thus, collecting the data from secondary sources—various documents such as annual reports, brochures, websites, and newspapers—can provide the researcher with data that is repetitive, accurate, and unobtrusive. However, it may be difficult to access and obtain deeper information. In-depth interviewing was conducted to acquire the information needed for the paper and ensure validity (Yin, 1994); it can provide deep data which cannot be found in hardcopy. Many empirical researches have shown that researchers can increase the validity and accuracy by using triangulation in the data collection (Fielding & Fielding, 1986; Maxwell, 2005). Furthermore, this method can also reduce the systematic biases or limitations of a single source and
therefore provide a more secure understanding of CSR implementation in the sample hotels.

The semi-structural questionnaire was conducted with the aim of ensuring that equal data was collected from both hotels. The questionnaire is divided into three parts: organizational information, the background to conducting CSR, and managing CSR. The first section of the questionnaire is to provide information about the firms such as their size, location, target market, and year of establishment. The second section consists of questions about why, for how long, and how they have adopted CSR, the factors driving the adoption of CSR, as well as the perception of CSR. The last section describes the management of CSR (vision, mission, objectives, target stakeholders, organizational chart, CSR training, CSR initiatives in relation to each stakeholder, resources, CSR publishing, assessment, and threats).

The collected data were analyzed by using content analysis: creating categories, coding, and comparison of the similarities and differences before and after the CSR management model was constructed for the two types of hotels. The content analysis in this paper applies deductive content analysis because it is based on the previous CSR model (Burns & Grove, 2005; Elo & Kyngäs, 2007).

6. Results and Discussions

6.1 Background Information on the Hotels

Table 1 shows the background data for the two hotel samples: Banyan Tree (BYT), Chumphon Cabana (CC) Resort. Interviews were conducted with the executives and three employees who are involved in CSR at each hotel. A semi-structured questionnaire was conducted to ensure equal information from both hotels. Some information was from secondary data sources such as websites and books.

Table 1. Background Information on the two Hotels

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Banyan Tree (BYT)</th>
<th>Chumphon Cabana (CC)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interviewee position</strong></td>
<td>The CSR Champion (the Director of CSR) and Corporate Executive Housekeeper</td>
<td>The general manager</td>
</tr>
<tr>
<td><strong>Established year</strong></td>
<td>1995</td>
<td>1982</td>
</tr>
<tr>
<td><strong>Location</strong></td>
<td>Bangkok, the capital of Thailand</td>
<td>Chumphon, a province in the south of Thailand</td>
</tr>
<tr>
<td><strong>No. employees</strong></td>
<td>350 people</td>
<td>120 people</td>
</tr>
<tr>
<td><strong>Star rating</strong></td>
<td>5 star-rated</td>
<td>5 star-rated</td>
</tr>
<tr>
<td><strong>Target market</strong></td>
<td>Business travelers and leisure travelers seeking a retreat for body, mind, and soul with a responsible tourism approach</td>
<td>Leisure travelers seeking relaxation and learning, and a self-sufficiency concept</td>
</tr>
<tr>
<td><strong>Received awards</strong></td>
<td>The Green Leaf Foundation</td>
<td>Tourism Authority of Thailand</td>
</tr>
<tr>
<td></td>
<td>The office of Tourism Development</td>
<td>Office of the royal development projects board</td>
</tr>
<tr>
<td></td>
<td>Tourism Authority of Thailand</td>
<td>The National Research Centre of Thailand</td>
</tr>
<tr>
<td></td>
<td>DestinAsian Magazine</td>
<td>The Green Leaf Foundation</td>
</tr>
</tbody>
</table>

6.2 History of Applying CSR in the Hotels

Starting year: Both hotels have applied CSR for many years. The CC has conducted CSR since 1982 while the BYT has applied it for five years. It seems that the period of time for which CSR has been applied may affect the effectiveness of CSR but there is little research concerning the impact of the length of time.
Table 2. The similarities and differences in the application of CSR in the hotels

