A Study of Corporate Social Responsibility Practices in Indian Luxury Chain Hotels

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Abstract

The purpose of the paper is to study the corporate social responsibility (CSR) practices of luxury chain hotels situated in Delhi, National Capital Region (NCR), India. This research involves the primary and secondary data. Primary data were collected through a self-designed questionnaire filled up by employees working with selected hotels which consist of five national and five international hotels situated in India. Secondary data were collected through papers published in various journals. Data collected was analyzed and interpreted by using IBM SPSS 20.0. Interpretation of the data were based on the perception of employees working in the respective hotels. The paper identifies different latent factors through exploratory factor analysis (EFA) which categorizes CSR into four segments named as social activities, environmental activities, economic activities and philanthropic activities. We also applied confirmatory factor analysis to assess convergent and discriminant validity.

Keywords: Corporate Social Responsibility, exploratory factor analysis, Latent factors

Introduction

A significant number of studies investigate the range of CSR practices implemented by hospitality companies (Carlsen et al., 2001; Bohdanowicz, 2006; Ayuso, 2006; Carmona-Moreno et al., 2004; Kasim, 2007; Chung and Parker, 2010). Getting involved in social activities makes the firm 'different' and gives an edge over the competitors. But it doesn't solve the purpose because becoming a top most company or earning decent percentage of profit is one aspect and another is positioning a business to its sustainability. A sustainable development fulfills the need of the present without compromising the ability of future generations to meet their own requirements which needs strategic thinking for future. Recently (July, 2013), Indian government has passed amendment of the company with mandate on CSR spending, i.e. at least 2 percent of their net profit must be spent towards

CSR activities. This amendment in the company act makes it mandatory for the companies to report 'Net Profit' before taxes in the books of accounts on an annual basis starting from financial year 2014-2015. All the activities, projects and programs planned under the head of CSR practices, need to be undertaken in pursuance of the normal course of business of a company. Each company should make a CSR committee which should be responsible for all the policies and it is important to incorporate points such as specifying the name of the project, guidelines to implement those projects, consider CSR as a separate budget which would include 2 percent of the average net profits. If a company is a charitable trust or society then the monitoring mechanism is to be shared, CSR activities should take place in India even if the company is of international level. The CSR initiative should be reported in the Director's report and also on the official website. It has been observed that while a number of companies are practicing CSR in abroad but in India, it was not compulsory until the New

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Companies Act announced the CSR regulations in 2013. Out of all business sectors, hospitality industry caters to millions of people all over the world and is expected to grow even more over the next few decades because of the changing lifestyle and increasing consumer demand. Hence, it becomes important for the hospitality industry to review the operational activities and pay attention towards sustainability issues. This motivates the researchers and practitioners to extend the study and plug up the gap in Indian scenario. Therefore, the objective of current study aims to explore various corporate social responsibility practices used by luxury chain hotels in India and to find out the level of engagement of hotels with respect to CSR. It also aims to figure out the activities which are appreciated by employees and their perception about CSR practices.

Review of Literature

The review of literature reveals that CSR as philanthropic activity was started centuries back but it was acknowledged by various companies only in the early 19th century. This was the time when there was no compulsion of opting CSR activities for the companies but it was a voluntary attempt to do something better for the society and till then it was in the enlightened self-interest of business to undertake various forms of CSR. World Business Council for sustainable Development (WBCSD, 1999) used phrases such as "business benefits", "control risks", "improving reputation", etc. and created objective to build sustainable growth for business in a responsible manner and encouraged many corporates to contribute towards the betterment of people and planet in addition to profit. The percentage of profit income spent on the CSR activities by any organization results in returns on the investment in the form of better sustainability, high morale of employees, improved brand image and a balanced financial statement. This encouraged organizations to participate in

CSR activities. Organizations have understood that strong sustainability is addressed to the integral development of the organizations' growth (Jakobsen, 2017; Schieffer et al., 2014) and working more towards the concept of CSR will also lead towards organizations' stability (Del Baldo and Baldarelli, 2017; Schaltegger et al., 2016). Trends in socially responsible initiatives are both positive and crucial in nature in Indian perspective (Gupta, 2007). India has a long rich history of close business involvement in social causes for national development. In India, CSR has been par to the society from ancient times in the form of social duty or charity. Yet, CSR in India has yet to realize its full potential. CSR and its effects has been widely researched by many researchers, but the same has not been explore much in context with Indian Luxury Chain Hotels. Ranging from small to large operations, hotels and resorts consume energy, water, food, paper, linen, laundry, consumables, stationery cleaning materials and other resources, produce air, water, soil and noise pollution, and impact on local communities through their occupation of space, use of infrastructure, and relationships with local business and government (Chung and Parker, 2010). The research indicates that a growing number of hotel companies engages in sustainability-related activities with the help of their employees and increasingly communicates their efforts to customers and general public.

