ONLINE REPORTING OF CORPORATE SOCIAL RESPONSIBILITY OF THE HOTELS IN BULGARIA: CURRENT SITUATION AND MARKETING IMPLICATIONS

JEL classification: M3

Abstract
Social responsibility of hotel and tourism industries becomes a significant issue during the last decade. Observations within the hospitality sector during the last 10 years confirm that hoteliers have already started to incorporate CSR and the online reporting in their businesses. The international hotel chains with strong brands like Marriott, Hilton, Radisson, Hyatt etc. have special CSR sections on their websites where they report all activities and initiatives related to their policy in this area. But how are the hotels in Bulgaria situated with regard to this important issue? The objectives of the paper are: 1. To conduct a review of the studies about CSR reporting in the hotel sector; 2. To analyse the differences in the online reporting policies with regard to their star category and city- or resort profile; 3. To draw conclusions and suggestions for better use of CSR online reporting as an instrument for Internet marketing and hotel brand strengthening; After literature review a websites’ content analysis of the hotels in Bulgaria was conducted based on a check list of 6 indicators for CSR reporting. The random sample of hotels includes 130 properties of various profiles. The analysis of the visualized CSR reporting is conducted on a comparative basic depending on the profile characteristics. The paper contains conclusions about the differences in the online reporting of the hotels in Bulgaria and some marketing implications of better usage of CSR online reporting as a marketing tool.

Key words: CSR, online reporting, marketing implications
INTRODUCTION

Social responsibility of hotel and tourism industries becomes a significant issue during the last decade. In the hotel sector, guests are becoming more conscious with ecology and other environment and community matters. As a consequence, observations within the hospitality sector during the last 10 years confirm that hoteliers have already started to incorporate CSR and the reporting practice including corporate social responsibility online reporting in their businesses. Academic researchers, practitioners and consultants have recently increased research and studies regarding CSR in hotel and tourism industries (Kalisch, 2002; Roner; 2006; Kasim, A. 2006, Stoll, 2007; Erdogan & Barisb, 2007; García-Rodriguez & Armas-Cruz, 2007; Henderson, 2007; Lee & Park, 2009). While CSR is a set of business principles that has been adopted globally, implementation of social responsibility politics differs by industry, country and even by organisation where it becomes a specific feature of its organisational behaviour. According to Sharma and Kiran (2013, p.25) organizations interested in implementing social responsibility practices should, therefore, be cognizant of the diversity of skills of their leaders and may need to encourage different and new styles in order to be successful. Concerning the CSR online reporting the international hotel chains with strong brands like Marriott, Hilton, Radisson, Hyatt etc. have special CSR sections on their websites where they report all activities and initiatives related to their socially responsible policy in this area.

But how are the hotels in Bulgaria situated with regard to this important issue? The research objectives of the current study were:

- To conduct a review of the studies about CSR online reporting in the hotel sector and to propose a set of indicators for web site analysis about CSR online reporting;
- To analyse the differences in the online reporting policy with regard to their star category and location profile - city or resort hotel and to identify the most often reported types of activities and actions of the hotels;
- To draw conclusions and suggestions about improvement of the CSR online reporting of the hotels in Bulgaria in order to use it as an instrument for Internet marketing and hotel brand strengthening;

THE CSR CONCEPT: BASICS AND STUDIES IN THE HOTEL SECTOR

The corporate social responsibility concept is a relatively new theory and practice and according to Kotler and Lee (Kotler & Lee, 2005, p.8-9) it has developed into a more mutually favourable activity which not only benefits society but also the organisation. There are various definitions and opinions for CSR. According to Argandoña (Argandoña, 2010, p.14), “CSR is a joint and
shared responsibility within the organization”. Robbins (Robbins & Coulter, 2012) defines the corporate social responsibility as “a business’s intention, beyond legal and economic obligations, to do the right things and act in ways that are good for society”. The European Commission (2001) defines CSR as “a concept whereby companies decide voluntarily to contribute to a better society and cleaner environment and as a process by which companies manage their relationship with stakeholders”. The European approach provides a potentially useful benchmark for understanding how companies are strengthening their reputations by converging on international norms of CSR. But one of the most comprehensive explanations is this of the President and Fellows of Harvard University which states: “Corporate social responsibility encompasses not only what companies do with their profits, but also how they make them. It goes beyond philanthropy and compliance and addresses how companies manage their economic, social and environmental impacts, as well as their relationships in all key spheres of influence: the workplace, the marketplace, the supply chain, the community, and the public policy realm” (the President and Fellows of Harvard University, 2008: online). According to Nik Ahmad and Sulaiman (2004) corporate image has been discussed as one of the leading motives of corporate social reporting. Voluntary reporting certainly is one way in which corporations attempt to enhance this public image. There are many benefits of social responsibility to an organization and namely: it can provide economies due to increased productivity and resource efficiency, decrease of waste, lower energy and water consumption; it can prevent or reduce potential conflicts with consumers about products or services and it enhances employee loyalty, involvement, participation and morale.