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Banyan Tree</th>
<th>Chumphon Cabana</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year Started</td>
<td>2005</td>
<td>1982</td>
</tr>
<tr>
<td>Initiative</td>
<td>Environmental concern</td>
<td>Environmental and cost concerns, self-sufficiency concept of the Thai Royal philosophy</td>
</tr>
<tr>
<td>Concept</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initiative lead person</td>
<td>The owner</td>
<td>The owners in consultation with the Royal Foundation; self-sufficiency</td>
</tr>
<tr>
<td>The factors driven adopting CSR</td>
<td>Changing consumer behavior</td>
<td>Cost</td>
</tr>
<tr>
<td>Reasons for applying</td>
<td>To conserve marine animals</td>
<td>To preserve fishermen’s traditional life style</td>
</tr>
<tr>
<td>The first project</td>
<td>Donation to turtle preservation in Phuket, Thailand</td>
<td>Marine protection, such as releasing scaly giant clams back into nature.</td>
</tr>
<tr>
<td>Problems occurred and solved</td>
<td>Increasing workload, consuming more time, low commitment. Solved by using CSR training to increase awareness of importance of adopting CSR activities</td>
<td>The commitment of employees to conduct CSR. Solved by adopting family, religious, and patriotic concepts to create CSR organizational culture.</td>
</tr>
</tbody>
</table>

*Initiative Concept:* Environmental conservation was the main reason for applying CSR in both firms, which is similar to the findings of previous research (Sheldon & Park, 2010). However, cost and sustainability (Porter & Kramer, 2006), were also important factors in stimulating the CC to apply the Thai Royal philosophy concept of the sufficiency economy and in leading it to become a CSR hotel. This is similar to the finding of Ratanajongkol’s (2006) paper that many Thai firms conduct CSR because of an economic rational. However, the BYT followed the standard of the Green Leaf Foundation in achieving CSR because of its reputation and customers’ needs (Sheldon & Park, 2010). Thus, in this paper, there are two kinds of approaches to the initiative: applying CSR by themselves in accordance the sufficiency economic philosophy, and following the standard of a CSR association such as the Green Leaf Foundation.

*Initiative Lead Person:* The owners of the two hotels initiated the CSR concept in their firms. This was due to the fact that they found that CSR provided them good performance after applying a CSR activity. It is important to note that the owner is a very crucial factor in driving firms to achieve CSR (Lee & Park, 2009; Murillo & Lozano, 2006; Qu, 2009). In the two hotels, the owners have strongly committed to CSR activities, especially the CC. The owner of the CC himself practiced the CSR concept. Simultaneously, he trained his employees on the CSR concept. It is a smart method to start CSR with the owner and then spread that to employees (the Inside-Out concept). It can be assumed that high involvement of the executives/owners at the introduction stage may considerably affect the success of CSR. Another issue to consider is alliances with other organizations that can be consulted and can support the CSR application. In the case of the CC, an officer in the Office of the Royal Development Projects Board convinced the owner to apply the sufficiency economy concept which covers all CSR activities in the hotel.

*The Factors Driving Adoption of CSR:* There are some differences in the approach to adoption that may be caused by the different situations faced by the two hotels. The trend towards socially responsive businesses and responsible customers were the primary reasons to adopt CSR in the BYT. As customers are very concerned about environmental issues many hotels have applied environmental preservation projects in operating their
business to enhance customer satisfaction and their image, reputation, and profits (Greyser, 1999; Porter & Krammer, 2006). Many researches have confirmed that CSR can address sustainability (Diamantis, 1999; Porter & Krammer, 2006). Furthermore, the mutual concepts of environment, communities, and hotels have emerged at the CC to cope with sustainable problems of business. Similarly, Maccarrone’s paper confirms that the more CSR is integrated with other organizations, the more successful the CSR application. Thus, there are different kinds of factors driving the adoption of CSR, both internal (economic, reputation, profit) and external (customers, stockholders).

The First Project: The environmental projects were the first activities in the two hotels. The BYT organized the turtle preservation project in Phuket, Thailand. This was a very successful project that gained a great deal of cooperation from their clients and other stakeholders. Similarly, the CC created the natural project, “Releasing scaly giant clams back into nature,” to preserve the beautiful scaly giant clams. These kinds of projects increase the attractiveness of the hotel from the perspective of stakeholders such as customers, communities, employees, non-profit organizations, and so on by increasing environmental awareness. This paper is against the position of Holcomb et al. (2007) who stated that environmental issues are of low concern to stakeholders. The environmental concerns of hotels may come from the context of the tourism industry, which is closely related to the environment. Moreover, Sheldon and Park (2010) confirmed that the dominant activities in CSR are in environmental areas.