Research Methodology

This paper discusses different CSR practices adopted by luxury chain hotels in India. The study is done by selecting five (05) national and five (05) international hotel groups situated in India on the basis of their year of establishment and are involved into CSR activities (National Hotels; Taj Hotels, Resorts and Palaces, Oberoi Group, Apeejay Surendra Park Hotels, ITC Hotels, Leelaventure Limited, International Hotels; Intercontinental Hotels Group, Marriot International Hotels, Starwood Hotels & Resorts Worldwide, Hyatt

Hotels Corporation and The Carlson Rezidor Hotel Group). Human resource managers and training managers were interviewed to learn the activities of the mentioned hotels which were performed as CSR activities and were incorporated in the questionnaire to understand the employees' perception on those CSR activities. It was a long discussion and interview of about 30 minutes with each hotel representative (10 Training Managers and 10 Human Resource Managers), where they explained about the activities which they are following under the umbrella of CSR.

As mentioned in the literature review that CSR is the combination of environmental, social and economic activities which should be kept in mind while practicing CSR in any organization. Ranging from small to large operations, hotels and resorts consume energy, water, food, paper, linen, laundry, consumables, stationery cleaning materials and other resources, produce air, water, soil and noise pollution, and impact on local communities through their occupation of space, use of infrastructure, and relationships with local business and government (Chung and Parker, 2010). Following are few questions which were asked during the personal interview from training managers and human resource managers of respective hotels:

- Is there any policy of your hotels which protect natural resources?
- If yes, can you share few of them?
- How do you manage the waste and other trash of the hotel?
- What is the mode of transportation used by hotels for pick up and drop of the customers and even for other official work? Do you think it is contributing to sustainable practices?
- Has your ever applied for hotel certification for "Environment Management"?
- Does your hotel generate Environment/CSR report along with annual report?

- How do you manage the work culture with males and females?
- As hotels, do you contribute donations toward various charity groups?

It was observed that all the selected hotels are practicing CSR in their respective hotels their CSR activities were not similar, therefore, all the activities performed by the hotels were incorporated in the questionnaire to find out the level of engagement of all the hotels w.r.t. CSR. In previous research also it was observed that authors and practitioners have worked on corporate performance and employees' relationship to find out whether there is impact on the corporate image, increased loyalty of investors and stakeholders (Perez, 2008; Kashyap et. al., 2006; Webb, 2005). In this study, the perception of employees working with luxury hotels was collected with the help of questionnaire which was further validated and standardized by the CSR representatives of hotels and academicians. Total number of employees working with group representative hotels of international hotel group was 2840 where 220 were supervisors and managers, and total number of employees working with the group representative hotels of national hotels group was 3010 where 230 supervisor and managers. Therefore, total numbers of employees working in the selected hotels were 5850 and supervisors and managers working in the same hotels were 450. The sample size of total population of supervisors and managers with confidence level of 95 percent was calculated to be 207. To set the round figure, sample size of 210 was calculated for employees. Detailed figures are shown in table 1 and 2 (in Appendix).

Questionnaires were sent through mail and as survey form to all the supervisors and managers of selected luxury chain hotels to obtain the required number of responses, where, 212 usable responses were collected from employees. They were asked to rate different statements related to CSR practices on the 5-point Likert's scale, where 1 stands for 'strongly

disagree' and 5 stands for 'strongly agree'. There were 25 statements in the questionnaire which were shared with the respondents. 63 females and 149 males responded back in the survey, in which 18 females where managers and 45 females were supervisors of different departments and 59 males where managers and 90 males where supervisors. Table 3(in Appendix) shows the profile (age) of the respondents.

Before doing the statistical analysis the reliability of the statements was estimated. The internal consistency reliability as measured by Cronbach's Alpha of the statements of the questionnaire is found to be 0.90. In the study, the exploratory factor analysis is applied in order to study the latent factors affecting the employees' perceptions towards CSR practices adopted by luxury hotels in India.

Before applying the factor analysis, it is required to study the sample adequacy as well as correlation matrix of the variables. The result indicates that the KMO value is found to be 0.892. It represents the adequacy of sample size which is a necessary condition to apply factor analysis.

