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Corporate Social Responsibility: Transparency, Ethics and Governance in Emerging Markets

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CORPORATE SOCIAL RESPONSIBILITY

Transparency, Ethics and Governance in Emerging Markets

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EXTENDED ABSTRACT

In managing business in emerging markets, Corporate Social Responsibility [CSR] is an issue of growing worldwide concern. It adds to the complexity of the management task in this environment, contributing to risks faced in all business transactions – although it may not be seen in this precise terminology. Indeed, the concepts of CSR, Business Ethics and Corporate Governance – as discussed by Western governments, donor agencies and MBA students, for example – may be almost unknown in some of the countries where they pose a major problem. The way that businesses in emerging markets cope with these challenges – both effectively and ineffectively – reveal many of the "new dynamics of management" discussed in this conference.

The damage caused by the many corporate scandals in the West – Watergate, Enron, WorldCom in the USA, Rupert Murdoch and News International, parliamentary expenses in the UK – has been well-publicised, and in many cases perpetrators are brought to justice. Corporate governance and transparency issues have increasingly moved to centre-stage.

CSR abuses and business ethics transgressions in the BRICs and beyond may be more widespread and more tolerated, less obvious and more part of the 'normal' business scene – although the situation is impossible to quantify, especially within local regulatory frameworks and where there are few active and independent journalists. This situation may be changing, with globalisation and greater scrutiny of governance matters by investors... yet CSR issues remain one of the greatest concerns and major risks for the Western business person involved in globalizing their operations. Businesses from some Western countries such as the USA are particularly anxious to avoid prosecution at home when tempted to be more flexible in the BRICs and beyond, due to the Foreign Corrupt Practices Act and other legislation.

Which particular CSR issues are of most interest and importance for Western executives trying to avoid compromise and possible business loss? Corruption, the abuse of human rights, a lack of data protection, financial fraud, copyright piracy, low levels of transparency and high levels of anonymity, workplace discrimination, oppressive economic colonization, an absence of fair competition, poor levels of

corporate governance, no respect for intellectual property, the perpetration of monopolies and the tolerance of leaders of dubious accountability and respectability. The list is endless, and can include local practices unknown to the Western executive – although he or she will have their own personal experiences after first-hand exposure. Many relate to institutional voids – a lack of the kind of business infrastructure of which Westerners are usually familiar and expect.

Corruption may be seen as one of the most important issues, and may be a way of life in countries with low salaries but powerful officials – and greedy business people. Human rights abuse is an ongoing issue, and is seen as especially negative by individualistic and freedom-enjoying Westerners, with their insistence on privacy and data protection issues. Financial scandals and fraud have been sending shock waves throughout the BRICs and beyond, with billions of dollars simply going missing. Copyright piracy is not unknown in the West, but the scale in some BRICs and beyond can be alarming, together with the issue of transparency and ease of doing business in entering several emerging economies, often related to governance.

Prospects of equal opportunities for members of different races are an important issue for countries with a mixed population, such as South Africa – but it would seem that discrimination is still the norm. Economic dominance by some Western countries – and China – in many emerging countries is seen as an example of the economic colonization of one country by another, raising several CSR issues, including protection or the matter of unfairly excluding competition. The concept of corporate governance used to be a preserve of the West, but is gradually impacting developing countries, especially those trying to attract foreign investment, and is especially concerned with ensuring independent management control. Intellectual property or IP is another concern, and so are state-endorsed monopolies.

KEYWORDS: CSR, transparency/ethics/governance, emerging markets, sustainable tourism, the hotel industry

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INTRODUCTION

Judging by the first-named author's recent media trawl (her book *BRICS and Beyond* is based on a six months survey of *The Economist* and *Financial Times*), there is an increasing level of interest in aspects of CSR in the operations of international business in emerging markets. This can take two forms – the more reactive approach of avoiding CSR-related "transgressions" on both sides – for both the foreign and local partners involved in international business in emerging markets; and the more proactive way of trying to launch CSR initiatives so that the international partner might add some value to the local community in which it is operating.

This paper focuses on a case study of global hotel chains in a developing country – in this case, of Egypt, the subject of the DBA thesis of Ms Taghreed Badawoud, based in Cairo; and a previous study by Mohammad Reza Favagehi for his MBA thesis, which analysed the CSR policies of these global hotel chains and their self-reported application in emerging markets, laying the foundations for the more advanced research being conducted in Cairo by Ms Badawoud using participant observation and ethnographic immersion techniques.