Problems Occurred and Solved: The two hotels were faced with similar problems in the first stage of applying CSR. The lack of CSR understanding (Sheldon & Park, 2010) is a primary problem causing employees to be unwilling to apply CSR. However, the CC wisely solved the problems by integrating three concepts: family, religion, and patriotism, into CSR organizational culture during CSR training sessions in the induction stage; thus the Inside-Out method was adopted. Furthermore, the owner of the CC led by taking actions that provided a good example for employees. Likewise, the BYT provided training sessions and publications for their employees at the introductory stage of CSR. However, the employees of the BYT found that CSR increased their workload and consumed more time (Sheldon & Park, 2010). However, this problem, which may arise from applying CSR concept in daily work/routines, was not obvious in the CC. Importantly, following the standards for CSR association (Outside-In) may cause a great deal of extra work, time spent, and an increased budget. However, firms can improve their reputations by obtaining green certificates. Thus, being a candidate for a CSR association may be more suitable for international chain hotels, where they have adequate resources, than for local hotels. Furthermore, international chain hotels may apply the same standard of CSR to all of their outlets when applying for a CSR association.

6.3 Managing CSR

Table 3 presents some similarities and distinctions between the two hotels in managing CSR. The BYT management of CSR was in accordance with the regulations in the Green Leaf Standard (Outside-In), while the CC manipulates CSR by themselves (Inside-Out) according to the sufficiency economy concept and the concept of the sustainability of hotels that depend on communities and the environment.

Table 3. Similarities and differences in managing CSR

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Banyan Tree</th>
<th>Chumphon Cabana</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vision</td>
<td>To be leading practitioners of CSR in the hospitality industry</td>
<td>A sustainable hotel</td>
</tr>
<tr>
<td>Mission</td>
<td>Clearly stated</td>
<td>It is not stated but it is embedded in the routines</td>
</tr>
<tr>
<td>CSR objectives</td>
<td>Making a better world</td>
<td>Making sustainable communities; developing along with communities</td>
</tr>
<tr>
<td></td>
<td>Promoting green tourism</td>
<td></td>
</tr>
<tr>
<td>Organizational</td>
<td>The Director of CSR and the CSR committees who are department managers</td>
<td>Not specified in the structure but the CSR concept is incorporated in everyone’s daily work.</td>
</tr>
<tr>
<td>structure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSR planning</td>
<td>Participation by every department manager</td>
<td>Participation by every department manager</td>
</tr>
<tr>
<td></td>
<td>Setting yearly plans to select CSR Projects offered by every department manager</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Managing CSR using the CSR implementation guidelines, The CSR manual, CSR policies and procedures, and the balanced scorecard.</td>
<td></td>
</tr>
</tbody>
</table>
Vision: The BYT aims to be a leading practitioner of CSR in the hospitality industry; this is clearly stated in their vision statement (Holcomb et al., 2007; Murillo & Lozano, 2006; Sheldon & Park, 2010). In addition, they have focused on the core values of their business to satisfy shareholders while continuing to be an agent of social and economic development through responsible tourism. In the case of the CC, a sustainable hotel is desired, although it is not indicated in hardcopy; however, it is a core philosophy of working in the CC (Maccarrone, 2009).

Mission: It is necessary for hotels to specify their mission clearly (Holcomb et al., 2007; Murillo & Lozano, 2006; Sheldon & Park, 2010). The BYT clearly stated that it is focusing on three dimensions: the environment, communities and local organizations, and education, following the Green Leaf Standard. However, the CC has integrated all stakeholders, emphasizing durable communities. The CC stated that the sustainability of the hotel relies heavily on communities; therefore, everything they have done is concerned with sustaining the local communities and the hotel. Furthermore, the CC relies on the sufficiency economy philosophy in ensuring effective application of CSR.

CSR Objectives: The objectives should be clear and measurable. The BYT has systematically set clear objectives by using the Key Performance Index (KPIs) from the CSR manual, leading to clear aims and understanding for practitioners. However, CSR objectives in the CC are a part of every department’s objectives. There is a difference between the firms that follow the standard of the Green Leaf Foundation and the local hotels running CSR by themselves; however, both methods still enable the hotels to achieve CSR.