The Bartlett's test of Sphericity indicates the presence of significant correlation between the variables selected for factor analysis. The results indicate that p value of Chi-square statistic for Bartlett's Test of Sphericity is found to be less than 5 percent level of significance. Thus, it can be concluded that the item to item correlation matrix is not an identity matrix. Hence factor analysis can be conducted. In the process of factor analysis, the initial Eigen variables are estimated in addition to Eigen values received from rotating them. The results also indicate that 25 variables can be clubbed into four factors which explain 65% of the variance of the variables.

Hence, factor analysis can be used for the analysis in the study. The Eigen values can also be reported with the help of Scree Plot. The Scree Plot represents the Eigen of all the factors after arranging their Eigen value in descending order in Figure 1 (in Appendix).

In the rotated component matrix, the factor loadings of the selected variables with different factors are represented. The factor loading represents the correlation between the factors and the variables (Table 4 in Appendix). The variables are categorized into four factors. After analyzing the variables included in the factors are named as environmental, social, economic and philanthropic responsibilities.

CSR practices Related to Social Responsibility

Social responsibilities w.r.t. to CSR practices is any activity which is performed for the benefit of people whether they are shareholders, stakeholders, society or in any other category. Savitz & Weber (2006) have stated four typical measures which fall under the category of social responsibilities in Triple Bottom Line (TBL) Scorecard named as labor practices, community impacts, human rights and product responsibility. Few authors like Carrol(1979) have stated Ethical responsibility as one of the responsibilities under CSR practices but as per TBL Scorecard product responsibility is one of the measures under social responsibilities, therefore, for this study ethical responsibility is included in the social responsibility which is the most important factor as per rotated component matrix for the employees with 0.824 factor loading, it shows that employees are most concerned about hotels to be ethical and fair in terms of their policies, products and services and hotels are also concerned towards the ethical image in the market by being fair towards the delivery of the products and services. Hotels have a policy to maintain the gender quality policies and try to empower women by providing opportunities for the growth and betterment of the female employees working with the hotels.

CSR Practices Related to Environmental Responsibilities

Environmental responsibilities w.r.t. to CSR

practices focus on the activities which are related to the activities to save the planet. There are many activities by various companies which are harmful for the planet and because of those activities the environment is getting devastated. Therefore, to have a sustainable business, hotels have started giving attention towards a lot many actions which helps to save the water, electricity, natural resources, etc. Most of hotels have a general policy to protect the natural resources through various ways. As per rotated component matrix, the factor loading is found to be 0.865 which is the most important focus area. Hotels use energy conservation equipment like solar panels for heating and gas equipment, use of latest technology equipment which consumes less electricity like fuggy logic technology, mini bars, electronic key cards to switch off all the lights of the guest room, use of LED (Light Emitting Diode) devices and many more, sometimes the initial cost higher but long term operational costs gets reduced. As per rotated component matrix, the factor loading is found to be 0.782 which is the second focused area. During the operational activities, hotels produce a lot of waste which are bio degradable and non-bio degradable which needs to be decomposed accordingly. Hotels use a systematic procedure for garbage disposal and a lot of emphasis on recycle, reuse and reduce the usage. As per rotated component matrix, the factor loading is found to be 0.764 which is the third focused area. To reduce the usage of diesel and petrol, many hotels prefer to use battery operated transportation. It also helps to improve the air quality and helps to reduce the air pollution. As per rotated component matrix, the factor loading is found to be 0.730 which is the third focused area. Hotels are using devices and bathrooms fixers which help to reduce the usage of water like high pressure faucets in bathrooms which throws a high pressure water with less usage of water, water sprinklers to spray water in the gardens and plants, options for guests to use

reuse the linen at least twice and give back add-on points to them which reduces the usage of water and cleaning agents by laundry.

CSR Practices Related to Economic Responsibilities

Economic responsibilities w.r.t. to CSR practices focus on the activities which are related to the growth and meet up with the consumption needs. Savitz & Weber (2006) have stated four typical measures which fall under the category of economic responsibilities in Triple Bottom Line (TBL) Scorecard named as sales, profits, taxes paid, monetary flows, jobs created. The most important factor as per rotated component matrix is to support the social business projects with 0.828 factor loading, it shows that employees are most concerned about hotels to be participative and encourage social business projects. As per employees' perception, hotels should invest in cultural and educational initiatives whether initiated by government or hotels to promote and save the Indian culture which will help people to keep the tradition live and earn in return to survive.