CSR adds complexity and risks for international business in emerging markets – which can be seen especially in terms of people issues, where running an ethical operation from the human resources standpoint can be challenging. The localisation of sourcing, of local products and services, can also lead to ethical concerns for both the international and local parties involved. The impact on the hotel business – especially in Egypt – is discussed below.

This discussion is set against the backdrop of corporate governance and transparency issues moving to centre-stage, reflecting the backlash against corrupt officials in the 'Arab Spring' Revolution in Egypt of 25 January 2011, in which an unpopular, long-serving dictator and many of his immediate followers were removed. As quoted by Transparency International, the issue of corruption is now bringing down governments – as featured on the banners and graffiti of revolutionary demonstrators.

However, CSR is more than just trying to avoid unethical behaviours. Ways in which a reputation for good CSR practice can be enhanced – for international hotel chains in particular – include not only dealing with CSR-related problems associated with employing local labour and using local suppliers of products and services. Hotels can also be proactively CSR-oriented, as Meyer (2007) suggests, by recycling of water, paper, glass, etc.; and making donations of left-over food, unwanted equipment and furniture; and through another form of making donations, including an involvement in charitable activities in their local community. Thus much of this paper is based on a conceptual framework by Dorothea Meyer of the Centre for International Tourism Research of Sheffield Hallam University, UK.

As we also discuss below, concepts of CSR, Business Ethics, Transparency and Corporate Governance – as talked about by Western governments, donor agencies and academics, for example – are not well-known in many emerging markets. In Egypt – the focus of this paper – results of survey of MBA students based on a CSR "quiz" available on the *Financial Times'* MBA gym website revealed that even apparently intelligent and professional classes in the country know little about this very important topic. Cairo-based students – even those studying international programmes offered by

Maastricht School of Management and the American University of Cairo – were largely ill-informed about the topic – see below.

CSR abuses in Egypt as an example of a country in the *BRICs and Beyond* may be more widespread and more tolerated, less obvious and more part of the 'normal' business scene, and as such are impossible to quantify, especially within the local regulatory frameworks and where there are few active and independent journalists. Our research (in progress) is attempting to analyze the degree of implementation of international HQ CSR policies on the ground in Egypt. Considering four international hotel chains – with seven properties in Cairo – we will include a compliance rating for each property. We are also considering the issue of international hotel chains being compliant with CSR ideal practice in the first place, suggested by authors such as Meyer. CSR issues remain one of the greatest concerns and major risks for the Western business person involved in globalizing their operations – what can go wrong? Examples about CSR abuses in hotels and how these can impact business are given below – and ways in which CSR-related activities can make a positive contribution. It must be borne in mind that businesses from some Western countries such as the USA are particularly anxious to avoid prosecution at home when tempted to be more flexible in emerging market countries, due to the Foreign Corrupt Practices Act and other legislation – which can be a problem for managing international hotels on the ground.

Which particular CSR issues are of most interest and importance for Western executives trying to avoid compromise and possible business loss? These are discussed in more detail below, and include corruption – especially of hotel managers by suppliers offering kickbacks; the abuse of human rights, such as in employing minorities and paying them less; a lack of data protection, including information on guests sold to

marketing consultancies; financial fraud, evidenced by over-charging guests, including an example of a restaurant charging a guest another guest's (larger) bill, and staff pocketing the difference; copyright piracy, with the ripping off of art and music; low levels of transparency, with staff members having no idea about performance of the hotel, except what they can observe for themselves; and high levels of anonymity – the staff don't really know who the decision-makers are – and this information is kept as opaque as possible.

Workplace discrimination could become a greater issue in Egypt in the future, especially in terms of age, gender, and for individuals who are members of a minority. Some may have reason to become increasingly fearful of the coming months in Egypt - with the country potentially becoming more Islamic in religious orientation, minorities such as Christians might be targeted against for employment and advancement opportunities.

