CORPORATE SOCIAL RESPONSIBILITY OF HOSPITALITY INDUSTRY IN KERALA

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 Abstract.
The hospitality industry is a multibillion-dollar industry serving millions of people globally and is expected to grow even more over the next few decades. Demand for hotel accommodation is driven in part by the travel industry, and with a forecasted number of 1580 million tourist arrivals by the year 2020 added pressure has been put on the hospitality industry, which typically lags behind other industries in responding to CSR challenges, to pay more attention to sustainability issues. These papers evaluate the labour and environmental issues in hotel industry and analyze the CSR indicators.

Keywords: Corporate Social Responsibility, CSR indicators, CSR issues.

Ethical Issues in Hospitality Industry in Kerala

For decades, social responsibility has been one of the major issues facing global enterprise. Demands on corporations to play a greater role in furthering the overall welfare of society has driven many organizations to voluntarily subscribe to codes of ethics and engage in social issues that benefit various groups in society. The balancing of responsibilities to the environment, society and the economy is what has come to be called corporate social responsibility*,* or CSR. CSR is essentially a concept that embodies the impact a company has on the society in which it operates and its interactions with different interests groups in that society. The concept involves issues that affect all business sectors - such as emissions, employment standards and equal employment opportunity – as well as industry-specific issues.

 Activities aimed exclusively at increasing the welfare of society have been criticized by free market economists, who believe that the only social responsibility of business is to increase profits for its owners while staying within the boundaries of the law. But to stay and sustain in the modern competing era CSR become an inevitable criteria to all business enterprises. To attune business unit level communications and corporate communications to CSR, organizations have to work with Common Starting Points (CSP's). CSP's are central values that function as a basis for 'translation' into all forms of communications used by the organization. To be able to define CSP's the communication officer has to have knowledge of what CSR means, what the motivations are, which tangible and intangible components influence CSR, how it is communicated and in the end will be audited.

 The most used definition of CSR is "Economic, Social and Environmental development that meets the needs of the present without compromising the ability of future generation to meet their own needs*"* One thing is clear from this definition, CSR is based on three interrelated pillars: the economy, the environment and social aspects. In other wordsit is laid on the principle, the triple bottom line (TBL), people, planet, profit. Entrepreneurial activity in the triangle where these three dimensions come together is truly CSR in the broad sense of the word. The planet dimension is the ultimate bottom line. The economy (profit) depends on the global ecosystem (planet) and society (people) depends on the economy.

Why hotel Industries Integrate CSR in Operations

The motivations to integrate CSR into an organization are a mix between in organization investments and community-investments. In this mix all motivations are equally important and enhance each other. The major reasons why hotel industry has to integrate CSR in their operations are;

Improving Image

CSR has a direct influence on the image of an organization as the corporate image is mostly influenced by behavior. The corporate image can be described as the picture that stakeholders have of an organization. For global organizations the corporate image has to be maintained globally.

Attracting and Motivating Employees
One of the most important things an organization needs is motivated employees.Employees have to be able to identify themselves with the organization. Therefore organizations have to show humanity and social responsibility.

To distinct from Competitors
Because of the growing quality of production methods it gets harder for organizations to distinct themselves in the field of product quality. The image of the organization-behind-the-brand is becoming more important.

Long-term financial advantage
CSR encourages a focus on long-term profitability instead of short-term profitability. Privately-owned organizations most of the times already have a long term view.

Involvement with Society
Organizations want to be involved with the society on a global, regional and local level. Organizations are becoming more important in shaping global society. That is why multinationals have to take their responsibilities. Not only on a global level but also in the regions and local communities in which they operate. Regarding the local community, multinationals have multiple headquarters so they also have multiple local communities they should take into account. To comply with standards and values of society Organizations have to comply with standards and values of society to deserve their license to operate. These standards and values are different all over the world.