Organizational Structure: The results of our study are consistent with research revealing that successful firms always have a clear organizational chart or a person responsible for CSR (Bohdanowicz & Zientara, 2008; Sheldon & Park, 2010). The BYT had a clear organizational structure for CSR (see Figure 1), while there was no CSR post in the CC. This is because the BYT followed the regulations of the Green Leaf Foundation; therefore, it is necessary for them to identify a clear position for CSR in their structure. The CSR champion is the head of the department responsible for CSR.
position of the CSR team consisting of 10–13 staff members who were selected to be on the committees of the CSR Board (most of them are the heads of the departments). Any information and planning is continually managed by the CSR champion in order to achieve the CSR strategic plan. Reports need to be produced every time a CSR project has been completed. The CSR team in Bangkok is under the control of the Area CSR Director, North ASEAN.

Figure 1. The organization structure for Banyan Tree Hotel, Bangkok

This organizational structure provides many benefits in managing CSR efficiently. Firstly, it is the staff heads of the various departments who can manage CSR easily and thoroughly. The supervisor and their subordinates in departments can take forward whatever CSR activities are related to their departments. Furthermore, the structure is decentralized, which may enhance the success of CSR. However, there are some limitations, such as the increased workload for both supervisors and subordinates. The CSR champion also heads another department, which can make it difficult to handle two tasks simultaneously.

In the case of the CC, there is no formal organization structure (see Figure 2). Yet, CSR is applied in daily work, which is controlled by the general manager. The philosophy of CSR is that the CSR system should be incorporated into work routines. The CSR is under the control of the owner and general manager (GM). They give advice and maintain the CSR concept to improve the hotel’s performance for the benefit of stakeholders: local communities, environment, and employees. However, a CSR manager position established to deal with CSR should enhance the quality of CSR at the hotel in the long run.

Figure 2. The organization chart for Chumphon Cabana

A feature of a CSR organizational chart is that it is very simple as it reflects no fixed strategy; it is dependent upon the owners and the supervision of the GM. All divisions need to follow the concept of sufficiency economy by participating to see what they can do to help each other generate a sustainable society in their areas.

CSR Planning: With regard to the BYT (see Figure 3), the CSR proposals for each property are needed to present its need for annual funding from the CSR corporate team. After proposals are approved the projects are allowed to run. It is compulsory for the projects to follow the specified criteria such as those relating to the objectives/goals, project variation, and final tangible deliverables—which are indicated by the standards of the Green Leaf Foundation. The CSR teams normally have monthly meetings to share and create new ideas on a variety of issues such as how to minimize the impact of global warming, energy, water saving, and waste management. In addition, the projects are also monitored and evaluated at the meetings. This leads to continuously having to improve quality
In order to meet the criteria set up by the Green Leaf Foundation. As a result, the BYT is now a role model for the best practices in the Green Tourism Initiatives Project of the Tourism Authority of Thailand, and it has
maintained the quality of hotel performance with a five leaf rating for more than five years.

The CC (see Figure 4) initiated every process in house; by doing so it has crystallized the best models for CSR as a result of which they have obtained many awards from many well-known institutions. Furthermore, the CC is a learning centre, having many visitors, including public and private organizations. Meanwhile, the owner has been invited to be a guest speaker at other venues around Thailand.

**Human Resource Management in CSR**; The BYT has put effort into increasing CSR awareness by using both in-house and outside training. Furthermore, various methods have been applied to stimulate the adoption of CSR such as the green office competition/context, outdoor CSR activities, and inner communication. Similarly, the CC has conducted various training sessions to provide an initial grounding in the concepts of patriotism, religion, and the family before doing CSR training. Coincidentally, the owner had taken up CSR practice himself to show the benefits of applying CSR. Additionally, in the CC there were beneficial human policies to show the enhanced commitment of the owner such as hiring local laborers, no retirement policies, creating nurturing communities using the sufficiency economy concept, and supporting employees practicing non-chemical agriculture in the CC.

There are some diverse concepts in the two hotels. The CC emphasized the family concept in managing their employees while the BYT managed their employees as workers in the usual way and supports team working. Thus, these methods lead to different CSR performances in the long term. The CC method can enhance employees’ loyalty, leading them to be more willing to do their work, thus this method could provide sustainability. Ratanajongkol (2006) confirmed that most Thai firms focus on human resources to enhance sustainability. It may be true because the owner of the CC, being Thai, gives priority to human resources, while that of the BYT, being Singaporean, pays more attention to customers and reputation.

**CSR Activities**; The BYT focuses on environmental and community/societal issues according to the standards of the Green Leaf Foundation. There are three main activities: green communities, the seedling program, and resource conservation projects. Various projects that have been started and run are under the three concepts above. The CC focuses on the mutual stakeholder concept, aiming at community/societal, environmental, employee, customer, and supplier issues leading to sustainable gains for the stakeholders in the long run.