Further CSR issues might include accusations that foreign hotel chains and foreign-branded products are being emphasised at the cost of localisation; that there is an absence of fair competition, with a monopoly of high class facilities by foreign brands; the low levels of corporate governance, without checks and balances in terms of how the hotel is run, including a lack of declarations from directors about conflicts of interest, payments received, etc.; with issues of respect for intellectual property – see copyright piracy, above; the perpetration of monopolies – with no choice for guests; the tolerance of leaders of dubious accountability and respectability in the management company, for instance, and many local practices largely unknown to the Western executive, such the overcharging of guests, kickbacks from suppliers, late payments to suppliers, tax-avoidance, etc. Overall, the CSR issues being faced by Western

executives include not only the above but the lack of the kind of business infrastructure of which Westerners are usually familiar and expect.

CONCEPTUAL FRAMEWORK

Dorothea Meyer, in her work on Sustainable Tourism, grouped CSR issues impacting on the hotel business as falling into four broad areas – people issues; localisation of sourcing products and services; donation of left-over food, unwanted equipment and furniture; recycling of water, paper, glass, etc.; and we have added a fifth area, that of involvement in charitable activities in the local community. The last-named – giving money to charities only – is often seen as defining CSR, rather than the more important other issues. Yet this is the easy way of trying to look CSR-compliant, we could say.

The major CSR concerns mentioned above are based on Dr Jones' work on her *BRICS and Beyond* book, reflecting the results of a survey of CSR issues in emerging markets reported in the press in the UK, which featured in six months of weekly *The Economist* reports, and daily *Financial Times* reports, over the period March to September 2011.

These CSR issues can be seen as relevant to the hotel business – especially in the two areas of labour and people matters, and of local sourcing of products and services. The other CSR issues raised by Meyer – that of recycling and making donations – of unwanted hotel leftovers and contributing to local charities – can be seen as ways in which hotels can improve their image to attract guests and employees. But it all depends on if they are really doing these recommended activities or not, hence the focus on actual on-the-ground compliance in our current research.

Other authors considered in Mohammad Reza Favagehi's literature review support Meyer's approach. In looking at CSR in the hotel industry in particular, CSR activities can be described in community-based ways (Holcomb, Upchurch & Okumus, 2007). First, CSR activities can be related to the *communities* in the holiday destinations in which the hotels operate. Examples include participating in charitable donations, helping to improve community welfare, making donations in kind (such as food and furniture), obtaining grants for local improvements, and helping achieve local economic regeneration generally. In the main, these activities aim to improve the living standard and economy of local communities.

This potentially positive impact of hotels is supported by Meyer (2007) who emphasizes the pro-poor aspects of the hotel industry. She argues that the hotel industry can have a positive effect on local communities by offering jobs for local young and disabled people, providing AIDS policies for employees (where applicable) or offering sponsorship for local employees. Hotels in developing countries may help local communities through their resource management initiatives. They might, for instance, provide electricity for nearby villages, recycle waste water for agricultural purposes, and recycle their waste paper and glass for the benefit of local small entrepreneurs. Local communities can also be supported by inviting them to sell their handicrafts in the hotels' gift shops, providing emergency help for local people (especially through the hotel clinic) or making donations of food or old furniture for poor local people. Meyer (2007) has presented a very useful conceptual framework which has been adopted as a guideline for a content analysis of the publicly-stated international hotel chains being studied by the first-named author's research student, Ms Badawoud.

CSR initiatives can be driven by local community issues, however. Ashley and Roe (2003) pointed out that it is essential to take it into consideration which of these activities can be significant to a specific district, and may not be applicable to the national level. Other ways of considering CSR includes hotels engaging in CSR activities related to the *environment* (Holcomb, Upchurch & Okumus, 2007). These focus on "greening the business" so as to protect the environment as much as possible, including the decrease of the ecological footprint of their daily operations. Examples of such "greening" activities include energy management, recycling of water, waste management and water conservation.

In recent years the tourism industry has been criticized for contributing to climate change (greenhouse gas emissions) and environmental devastation (rainforest logging), but little effort has been made to decrease this negative aspect of tourism (Bohdanowicz & Zientara, 2008). Unfortunately, most of the hotels researched in Mohammad Reza Favagehi's study only engage in this type of CSR activity when it allows them to reduce costs such as water and power consumption, unconcerned as to whether it is seen as CSR-related or not.