Objectives of the Study
The hospitality industry is a multibillion-dollar industry serving millions of people globally and is expected to grow even more over the next few decades. Demand for hotel accommodation is driven in part by the travel industry, and with a forecasted number of 1580 million tourist arrivals by the year 2020 added pressure has been put on the hospitality industry, which typically lags behind other industries in responding to CSR challenges, to pay more attention to sustainability issues. Individual travelers and NGOs as well as governments and banks are changing their perceptions regarding the impact current business practices have on the future state of the environment and societies, and in view of that, about what responsibilities hotels bear with regard to improving the outlook for the future. Hotel owners are faced with the challenge of responding to these changes while satisfying demand, remaining attractive to investors and making a profit. As costs rise and demand becomes sensitive to environmental and social performance, sustainability has become a critical issue faced by hotel owners today. The present study has been conducted in this juncture. The main objectives of study being;

1. To analyze the labour and environmental issues in hotel industry.
2. To evaluate the CSR indicators in hotel industry.

Review of Literature
Although recent decades have seen the concept of CSR change from a buzzword to a widespread social phenomenon, the notion of business responsibility is far from new. Concern over social issues in business dates back as far as the eighteenth century, when Adam Smith wrote *The Wealth of Nations* and offered a framework for the relationship between business and society. According to Carroll (1979) the first definition of CSR was offered by Howard R. Bowen in his book *Social Responsibilities of Businessmen* published in 1953. Since then, the concept of CSR has gained significant acceptance and has received much attention in the organizational literature. The definition has been a topic of much debate and both academics and practitioners have attempted to analyze and define the basic concept of corporate social responsibility. One of the reasons social responsibility has been such a hot topic of debate seems to be the lack of consensus on what it really means. Frankental (2001) stated that "CSR is a vague and intangible term which can mean anything to anybody, and therefore is effectively without meaning". An early definition of CSR that might have been identified by Frankental as "vague and intangible" was offered by Keith Davis in 1960. He defined social responsibility as "businessmen's decisions and

actions taken for reasons at least partially beyond the firm's direct economic or technical interest". An equally vague definition was put forward by Wood (1991) who proposed that "the basic idea of CSR is that business and society are interwoven rather than distinct entities; therefore, society has certain expectations for appropriate business behavior and outcomes". While many varying definitions of CSR have been presented, the concept commonly involves a company's commitment to managing its business operations in an economically, socially and env ironmentally sustainable fashion, while taking the best interests of the stakeholders into account. In short, CSR is about managing business in a manner that has an overall positive impact on society at large.

Researchers on CSR can broadly be divided into two major groups according to their view of the role of business in society (Quazi, 2003). The first group supports the orthodox theory that is based on the classical idea that the only responsibility of business is to provide goods and services at a profit. One of the first and perhaps most well-known opponents of CSR and the strongest advocate of the classical theory was Nobel laureate Milton Friedman who wrote an article in the *New York Times Magazine* in 1970 where he stated that "there is one and only one social responsibility of business- to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud". Friedman believed that the only responsibility of business is to maximize profits for its owners, and that any aberration from profit maximization would be a breach of management. Holding a similar view, Wolf (2001) wrote an article with the title "*Sleepwalking with the enemy: Corporate Social Responsibility distorts the market by deflecting business from its primary role of profit generation",* which very aptly summarizes his opinions on the subject. Going even further, Carr (1968) narrowed the responsibilities of firms to only include profit and legality, without any consideration given to honesty. He argued that "as long as a company does not transgress the rules of the game set by law it has the legal right to shape its strategy without reference to anything but its profits". An early challenge to these views was offered by Carroll who belonged to the second school of thought regarding CSR, in which corporations are thought to have responsibilities not only to their stockholders, but to society at large (Quazi, 2003). Carroll (1979) presented a conceptual model of CSR that was based on four categories of social responsibility. Carroll stated that "the first and foremost social responsibility of businesses is *economic* in nature". The first category of social responsibility according to Carroll was hence economic, and the three remaining ones were ranked in the following decreasing order of importance: legal, ethical and discretionary responsibilities. Carroll also developed what is probably the most well known model of CSR: The Pyramid of Corporate Social Responsibility. The Pyramid has four levels that indicate the relative importance of economic, legal, ethical and philanthropic responsibilities and provides a framework for understanding how the responsibilities of a firm move from the required economical and legal to the more socially oriented and merely desired ethical and philanthropic responsibilities (Carroll, 1991).