In Table 4, the CSR activities are divided into five categories: employees, communities/societies, environments, customers, and suppliers. In this paper, the environmental issue is dominant at both hotels (Sheldon & Park, 2010).

**Employees**; The BYT has initiated a work-life balance project for their employees to enhance their quality of life by generating many activities under the projects each week. In the case of the CC, CSR activities are aimed at building the organizational awareness of employees by using family management; that is, taking care of employees as family members. Therefore, there is no retirement policy in the CC. Furthermore, the CC has set up a company called *Oom Chu* (Supporting) for employees. The CC also supports education and land for them to produce and sell non-chemical products to the hotels and local communities. Therefore, the *Oom Chu* Company can provide communities with non-toxic foods as well as create more income for employees. In addition, the CC focuses on building a giving organizational culture to manage their employees; this culture does not just build collaboration among employees and team-work in the CC, but this giving culture also embraces the wider community and society.

There are various creative projects from both hotels aiming to support a better quality of life in society. The BYT has created the Green community and Seedling Project. The Green Community Project aims to help people in Thailand in various ways while the seedling program focuses on helping adolescents. Differently, the CC aims to educate people on how to apply the sufficiency economy concept to firms and agriculturalists and to introduce it into daily life successfully, becoming a successful model for others to visit and learn from. It seems as though the CC is aiming to educate people rather than give them things or money in an unsustainable way. Furthermore, the CC hires local people, thereby the local workers absorb the sufficiency economy and CSR knowledge and apply it in their daily lives and at home.

**Environments**; Both hotels have concerned themselves with the natural environments. The BYT has set up two main projects: the Green Community and the Energy Conservation Projects. The CC has started with the following projects: Green Building, Green Diving School, Green Tourism, Mutual Environment, No Waste Baggage, and Non-Chemical Products.

**Customers**; The customers of BYT can donate money to help CSR projects; in addition, they can help save the environment by following the set program and be natural friendly travelers. Similarly, the CC provides
customers with a natural living and safe environmental experience.

**Suppliers:** The BYT has tried to encourage their suppliers to go green by issuing green criteria, while the CC has provided their suppliers with knowledge of the sufficiency economy and CSR to encourage them to produce natural products. Furthermore, the CC emphasizes buying non-chemical products from local suppliers only.

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**Table 4. The similarities and differences between CSR activities**