The third type of CSR activity considered by Holcomb, Upchurch & Okumus (2007) looks at the relationship between the hotel and its stakeholders in the market: customers, suppliers, competitors and shareholders – *external stakeholders*. For instance, advertising in an ethical way is important to not overpromise and deceive customers to boost a hotel's sales. In addition, fair competition is one of these CSR activities, because behaving as a socially responsible company is not just about paying attention to environmental factors or wellbeing of local communities. Competing in an

ethical way is another part of CSR performance, especially because it offers customers a fair choice.

These authors also argue for providing transparent objectives of their final goals and vision in regard to the CSR activities of their business; also they should present clear and creditable *codes of conduct* with respect to their environmental activities. Rivera (2002) argued that the final objective of businesses, especially hotel companies, should not just be about charging higher prices and increasing sales by attracting "green customers" but should be more sincere and sustainable in its attitude to CSR.

Finally, the last type of CSR activity considered by Holcomb, Upchurch & Okumus (2007) focuses on a hotel's responsibility towards one of its main *internal stakeholders*, its "personnel ". This means CSR in monitoring the relationship between firms and their employees, and ensures that they are treated fairly. For example, some hotels offer programs which support sponsorship or training, fair compensation and rewards, and providing a safe and healthy environment, with fair and open recruitment. Staff members are widely seen as among the most important stakeholders; employees can influence the achievement of companies' objectives, so there is an essential need to monitor carefully their relationship, and ensure benefits for all parties.

PEOPLE ISSUES

This – together with the sourcing of local products and services – can be a major area of challenge for international businesses seeking CSR compliance. Personnel are seen as important stakeholders in the hotel, when CSR requires the representation of all stakeholder interests. Corruption appears as a people issue when employment

opportunities are offered for relatives and friends of the hotel management, especially in preference to more qualified and able staff. The abuse of human rights – through employing minorities and paying them less, for example – can be another matter. Managers failing to implement proper rest periods, so staff are working excessively long hours – add to these people concerns. There can also be a lack of data protection and privacy for employees, with no access to their own personnel files. Financial fraud is also an on-going problem for hotels, of guests by staff and of staff by management; it can also include the overcharging corporate clients, in which a deal is made to make money for individuals on both sides with the hotel and the supplier company losing out. Low levels of transparency, with staff having no idea about occupancy rate and other aspects of the performance of the hotel, can reduce staff motivation and lead to abuse, especially when staff members don't know about their entitlements. Most junior staff members don't know who the decision-makers are, and how issues such as pay and conditions are decided. When there is high unemployment, and when working for an international hotel chain is seen as especially prestigious and sought-after, workers can be in a weak position. This situation can encourage workplace discrimination, as well as the effects of the changing political scene (see discussion in the introduction). Low levels of corporate governance means few checks and balances in terms of how the hotel is run, with many corrupt leaders still occupying jobs in this sector.

LOCAL SOURCING ISSUES

The corruption of hotel managers by suppliers – by offering kickbacks – is common, together with suppliers providing poor quality goods and getting away with it because of their special relationships with hotel managers. Another issue of local sourcing is that

some suppliers are not being paid and going out of business. Art, music and even the broadcasting of movies without paying proper rental fees can be common, as a form of IP abuse. 'Oppressive economic colonization' can be seen as a problem when foreign hotel chains and foreign-branded products are being emphasised at the cost of localisation, so local producers are missing out on opportunities. Even typical Egyptian souvenirs, such as Tutankamun statues and mini-pyramids – are made in China rather than locally, and sold by these hotels in their gift shops. Thus, foreign products can be used in preference to local products, so local manufacturers can be losing out on the chance to gain opportunities for business. With the absence of fair competition, there are fewer choices for guests. The lack of the kind of business infrastructure of which Westerners are usually familiar and expect – including software for processing guest services – especially in the local hotels – can allow for questionable practices, such as allowing unidentified passers-by to look through an entire hotel occupancy list – there is no computer enabling a search based on the guest name, and hotels use simple manual card index systems, which is all that is available, especially in more remote locations. Overall, many international hotels prefer to import everything they need, rather than source items locally. They may overcome the problems associated with local sourcing, but are arguably even less CSR-conscious by taking that route, thereby forsaking opportunities to add value to the local community.