Ethical Issues in Hospitality Industry in Kerala

The hospitality industry is a multibillion-dollar industry serving millions of people globally and is expected to grow significantly over the next decade. The International Hotel & Restaurant Association (IH&RA) estimates that the hospitality industry employs 60 million people and contributes US$950 billion to the global economy every year. An industry of this size has considerable impact on social, economic and environmental conditions around the world, and enterprises in this sector have the potential to contribute substantially to sustainable development. In the past few years, the interest of many stakeholders in the social, environmental and ethical performance of the hospitality industry has increased

Customers, employees and investors as well as the media, governments and NGOs have increasingly started paying attention to issues of sustainability and put greater pressure on the hospitality industry to address such matters. The hospitality industry has responded with a wide array of voluntary initiatives to show its dedication to sustainable development. Certification and benchmarking programs have been developed to illustrate commitment to improving environmental performance and more recently also social performance. Although hotel chains have been addressing environmental concerns for years, the labor issues that affect the hospitality industry have only recently come to light. These include fair wages, women's rights, skills requirements, ability to join trade unions and collective bargaining.

Although the hotel industry is taking steps towards stepping up their corporate social responsibility efforts, the sector still lags behind other industries. Thus labour and environment are the critical areas of CSR for hotels to address.

Labor Issues
In 2009, the International Society of Hospitality Consultants (ISHC) published a report with a forecast of the 10 most critical issues facing the hotel industry in 2010. Managing human resources ranked as number two and was denoted an area of growing importance.. The ISHC highlights the need for the industry to work with unions as allies and devote more time and money to recruitment and training. The importance of training was also mentioned in several studies pertaining to labour issues facing hospitality industry. Most of the studies had identified vocational and continuous training as an area where firms should go beyond the legal requirements and they particularly emphasize the need for training and life-long learning among younger workers in the industry. In these studies the right of younger workers is stressed perhaps due to the high degree to which the hospitality industry relies on them compared with other industries, Recent studies on hotel industry finds that   average 26.4 percent of the hospitality workforce was between 25 and 34 years of age.. Workers in the hospitality industry also tend to leave at an earlier age than in other industries, either to take employment in other industries or to exit the workforce completely.

Environmental Issues
While managing environmental issues can be a good way for hotels to prove commitment to environmental protection, an additional motivation appears to be cost savings. A full-service hotel typically spends between 4 and 6 percent of its revenue on energy, and a luxury hotel can spend as much as 10 percent or more. By adopting energy-efficient programs that conserve water and energy, and by reducing waste production, hotels can save a significant amount of money. Every year the hotel industry consumes over US$1 billion worth of energy. On analyzing energy prices for the last ten years, it is clear that there is large increase and is forecasted to increase even more. Reducing energy consumption and the associated costs without compromising the service given to guests and the quality of their stay is one of the most challenging issues faced by the hotel industry. In order to achieve reductions in energy consumption, a hotel must have a system in place for monitoring energy consumption and targeting improvements.

Waste management is another important area for hotels to address. Hotels generate a large amount of waste in the form of aluminum, plastics, glass, steel, cardboard and food, much of which can be recycled. A hotel can lessen its impact on the environment by reducing the amount of waste it sends to landfills and simultaneously reduce energy consumption for the transportation and processing of this waste.

Business Ethics Indicators in Hospitality Industry
Based on the critical issues faced by the hospitality industry stated by the International Society of Hospitality Consultants (ISHC), and on the important aspects of CSR addressed in the international guidelines for CSR, indicators for the following six aspects of CSR were chosen for the present study. In the section that follows the relevance of the indicator as stated by the international guidelines is outlined

Waste Production
The GRI (Global Reporting Initiative) Guidelines include indicators on waste production (EN22). The motivation for including such an indicator is that it can indicate the level of efficiency and productivity, as well as the level of progress made by an organization toward waste reduction.