<table>
<thead>
<tr>
<th>CSR initiatives</th>
<th>Banyan Tree</th>
<th>Chumphon Cabana</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employees</strong></td>
<td>The work-life balance projects</td>
<td>Applying family relationship concept to manage employees</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hiring local labor</td>
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<tr>
<td></td>
<td></td>
<td>No retirement policy</td>
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<tr>
<td></td>
<td></td>
<td>Setting up dummy company called <em>Oom Chu</em> (Supportive) by which employees can produce and sell natural products to the hotel</td>
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<tr>
<td></td>
<td></td>
<td>Creating CSR environment and atmosphere</td>
</tr>
<tr>
<td><strong>Communities/Society</strong></td>
<td>Consult on seedling project, give educational scholarship and training to poor children aged 12–18 years Cooperating with UNICEF to provide career skills for adolescents, support the education of children in remote areas</td>
<td>Promoting sustainable communities and leading sustainable business concept</td>
</tr>
<tr>
<td></td>
<td>Green communities</td>
<td>Nurturing self-sufficiency concept by setting up the supportive natural agricultural centre <em>Oom Chu</em> (demonstrating rice farming, biological fertilizer production, the bio-diesel factory, the community rice mill)</td>
</tr>
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<td></td>
<td>Organizing vertical marathon to donate money to the Thai Red Cross Association which aims to help HIV babies “Let’s Knit for the needy” projects by employees for people lacking warm clothing Tod Kathin at temples in Thailand (presenting robes to monks at the end of Buddhist Lent)</td>
<td>Buying materials from local suppliers</td>
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<tr>
<td></td>
<td></td>
<td>Hiring local new generations; young people</td>
</tr>
<tr>
<td><strong>Environments</strong></td>
<td>Setting up conservation projects to reduce and save 10% energy per year</td>
<td>Green building which uses less energy and does not destroy nature</td>
</tr>
<tr>
<td></td>
<td>Setting up green community</td>
<td>Creating seaside dam by beach morning glory no beach chairs/umbrellas</td>
</tr>
<tr>
<td></td>
<td>Planting 2000 trees by 2016 to reduce CO2</td>
<td>Green driving school focuses on environmentally friendly driving</td>
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<td></td>
<td>Organizing the exhibition &quot;Embrace the Environment, Save the Elephants&quot; and donate for the elephant association to preserve and protect elephants in Asia (Thanonline.com, 2011)</td>
<td>Collaborating with communities to preserve nature in many contexts</td>
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<tr>
<td></td>
<td></td>
<td>Create the mutual environment by planting 5 levels of trees, building houses, eating, energy, covering soil, and absorbing water in the hotel areas</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Applying 3 Rs concept; reuse, reduce, recycle for garbage</td>
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<tr>
<td></td>
<td></td>
<td>Reduce operational costs by producing natural, non-chemical materials for use in the hotel such as detergents, shampoos, soups, rice, bio-diesel, vegetables, eggs, fish, etc.</td>
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<tr>
<td></td>
<td></td>
<td>Constructing a small dam to provide fresh water supply in the hotel</td>
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<tr>
<td></td>
<td></td>
<td>Apply natural methods for waste water treatments</td>
</tr>
<tr>
<td><strong>Customers</strong></td>
<td>Donation to the Green Imperative Funds (GIF)</td>
<td>Nurture sustainable life knowledge by The learning Garden called the Plearn Garden</td>
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<tr>
<td></td>
<td>Using non-chemical foods and vegetables</td>
<td>Use of natural products, non-chemical products</td>
</tr>
<tr>
<td></td>
<td>Stimulating environmental responsibility amongst guests</td>
<td>Stimulate responsible tourism in every activity on offer</td>
</tr>
<tr>
<td><strong>Supplier</strong></td>
<td>Setting a concern of environmental production as a criterion to select suppliers</td>
<td>Supporting local non-chemical products from local suppliers</td>
</tr>
</tbody>
</table>
**CSR Implementation:** The BYT has implemented CSR by following the CSR implementation guidelines and following the CSR manual. In the case of projects, they are performed according to the requirements as specified. In the case of the CC, there are no guidelines because CSR concept is embedded in the daily work routine. However, special projects occur each year.

**CSR Funding:** The BYT has set up the Green imperative fund (GIF) to support CSR activities. All guests are invited to be a voluntary supporting partner through a small contribution of US$2 per room per night, under an “opt-out” arrangement. At Angsana Properties, the amount is US$1 per room per night. Banyan Tree then matches the guest contributions, dollar for dollar. The fund, which is audited by Ernst and Young, can only be utilized for projects that benefit the community or environment. As well as providing resources themselves, the CC also receives funds from various other sources: employees, customers, communities, and private and public organizations. Sheldon & Park (2010) revealed that the budget is the main limitation to conducting CSR. However, it seems that the CC can apply CSR effectively even though their budget is less than that of the BYT. Therefore, budget may not significantly influence CSR success in the case of a local hotel such as the CC.

**CSR monitors and assessments:** The BYT does systematic assessment by using a CSR scorecard and also assesses the achievement of each project. The CC collects observations from clients, communities, and employees.

### 6.4 Key Success Factors in Achieving CSR

**The owner**

It seems that the owner’s commitment is an important factor in adopting CSR (Murillo & Lozano, 2006), especially in the initial stage. The owners in the two hotels did not just initiate CSR, but they also had a high level of ongoing commitment to applying CSR in their hotels. The owner of the BYT has provided the policy, while the owner of the CC had a high involvement in applying CSR in daily work and leading employees to follow his performance. The work philosophy of the owner is also important in driving achievement. The CC’s owner believes that the hotel cannot survive without communities and environment. Furthermore, he trusts that there is no taking without giving. The attributes of the owner are crucial for achieving CSR.

**Funding**

Funding is a key factor in the success of the BYT (Sheldon & Park, 2010). The GIF fund comes from the donations of the clients. Therefore the BYT has an adequate budget to support CSR. However, the CC’s budget is based on various resources: the hotel, communities, employees, and so on.

**Collaborations**

The BYT has implemented the guidelines of the Green Leaf Foundation which has clear standards to apply. The CC cooperates with the office of the Royal Development Projects Board to apply the sufficiency economic model, which is a fundamental CSR concept. Thus, collaboration leads to the successful achievement of CSR.