CSR AWARENESS

Ms Badawoud, the doctoral researcher among the authors, surveyed 67 MBA students at the Maastricht School of Management programme in Cairo and at the American

University in Cairo. Only six had studied or read about CSR before. Asked a simple question:

> What is the meaning of CSR? Indicate which of the following statement most accurately describes it: A. Charitable donations to humanitarian causes; B. Promotion of the well-being of local communities; C. Social engagement beyond legislation; and D. The communication of a company's social activities (www.mbagym.com)

Most students – 42/67 – chose incorrect answers. Only 25 chose C., the right answer. Sixteen guessed A. And 17/67 guessed D., a completely wrong interpretation – showing the widespread assumption that CSR was really another way of looking at charity or philanthropy.

> Secondly, in a further question, students were asked if a socially-responsible company   should: A: Prioritize the stakeholders with power; B. Try to align stakeholders' interests; C. Respond to key stakeholders that have urgent needs; and D. Satisfy those stakeholders that have similar goals (www.mbagym.com)

Again, few students showed any understanding of key CSR issues, Although a small majority guessed that B. was probably the right answer, as indeed it was. Twenty students thought C. most likely to be correct, although it is far from being so.

> Thirdly, respondents were asked - what are the most common barriers that a chief executive faces when developing CSR strategy? Options included A. Stakeholder's scepticism about the financial benefits; B. The need for sustainable investment; C. The fear that the attention will be diverted from employees to social causes; and D. In smaller companies, a lack of human resources to manage socially responsible activities (www.mbagym.com)

Most students thought the true answer was A. (correct), followed by D. (also correct) However, 63/67 students thought B. And C. Were also correct.

In the question below, 66/67 chose A. – even though they were not sure what CSR really was! A total of 46/67 thought that C. Must be correct, although they were less

sure about D. In reality, all the possibilities below can be seen as positive outcomes of CSR:

> Fourthly and finally, the students were asked which are the main positive outcomes that might arise from a CSR strategy? Choices were A. An enhanced corporate image and reputation; B. Good relations with stakeholders, leading to a better performance in the marketplace; C. More productive workforce, with employees attaching social relevance to their work; and D. Better adaptiveness to regulatory or legal changes (www.mbagym.com)

Thus, overall, we are looking at a level of ignorance of the definition of CSR, even among a well-educated and professional group, aged late 20s to 40s, mostly working in multinational companies and in the Egyptian private sector.

SUGGESTIONS FOR IMPROVED CSR PRACTICES
– MOTIVATION FOR CSR

Motivation for CSR activities can be either for financial or non-financial purposes. *Financial motivations* include financial incentives for CSR such as cutting expenses (consumption of water or power, etc.), and attracting more customers to this "green" business (and eventually more profit as a result), but also developing a good reputation for the business (Clark, 2006, p. 43) and *Act Responsibly* Magazine (2003).

Through the enhancing of employee awareness about the importance of CSR, staff members can be more inclined to work for hotels where the employers show more respect to their local communities, environment and employees. With more loyal employees, hotels will be able to decrease their high level of turnover (which is always an issue in the tourism industry) and as a result cutting the cost of rehiring, retraining and so on (Afiya, 2005).

Another type of financial motive which can encourage hotel companies to carry out CSR-related activities, which can reduce extra expenses, includes obtaining required food and equipment/materials from local producers and farms, instead of importing them and paying large sums for shipping and import-export taxes. So, controlling and reducing costs through sourcing locally is also another important motivation. This can be considered as a CSR-related initiative, when hotel companies will allow local farmers and sellers to participate more in tourism activities. Subsequently, the economy of the local population can be improved; simultaneously, hotel companies will be able to manage to cut these extra expenses caused by imports. This process may be difficult at the beginning, because the quality of local food or equipment/materials may not meet the expectations of the international hotel companies. However, the hotels can help and guide local people in order to improve the quality of their products. Therefore, this activity can has positive outcomes for both the hotel companies and the local people.

Additionally, there is another financial incentive for hotel firms, which is the hiring of local people, often with lower wages than expatriates, especially in the least developed countries. This action can help hotel companies to find a cheaper workforce, more specifically in the lower level or unskilled employees; therefore it will decrease their labour cost and expenses. At same time, as has already been highlighted by Ashley and Roe (2002), such an initiative will help unemployed young local men and women to find jobs and improve the local economy and quality of life of their families.