The hotel like every other company is a community of persons who is serving different segments of customers but the important issue is that the activities performed by the hotel when delivering the service should be responsible to the society’s interests for sustainable development. Due to the diverse and multidimensional nature of the hotel industry, SR is particularly relevant for the company policy and strategy. Hotel chains have multiple stakeholders such as employees, customers, suppliers, government. They have environmental impact such as water usage, energy consumption, climate change etc. Hotels affect the communities in which they operate and need to be leaders in the areas of health and safety. At the same time in the hotel sector, guests are becoming more conscious with ecology and the respect for various environment matters, consequently increasing the demand for such important characteristics in the hospitality business. The social responsible behaviour of the tourism and hotel companies is important “not only for the good of the physical and social environments, but also for the sustainability of the industry itself” (Kasim, 2006, p. 19). Hotel stakeholders are nowadays demanding not only for sustainable products and/or services, but also require the corporations/the brands to offer greater transparency and to reveal their accountability with regards to the way they carry out business (Krambia- Kapardis & Neophytidou, 2014). Authors and studies reached the conclusion that sustainability reporting within the hotel sector
will gain more momentum in the near future as it will become a valuable tool for gaining a competitive advantage. Carroll and Shabana (Carroll & Shabana, 2010) also argued that corporate social responsibility provides competitive advantage for all kind of businesses. Porter and Kramer (Porter & Kramer, 2006) suggested four prevailing justifications of CSR: moral obligation, sustainability as a form of enlightened self interest, license to operate, and reputation. According to Sacconi (2007) when firms fulfill their “fiduciary duties” to their stakeholders, they benefit from reputation which is maybe the reason why developed countries like USA and UK have long seen CSR as a practice that benefits both organizations and society (L’Etang, 1994). Some authors have focused on the impact of social responsibility on financial performance (Peloza, 2009; Kapoor & Sandhu, 2010; Aupperle, K.E. 1990; Iturrioz, Narbaiza & Ibañez,2009) and other have pointed out the impact on the creation of stakeholders’ value (Wood & Raymond, 1995; Peloza and Shang, 2011). Study of Uhlaner,van Goor-Balk & Masurel (2004) investigated family businesses in relation to a wide variety of constituent or stakeholder groups and Galbreath (2010) investigates the indirect relationship between corporate social responsibility and firm performance. His research findings suggest that CSR is linked with firm performance. However, the effect is indirect: while corporate social responsibility is linked to both reputation and customer satisfaction, reputation alone mediates the CSR–FP relationship (Galbreath, 2010).

Despite of the conventional view that the practice of CSR is only applicable to large corporations Visser (2007, p. 123) states that ‘the concept of CSR applies to all sizes and shapes of businesses but the focus tends to be on larger organisations as they generally have more power and are more transparent’. Studies reveal that CSR is practised by a broad scope of properties from the largest hotel chains to independent small family hotels. Generally a large number of small- and medium-sized hotels in many countries have not seen the benefits of doing corporate socially responsible activities due to the short-term costs (Pryce, 2001). There are also other barriers for limited implementation of CSR in hotels. Kasim (Kasim, 2004) noted that customer demand for environmentally and socially responsible hotel is not strong; most tourists continue to prefer non-environmentally friendly hotels room amenities, such as fresh towels daily. Bhattacharya and Sen (Bhattacharya & Sen S, 2004) indicated in their study that any business behavior attempting to “sell” corporate social responsibility would backfire on the business. Companies engaging in CSR activities are, therefore, challenged to provide meaningful ways to generate direct and indirect benefits from their CSR activities (Yu, Day, Adler & Cai, 2012). According to Vollaster, Lindgreen and Maon (2012) “while the literature offers a range of approaches seeking insight to how to manage CSR-related issues, practitioners are left in a state of confusion when having to decide on how to tackle CSR in a way that benefits both the corporate brand and society at large. According to Vitola and Rubino (2013) studies of CSR include a gap in explaining the integration of CSR into strategic management: in CSR studies, motivations that lead companies to
integrate social responsibility into strategic management systems do not appear adequately explained.

Research and studies within the hospitality sector during the last decade confirm that hoteliers have already started to include CSR and the reporting practice in their business strategies and especially online reporting. Grosbois (2012) in its study evaluates corporate social responsibility (CSR) reporting practice among the largest hotel companies in the world and the research demonstrates that while a large number of companies report commitment to CSR goals, much smaller number of them provide details of specific initiatives undertaken to contribute to these goals and even less of them report actual performance achieved (De Grosbois, 2012, online). In fact, the online reporting fits to two of seven principles of the International standard ISO 26000 which gives guidance on implementing social responsibility by companies - accountability and transparency (Knopp, 2010, online).