CSR Practices Related to Philanthropic Responsibilities

Philanthropic responsibilities w.r.t. to CSR practices focus on the activities which are not very huge in amount but are minor contributions like donations to needy people, charity, sending left over food to NGOs and others, etc. As per rotated component matrix with factor loading 0.850, the first important factor as per employees' perception is to volunteer to take out some time to support needy people to educate them for some employability on their own, other than hotels' initiatives, may be along with family in their office hours and even beyond under CSR practices. As per rotated component matrix with factor loading 0.840, the second most important factor is to help needy people by donating clothes, food, or any other items which are required

by the needy people. Please refer Table 5.

In order to analyze the validity of the factors w.r.t. convergent and discriminant validity, the confirmatory factor analysis is applied. Confirmatory Factor Analysis (CFA) helps in confirming the factor structure of the study constructs. Please refer Figure 2 (in Appendix).

In Table 6 (in Appendix), it can be seen that correlations between factors range from 0.247 to 0.450.

It is evident from the Table 7 (in Appendix) that Composite Reliability (CR) for all four constructs is greater than 0.70 and AVE in case of all four constructs is higher than threshold value of 0.50. Hence convergent validity is confirmed. Further, we can see that AVE is greater than MSV or ASV. Therefore, Discriminant validity is achieved in case of given study constructs.

Conclusion

The purpose of the paper was to study the corporate social responsibility (CSR) practices of luxury chain hotels situated in Delhi, National Capital Region (NCR), India. The results of this paper explore various corporate social responsibility practices used by luxury chain hotels in India and help hotels to benefit with the factors that are important as CSR activities which can be incorporated into their operations. Interpretation of the study results was based on the perception of employees working in the respective hotels. In this research, it was found that all the selected hotels, whether national or international, have incorporated CSR practices in their activities and this paper identifies different latent factors through exploratory factor analysis (EFA) which categorizes CSR into four segments named as social activities, environmental activities, economic activities and philanthropic activities. In order to assess the convergent validity (Convergent and Discriminant validity), the confirmatory Factor Analysis (CFA) was applied. It was found that

all the factors are inter-related and all the four activities are performed by all hotels, the difference is just about the level of engagement. The internal consistency reliability as measured by Cronbach's Alpha of the statements of the questionnaire is found to be 0.90 which states that the data is reliable. The results of sample adequacy and correlation matrix are represented by KMO and Bartlett's test of spherecity. The KMO value of 0.892 also represents the adequacy of sample size which is a necessary condition to apply factor analysis. The Bartlett's test of Sphericity indicates the presence of significant correlation between the variables selected for factor analysis. The results indicate that p value of Chi-square statistic for Bartlett's Test of Sphericity is found to be less than 5 percent level of significance. Thus, it can be concluded that the item to item correlation matrix is not an identity matrix. The results also indicate that 25 variables can be clubbed into four factors which explain 65% of the variance in corporate social responsibility practices. The variables are categorized into four factors. After analyzing the variables included in the factors are named as environmental, social, economic and philanthropic responsibilities.

The factor analysis has helped in identifying a new dimension to CSR activities in luxury hotels. Previous researches have focused on the areas like environmental, social and economic activities of CSR but with the help of factor analysis, this research identifies a fourth dimension-philanthropic responsibilities which categorizes and highlights the importance of philanthropy. It also shows that hotel employees are willing to work for CSR activities and think that these activities should be there in hotel policy.

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Appendix

Table 1: Employees working in International Hotel Group

Group Representative	Total Employees	Supervisors & Managers
Crowne Plaza, Gurgaon	440	34
Westin, Gurgaon	500	40
Radisson, Mahipalpur, New Delhi	450	40
JW Marriot, Aerocity, Delhi	750	56
Hyatt, New Delhi	700	50
Total	2840	220

Table 2: Employees working in National Hotel Group

Group Representative	Total Employees	Supervisors & Managers
Taj Palace, New Delhi	700	50
The Oberoi, New Delhi	450	39
The Park, New Delhi	400	33
Maurya, New Delhi	710	50
The Leela, New Delhi	750	58
Total	3010	230

Table 3: Age Distribution of employees

Rank of employees	Managers	Supervisors
Age 1 (25-30)	05	55
Age 2 (30-50)	32	60
Age 3 Above 50	40	20