**Employee Commitments**

Both hotels have a high commitment from their employees (Sheldon & Park, 2010). Interestingly, the involvement in CSR of employees in the CC comes from the heart, common sense, and consciousness arising from the family management policy, as well as from patriotism and religious awareness raised in the initial training sessions on CSR. Therefore, they conduct CSR according to a natural routine.

**Integration level of CSR with other strategies (Maccarrone, 2009)**

The CC applied CSR underpinned by the sufficiency economic philosophy, which led to the integration of CSR into their daily work. However, the BYT still cannot integrate CSR into its routines. This is noticeable because employees felt that CSR increased their workloads.

### 7. The Implications and Discussions for CSR Management

With regard to Figure 5, it is important to note that the firms initiated CSR differently; joining a CSR association (outside to inside) or applying CSR by themselves (inside to outside) leads to different activities. If an international chain firm aims to satisfy the needs/wishes of customers or outsiders for a greater green concern and wants to help the firm’s reputation, then the Outside-In way may be suitable. However, Inside-Out is for hotels aiming at sustainability, that are concerned about cost, and that want employees’ commitment (insiders)—rather than focusing on outsiders.

#### 7.1 How to Initiate CSR

This paper reveals two ways to start CSR: applying to the Green Leaf Foundation or association to obtain the
necessary standard; or applying CSR themselves by learning from others or in collaboration with public organizations. It is important to note that at the start the CSR should be created from the commitment of employees. The methods to create this commitment should be based on the organizational culture and employee behaviors. For instance, Chumphon Cabana has applied the concepts of family, religion, and patriotism to create CSR people. The hotel focuses on creating happiness from the inside by giving to others, thereby leading them to practice CSR happily. This is an efficient way to implement CSR in firms.

The large chain hotels may apply to a Green Foundation association with standards that are ready to be applied widely in every hotel in the chain thereafter. The certificate ensures a good reputation for the hotels. However, employees may feel that CSR increases their workloads by requiring them to produce many papers for assessment by the associations. Therefore, before applying CSR it is necessary to create CSR awareness among employees. The process of applying to the association can require a larger budget and increased workloads; therefore, local hotels may consider applying CSR on their own and cooperating with local organizations.

![Figure 5. The CSR management cycles. Adapted from deming cycles (1980)](image)

7.2 Commitment and Involvement by Owners and Top Executives

Commitment and involvement are necessary, both in the big chains and in the local hotels. Yet the owners of local hotels can take advantage of having a close relationship with their employees to create a CSR organizational culture.

7.3 Planning

This paper confirms that by having a high level of commitment and participation by every department, everyone in the firm can contribute to the satisfactory achievement of CSR.

Vision; Setting clear vision to elucidate the future of CSR: A clear vision statement can help CSR officers proceed on the right track, thereby using existing resources efficiently. Thus, the vision statement should be announced to everyone working in the hotels.

Mission; In this paper the international chain and local hotels should apply the sufficiency economic philosophy
in initiating CSR plans and implementations. The philosophy can be efficiently applied in local hotels leading to reduced costs and increased sustainability. It is important for hotels to determine the activities prescribed by law and those that are voluntary because CSR activities exclude those duties required by law.

**Objectives:** Setting clear objectives: Objectives should be achievable, measurable, and clear; they can provide a clear understanding for practitioners in creating a project or in implementation. Furthermore, progress on the delivery of objectives in conducting CSR should be assessed monthly, quarterly, and yearly—with evaluations becoming easier as time goes on.

**CSR’s organizational structure:** It is very important for the big chain hotels to have a CSR officer and manager to drive the achievement of CSR. This is especially true for the hotels that run CSR according to the standard of a green association, which needs more documents and evidence to support the assessment by the association. The CSR team should consist of supervisors from every department of the hotels, like in the BYT, but the CSR manager should not be a person who is in charge of other departments. Due to their smaller size than the chain hotels, the general manager should also handle the CSR management in the local hotels. However, a CSR officer/secretary should be available to deal with any documents and CSR activities.

**CSR initiatives:** Every year, each department should have a chance to present CSR projects relating to their work to the CSR board, according to vision, mission, objectives, and CSR targets. The Board may in turn determine suitable projects. Project competition by departments should be organized to stimulate participation, innovation, and teamwork. The CSR activities should cover every target of CSR.