Non-Financial Motivations for CSR: After reviewing the financial reasons for applying CSR, we can talk about non-financial motivations. Progress in technology and the improvement of standards of living has enabled more people to travel and visit new places. In recent decades, the number of international tourists has risen quickly, and

consequently the consumption of natural resources, with the influence of different cultures on each other, has had a number of negative effects. Destroying landscape areas and the polluting of water and air are – many observers suggest – becoming worse.

Some businesses, especially in the tourism industry, are starting to realize that if they continue to over-consume these natural resources, or are not preserving their unique local culture from the influences of other cultures, they won't be able to run their business for the long term. There is increasing pressure on hotel businesses – as with other kinds of business – that as responsible corporate citizens, with an ethical and moral attitude, they should carry out CSR activities as their normal routine every day at their work, no matter where and when.

Rivera (2002, p. 338) also discussed the judgment of supporters and critics about the financial and non-financial motivations of firms related to their participation in CSR activities. The supporters of CSR expressed a point of view which presented more *financial* motives of firms for doing CSR – which might seem surprising. These consist of three main reasons: first, to reduce their cost by using environmentally friendly technology and processes; second, firms may try to gaining a "green" reputation in order to increase their market share among "green" customers who are willing to pay a higher price for environmental performance; third, nowadays investors are more willing to invest in businesses that are more active in environmental activities.

In contrast with CSR supporters' views, critics of CSR discuss more about the *non-financial* intentions of firms engaging in environmental initiatives. They mentioned that non-financial factors are not just for the improvement and protection of the environment and the local communities. Critics see the use of CSR in a cynical way, for hiding the

businesses' errors and shortcomings in their environmental performance, which prefer less in-depth monitoring from governments, who would like to reduce the severity of future compulsory environmental rules, which could make more barriers for the entrance of newcomers into the market (Rivera 2002, p. 339). This shows a cynical attitude to the support of CSR. In the same way, other critics suggest that when hotels ask their guests to consider not requiring freshly laundered towels and sheets every day "in order to protect the environment" they are really saving time, effort and cost for the hotels themselves.

Generally speaking, there has been little investigation into the definition of CSR in the hotel chains – they all define CSR in their own ways – and also few enquiries into the motives of hotel chains in this area. It would seem that many are just "following the pack" – copying what others are doing. Through a content analysis of the CSR reports of major hotel chains, including their published annual reports and web pages, our MBA researcher Mohammad Reza Favagehi – especially focused on the link with the need to respect and improve local communities' economies and living standards – found disappointing results. After reviewing and analyzing reports of these hotels in a scientific way, the results indicate that there is more emphasis on donation and charitable activities and less effort made on enhancing the living standards of the local population such as providing electricity to nearby villages, recycling "grey" water and waste paper and glass for local usage etc.

The literature on the subject of sustainable tourism and CSR has discussed the obligation of tourism corporations to commit to socially-responsible activities, particularly related to pro-poor tourism. Hotels in emerging markets especially can make a great contribution to their local economies (Ashley and Roe, 2002) and Meyer

(2007). However, the efforts of many of these famous hotels would seem to fall short of expectations, and it is likely that smaller hotels (supported by our expert view and the literature) achieve even less. Our MBA researcher only looked at the CSR policies of these hotels, stated on their web-sites, and there were not tested in the field to see if the hotels are really doing these things or not (although this is the current activity of our DBA researcher).

INTERIM RESEARCH FINDINGS

The findings of both the completed MBA thesis and the in-progress DBA thesis, against the background of the first-named author's international CSR studies, suggest that more and more hotel businesses are realizing the importance of being a responsible corporation within the environment and society – especially because of three major incentives. First, nowadays customers and employees are more sensitive about CSR activities and they more willing to stay at, and work for those hotel companies which are more responsible to the environment and local communities. Second, the owners and managers want to create a strong reputation for their hotel which will attract more customers and retain good employees for their business. Finally, the environment and society are not the only parties that benefit from CSR activities, but those hotels that act as socially responsible businesses in their daily performance are more successful in reducing their overhead expenses such as electricity, water consumption and so on (although these claims are mostly self-reported and are difficult to verify without financial information). However, having policies in place is the first stage of doing something about it – and not an end in itself, of course.