The OECD Guidelines for Multinational Enterprises do not include any specific requirements concerning waste but advise companies to develop products that are efficient in their consumption of natural resources (section V, article 6b). Efficient use of natural resources will most likely reduce the amount of natural resources needed, as well as the amount of waste discarded.

Water Consumption

The environmental impact of an organization's water use can better be estimated and understood if the organization measures its water consumption. The GRI Guidelines include an indicator for water and describe its relevance in pointing to an organization's vulnerability to increases in the costs of water as well as to disruptions in water supplies. There are regions of the world where water supplies are scarce and high consumption of water in these regions by organizations can have detrimental impacts on stakeholder relations. Measuring water consumption is therefore an important component of CSR for both environmental and social reasons.

Energy Use

Conserving energy is central to the environmental component of CSR. Therefore, energy use is a relevant indicator for CSR as such measurements allow organizations to identify new opportunities to reduce their use and thereby reduce their environmental impact while saving money.

The OECD Guidelines for Multinational Enterprises urge companies to seek to improve their environmental performance by encouraging development of products or services that are efficient in their consumption of energy and natural resources

To assess whether an organization is efficient in its use of energy an indicator for energy use can be used. The GRI includes such an indicator in its guidelines not only to evaluate the environmental impact of an organization, but also to predict the potential impact of fluctuations in energy supplies.

Equal Employment Opportunity

Indicators of diversity in the workforce are relevant indicators for CSR as they offer insight into the human capital of an organization. By comparing diversity in the organization as a whole with diversity in higher positions, information on equal opportunity can be obtained.

Article 2(d) of the ILO Declaration on Fundamental Principles and Rights at Work (1998) declares that members have an obligation to eliminate discrimination in respect of employment.

Employee Training

An indicator of employee training is a relevant indicator for CSR as it provides information on the organization's commitment to maintaining and improving human capital. In addition to contributing to employee satisfaction, skill enhancement can improve productivity of the workforce. Skill enhancement can also influence areas of social performance such as fostering of equal employment opportunities in the organization.

The OECD Guidelines for Multinational Enterprises (section IV, article 5) declare that enterprises should in their operations, to the greatest extent practicable, employ local personnel and provide training with a view to improving skill levels, in co-operation with employee representatives and, where appropriate, relevant governmental authorities.

The ILO Convention 142 (1975) concerns vocational training in the development of human resources. The first article of the convention states that each member shall adopt and develop comprehensive and coordinated policies and programs of vocational guidance and vocational training, closely linked with employment, in particular through public employment services.

Employee Organization

Freedom of association is a human right at the core of the International Labour Organization's declarations and constitutions.. Collective bargaining is described as an instrument that facilitates collaborative efforts to enhance the positive social impacts of an organization.

The ILO Declaration on Fundamental Principles and Rights at Work (1998) and declares that Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining The OECD

Guidelines for Multinational Enterprises also clearly stress the obligation of businesses to respect the right of workers to organize in trade unions. In section IV, which deals with employment and industrial relations, enterprises are directed to Respect the right of their employees to be represented by trade unions and other bonafide representatives of employees, and engage in constructive negotiation, either individually or through employers' associations, with such representatives with a view to reaching agreements on employment conditions.

Conclusion

Hospitality industry is one of the most prospering industries in the global economy. It creates a large number of employments and helps to generate revenue to the exchequer of every nation. While adopting CSR models in hospitality industry .For improving corporate image, attracting and motivating employees, to have a distinct stand from the competitor, and fro involving local community, a hospitality industry needs to integrate CSR principles in their operations. Among the issues in Corporate Responsibilities of hotel firms, labour issues and environmental issues are more pertaining. Equal employment opportunity, employee training and employee organization can alleviate the labour problems in accommodation firms. Suitable waste disposal, reduction in water usage and efficient energy consumption can reduce the environmental pressure of hotel units. By adopting these strategies a sustainable development in hospitality industry is possible.

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