Table 4: Factor Analysis: Rotated component matrix

Statements		Component			
	1	2	3	4	
Hotel has policy for protection of natural resources	.824	029	.088	025	
Hotel has procedure for waste management & recycling	.787	.161	.083	.067	
Hotel uses energy conservation equipment	.780	.088	.042	.151	
Hotel has sustainable transport options	.779	.102	.032	062	
Hotel uses devices & fixers for water conservation	.749	.122	.118	.007	
Hotel has certifications for Environmental Management	.747	.180	.147	.158	
Hotel produces Environmental/ CSR report	.738	.086	.053	.153	
Hotel assumes social and environmental care in hotel's activities	.704	.188	.197	.208	
Hotel performs ethical responsibility	.039	.865	.125	.037	
Hotel has policy for prevention of Child labour	.019	.782	.138	.068	
Hotel supports Social causes	.009	.764	.175	.027	
Hotel has policy for prevention of Discrimination against disabled	.132	.730	.109	.113	
Hotel supports initiative to combat AIDS, malaria and other diseases	.155	.715	.128	.020	
Hotel supports reduction of child mortality and improving mental health	.137	.699	.060	.130	
Hotel supports promotion of gender equality and empowering women	.164	.694	.168	.064	
Hotel supports traditional art & craftwork	.179	.673	.056	.040	
Hotel invests in Cultural & Educational initiatives	.190	.227	.828	.166	
Hotel supports social business projects	.024	.149	.825	.194	
Hotel supports small business creation and development	.174	.130	.800	.012	
Hotel performs legal responsibilities	.122	.269	.761	.276	
Hotel supports employment enhancing vocational skills initiatives	.107	.114	.743	.090	
Hotel integrate volunteering & philanthropic initiatives	.133	.108	.223	.850	
Hotel contribute donations to the needed organizations	.126	.077	.127	.840	
Hotel donates the unused left over food to NGO/Charity groups	.113	.110	.062	.836	
Hotel supports activities for eradication of extreme hunger and poverty	.058	.065	.191	.835	
Extraction Method: Principal Component Analysis.					
Rotation Method: Varimax with Kaiser Normalization.					

Table 5: Standardized Regression Weights

Table 3. Standardized Regression Wei			Estimate
Hotel produces Environmental/ CSR report	<		.718
Hotel assumes social and environmental care in hotel's activities	<		.741
Hotel has certifications for Environmental Management Hotel has sustainable transport options Hotel has policy for protection of natural resources		Social Responsibilities	.765
			.729
			.761
Hotel has procedure for waste management & recycling			.782
lotel uses devices & fixers for water conservation		1 [.716
Hotel uses energy conservation equipment	<		.761
Hotel performs ethical responsibility	<		.858
Hotel supports traditional art & craftwork Hotel supports initiative to combat AIDS, malaria and other diseases Hotel supports reduction of child mortality and improving mental health Hotel supports promotion of gender equality and empowering women			.632
		Environmental Responsibilities	.711
			.664
			.696
Hotel supports Social causes			.734
Hotel has policy for prevention of Discrimination against disabled			.717
Hotel has policy for prevention of Child labour	<		.755
Hotel supports social business projects	<		.794
Hotel supports employment enhancing vocational skills initiatives	<	Farmania	.657
Hotel supports small business creation and development		Economic Responsibilities	.723
Hotel invests in Cultural & Educational initiatives			.903
Hotel performs legal responsibilities	<		.851
Hotel supports activities for eradication of extreme hunger and poverty	<		.798
Hotel donates the unused left over food to NGO/Charity groups	<	Philanthropic	.782
Hotel contribute donations to the needed organizations		Responsibilities	.809
Hotel integrate volunteering & philanthropic initiatives	<		.898

Table 6: Correlations between the constructs

			Estimate
Social responsibilities	<>	Environmental responsibilities	.307
Social responsibilities	<>	Economic responsibilities	.350
Social responsibilities	<>	Philanthropic responsibilities	.291
Environmental responsibilities	<>	Economic responsibilities	.444
Environmental responsibilities	<>	Philanthropic responsibilities	.247
Economic responsibilities	<>	Philanthropic responsibilities	.450

Table 7: Validity Analysis

	CR	AVE	MSV	ASV	
Economic	0.892	0.625	0.200	0.173	
Social	0.910	0.558	0.123	0.101	
Environmental	0.897	0.524	0.197	0.117	
Philanthropic	0.891	0.671	0.200	0.115	

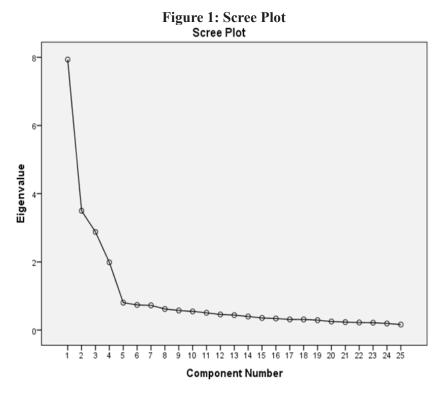


Figure 2: Graphical representation of the covariance among four factors