Findings to date indicate that the main purpose of most hotel companies for behaving as a socially responsible unit is creating more value for shareholders rather than other stakeholders such as employees. The Dow Jones Sustainability Index (2005) suggested that CSR activity can initiate sustainability for a corporation in a way that might either cause a long term benefit for shareholders or reduce extra costs and risks of the business. This was really what most hotels were interested in, although they did not necessarily have a long-term perspective. The main focus of most of the hotels, within the possible CSR options, was on charity and donation activities, and they paid a little attention to sharing resources (providing electricity or recycling grey water, etc).

It is necessary to highlight the limited nature of the current studies, and indicate areas for future research. First, both research papers employed cross-sectional data analysis which just determined activities of these hotels for one specific year. For better understanding of progresses of hotels in their CSR activities, future research needs to use longitudinal information as well. Second, the sample size of these studies needs expansion, and not just focusing on big multinational hotel chains. Also, there is a need to conduct practical research in the field to see what hotel chains really do – which is what our DBA student is attempting to do in Egypt. If these hotels do not do very much in terms of CSR policy, they may do even less in CSR practice. Many of the initiatives are also the uncoordinated efforts of individuals within the hotels working on their own. These might stop if these individuals move jobs. Why are the hotels not doing more CSR activities? It would seem they do just enough to keep up with their competitors but are reluctant to spend money or take on responsibilities which could become a financial burden.

RECOMMENDATIONS

- Findings by our MBA researcher revealed that only two hotel groups in his survey of ten were sharing electricity with nearby villages, despite the positive impact this can make. Hotel owners and managers need to understand which areas they need to improve, to invest more in providing electricity for poor regions in order to improve the quality of life for local people. This can be carried out at minimal cost, especially if electricity is being piped from one area to another.

- Another part of CSR that seems to be neglected is the importance of recycling "grey water". Especially for developing countries where water is scarce, providing this kind of facility can be very significant for making the lives of local people much better. Otherwise this water is just wasted. It costs little to provide it for others, especially through irrigation projects.

- Few hotels are offering sponsorship and grants program to children and young local people, so policy makers of these hotel companies and other hotels should take into consideration that these kinds of programs can make a huge change in the life and future of young local people who don't have money to continue and finish their education.

- Interim findings from Egypt suggest that financial problems caused by low occupancy rates due to political uncertainty can be reducing CSR-related activities, especially given the low rate of awareness of CSR practices and their value. It is not clear how much this is driven by headquarters or is a result of local initiatives, but the trend will be hard to reverse in the future. City-centre hotels don't necessarily need to worry about providing electricity to locals – but everything else is in short supply. Although some left-over food is donated,

mostly any unwanted furniture or equipment is sold. These glamorous

international city-centre hotels exist in a vacuum without showing concern for

their environment – just entertaining guests and making money.

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CSR reports and websites of ten hotels, consulted by Mohammad Reza Favagehi

Hotels	Publication details of CSR reports and websites
Scandic (EU)	CSR Sustainability site and pdf http://www.scandiccampaign.com/betterworld/index.asp?languageid=en & http://www.scandic-campaign.com/betterworld/downloads/sc_textversion_en.pdf Accessed at 10/07/2010
NH(EU)	CSR report 2009/2010(pdf)
Accor (EU)	CSR Report 2009/2010(pdf)
Premier Inn(EU)	Associated with Whitbread (website): http://www.whitbread.co.uk/corporate_responsibility.cfm?id=corporate_responsibility & http://www.whitbread.co.uk/view_document.cfm?id=83 Accessed at 15/09/2010
Mercure (EU)	A collaboration with Accor Hotel Group http://www.fairtourismsa.org.za/property_pdfs/pdf_mercure_midrand.pdf Accessed 15/09/2010
Marriott (USA)	CSR report 2009(pdf)
InterContinental(USA)	CSR report 2008(pdf) and Annual report 2009(pdf)
Hyatt Regency(USA)	Social Responsibility Website and Hyatt Earth site: http://www.hyatt.com/hyatt/about/social-responsibility/our-commitment.js & http://www.hyattearth.com/recognition/index.html&& http://www.Hyatt2009AnnualReport.com,pdf Accessed 1/09/2010
Hilton (USA)	CSR Report 2009(pdf) and website: http://www.hiltonworldwide.com/aboutus/commitmentaction.htm & http://www.hilton-foundation.org.uk/home.htm Accessed: 2/09/2010
Best Western (USA)	Website http://www.bestwestern.com/programs/bwgreen/initiatives.asp Accessed 2/09/2010