Chapter 3

Dimensions of Corporate Social Responsibility in the Hotel Industry: The Case of Meliá Hotels

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ABSTRACT

Corporate social responsibility (CSR) has evolved from philanthropic to business strategy. CSR implies acceptance of the benefits it generates in companies where they are implemented such as financial performance, customer satisfaction, or organizational legitimacy. The objective is to test the level of implementation of CSR policies in Melia Hotels International, which is the leader in the Spanish hotel industry. The methodology used is the case study. Strategic plans, CSR reports, web information, and a survey of CSR director of the company have been analysed. The results confirm the concern they have for each interest group, as well as showing a clear commitment to the environment. The managing of its reputation and image is evidenced by its commitment to comply with the principles of the Global Compact and its evolving in Merco corporate reputation ranking. The main conclusion of this chapter has been that Melia Hotels has a correct integration of the policies of CSR in the general strategy of the company.

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INTRODUCTION

Tourism is a highly important activity within the services sector in the Spanish economy. According to Ministry of Industry, Energy and Tourism (2016) this industry represents 10.9% of GDP. Spain is positioned as the third most visited tourist destination in the world, behind France and USA. The arrivals of international tourists to Spain in 2015 according to INE (2016) were 68 million tourists, a situation that represents a year-on-year increase of 5.05%. These dates confirm the upward trend of this sector that suffered a few years of stagnation due to the global economic crisis but a growth with historical highs in 2015. In addition, historical dates also had repercussions on the expenses incurred by foreign tourists which in the year 2015 spent about 67,000 million euros.

Moreover, the tourism sector is the area where the greatest concern is to provide customers with high quality services that guarantee their satisfaction and well-being while preserving the environment around them due to the impact it generates on it.

In recent years, the concept of CSR for tourism sector has increased (Inoue & Lee, 2011; Kang et al., 2012). The industries which work in tourism sector face challenging tasks to satisfy more socially-conscious travellers who are concerned with CSR issues (ETN, 2009). They have adopted various socially responsible activities to respond to their customers’ demands (Bremner, 2009). The implications and benefits of investments in socially responsible activities are important matters to be considered, for example, the customer’s commitment or financial performance. For this reason, the investment in CSR is a long-term action.

The academic research about CSR in tourism sector has studied the effect of this initiative on firm performance (Inoue & Lee, 2011, among others). The fundamental question is whether or not companies, actively involved in CSR actions, outperform other companies that do not demonstrate the same level of social investment (Lee & Park, 2009; McWilliams & Siegel, 2001). Critics of CSR argue that the responsibility of the companies is to conduct the business in accordance with their desires, which generally is to make much and much money (Friedman, 1970). In this line, investments in CSR could be regarded as the indication of agency pursue their own interests, rather than maximizing shareholders ‘wealth (Brammer & Millington, 2005). Some academics have proposed that CSR can be a source of competitive advantages (Porter & Kramer, 2006), reputation (Brammer & Millington, 2005), consumer satisfaction (Luo & Bhattacharya, 2006), attractiveness as an employer (Backhaus et al., 2002), organizational commitment among employees (Peterson, 2004), or organizational legitimacy (Díez-Martin et al., 2013).

The objectives of this study are: to contribute to the academic literature through the analysis of the literature on CSR; and to analyse the impact of CSR strategies in
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