**CSR funding:** Funding for the international chain hotels comes from the voluntary donations of clients. However, there should be transparency in using this fund. The hotels can report all their activities and share financial statements for the fund with stakeholders by the Internet, internal board, and so on. This approach may be applied in the local hotels as well. However, the fund’s sources may come from communities, public organizations, and the hotels themselves. There should be caution obtaining donations from employees because this may affect the willingness of employees to apply CSR, rather than encourage better CSR performance.

7.4 Doing/Implementation

In this stage, both of the two types of hotels should have a high level of commitment and participation from everyone and apply CSR in a natural routine. Actually, CSR should be applied in daily life and work such as in the CC. In addition, to achieve CSR efficiently collaboration with related organizations to enhance CSR performance may be necessary. For instance, it may be necessary to consult a specialist over the waste water treatment. Many employees from the respondent hotels agree that CSR provides the hotels with a good working atmosphere. The systematic CSR program can build a “giving” organizational culture instead of a “taking” culture. Indeed, a giving culture can build teamwork and decrease conflict between employees.

7.5 Publicity

It is necessary to publicize CSR activities sufficiently. Both internal and external publication should be of concern. Advanced technologies such as the internet, social websites, mobile texts, and so on should be used to create close connections with employees and other stakeholders to enhance CSR awareness, CSR activities, CSR movement, and also the giving culture.

7.6 Checking/Assessments

Hotels applying for a CSR association will be assessed according to the criteria of the CSR standard. The hotels applying Inside-Out should evaluate the CSR activities according to the objectives and the KPIs for each project. It is important to note that each CSR target should be measurable. An internal monitoring team should be monitor progress regularly; however, care should be taken to avoid disturbance to employees.

7.7 Actions/Improving

Various activities to improve CSR: The BYT has set up informal meetings to talk about how to reduce power usage in hotels, while the CC has a morning tea meeting for supervisors to talk about performance of CSR activities. It is important to evaluate causes and effects of all CSR activities leading to improved efficiency. Modern technologies should be used to improve the performance of CSR such as the Internet, Web 2.0, and knowledge management (KM).

8. Conclusion and Future Research

Due to the different contexts in term of resources in the international and local hotels, the international chain hotels should consider their candidacy for a CSR association (Outside-In) to initiate CSR if they give priority to reputations and customers; however, local hotels may apply CSR (Inside-Out) based upon the sufficiency
economy philosophy of the Thai Royal in the introductory stage of applying CSR. Furthermore, the driving factors of these approaches are different: international chain hotels may aim to enhance their reputation and profits through improved customer satisfaction, which impacts on the initial selection of the type of CSR method. In contrast, local hotels may focus on cost and sustainability in the long run because of their inadequate resources. Indeed, the sufficiency economy philosophy can be applied in both the international chain and local hotels. The philosophy can inform employees about the giving organizational culture, providing firms with core competencies that cannot be imitated. However, the business concept of the international chain hotels, which emphasizes expanding branches, increasing income, and so on, may be different from the local hotels, and it may be incongruous with the sufficiency economy approach. Therefore, the different initiated CSR methods lead hotels towards having different activities at almost all stages: planning, doing, controlling, and actions.

This paper argues that the international dimension, size, and budget of hotels may not determine the success of CSR (Maccarrone, 2009). However, many points in this paper conform to findings in empirical research. Firstly, the integration of CSR with other strategies or routines impacts on the level of CSR achievement (Maccarrone, 2009). Furthermore, the strong commitment of the owners and executives is necessary to initiate and run CSR (Murillo & Lozano, 2006). Strong commitment and involvement are also important for driving CSR successfully (Sheldon & Park, 2010).

The findings provide hotels or other firms with CSR strategies and best practice CSR hotels, which are different depending on whether they are international or local. Therefore, local or international firms can appropriately apply the CSR strategies as well as manage CSR within the existing resources of the firms. In achieving a CSR program, it is important to learn and abstract best practice from firms, undertaking trial and error leading to the crystallization of the best strategies currently being applied. Indeed, learning from others is a shortcut to new ways of achieving goals successfully at low cost and highly efficiently.

The paper provides a possible model to apply CSR appropriately. However, it is also important to note that this paper provides an opportunity for a researcher to conduct a quantitative research study to confirm the generalization of the results. It is still not obvious whether applying CSR can create a good organizational culture, and whether CSR hotels have a better atmosphere to work in than the non-CSR hotels.

References