There is not much evidence for research about the CSR strategy and practices of the hotels in Bulgaria and there is no study about the online reporting. According to the research findings of the Bulgarian-Swiss study “Attitudes of the Bulgarian hotels for socially responsible and ecological functioning” funded by UNIDO and the Schweizerische Eidgenoschenschaft (2010, online) 70% of the hotels in Bulgaria do not implement politics of energy savings and renewable energy sources, waste management systems and do not have rules for avoiding abuse on the job and only 4-5% of the properties implement politics and programmes for water savings and other responsible behaviour practices.

**METHODODOLOGY**

The sample includes 130 hotels selected by random choice from 2 hotel groups- resort and city hotels registered in the reservation system booking.com. The reason for this approach is one of the main research tasks: to identify the differences in the CSR reporting model of the hotels in Bulgaria with regard to the star category and the location of the hotels. The research was a kind of panel research conducted in 2 phases: first phase “February-March 2014” and second February-March 2015”.

The method used for the research purposes is content analysis of websites in order to achieve detailed description of the hotel practices concerning their online reporting of corporate social responsibility. After dest research a checklist of various indicators for content analysis was prepared together with a “yes-no” scale: availability or not of activities belonging to the various indicators:

2. https://www.choicehotels.com/about/responsibility;

The research is conducted with partners DAT (State Agency for Tourism, The Bulgarian Hotel and Restaurant Association and the tour-operator KUONI-Appolo, www.serc.bg;
concern with ecological issues, concern with consumers (consumer protection, consumer care etc.), concern with local communities, human resources concern (employee well-being, employee support and development), mission and value. This checklist of 5 indicators used in research on corporate social responsibility by various authors (Holcomb, Upchurch and Okumus, 2007; Auperle, Caroll and Hatfield, 1985; Clarckson, 1995; Esrock and Leichty, 1998; Jenkins and Yakovelva, 2005) was extended by one more indicator called “concern with the problems, education and development of young people”. It was added to the indicators list separately from “concern with local community” due to the problem of the country with the growing rate of young people from marginal groups with insufficient literacy and lack of education. Additional study method for investigation if there are online unreported socially responsible actions was the unstructured telephone interview with managers from randomly chosen 30 small hotels in 3 Bulgarian cities: Plovdiv, Veliko Turnovo, Burgas and 1 resort-Sunny beach- all from the main sample.

**Hypothesis 1:** The expectations are for highest percentage of hotels with reported activities of “consumer concern”, “ecological concern” and “mission and values concern”. The highest growth rate for 2015 is expected in the group of hotels reporting consumer concern.

**Hypothesis 2:** The suggestions are that the hotels of higher star category in the sample have in both panels more visible/online reported CSR concerning all 6 indicators included in the web site content analysis. The bigger change in the online reporting is suggested in the group of 5 star hotels.

**RESEARCH DATA AND DISCUSSION**

The research data about the main sample point out that nearly half of the hotels are with 3 star category- 49.2%, more than 1/3 are with 4 star- 41.6% and the rest-9.2% are 5 stars hotels. As far as the hotel location concerns, 83.1% of the investigated hotels are city hotels and 16.9% - resort hotels (in Sunny beach, Golden sands, Bansko and Pamporovo resort). The research findings point that generally the percentage of the hotels reporting online various activities related to CSR has increased during the period between both panel research: the increase varies for different indicators between 0.8 and 8.6%.

Regarding the first hypothesis the research data confirm the researcher’s expectations but in fact the biggest growth rate is in the group of hotels reporting activities of “human resources concern”- by 8.6% followed by activities of “ecological/environmental concern”- by 6.4% and “consumer concern”- by 4.6% increase of the hotel web sites with online reported activities related to customer care and protection (see Table 1).
Table 1

Changes in the CSR online reporting of the hotels in Bulgaria

<table>
<thead>
<tr>
<th>INDICATORS</th>
<th>2014 (%)</th>
<th>2015 (%)</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ecological problems concern</td>
<td>9.2</td>
<td>15.6</td>
<td>+ 6.4</td>
</tr>
<tr>
<td>Consumer concern</td>
<td>33.8</td>
<td>38.4</td>
<td>+ 4.6</td>
</tr>
<tr>
<td>Concern with local communities</td>
<td>7.7</td>
<td>10.1</td>
<td>+ 2.4</td>
</tr>
<tr>
<td>Human resources concern</td>
<td>14.5</td>
<td>23.1</td>
<td>+ 8.6</td>
</tr>
<tr>
<td>Mission and values of the hotel/hotel chain</td>
<td>35.4</td>
<td>36.2</td>
<td>+ 0.8</td>
</tr>
<tr>
<td>Concern with problems of young people from marginal groups</td>
<td>5.4</td>
<td>8.8</td>
<td>+ 3.4</td>
</tr>
</tbody>
</table>

Source: Author (2015)

Generally the hotel percentage which do not report their socially responsible activities decreased for last 12 months by 7% for the whole sample but the situation in this meaning is still not satisfying. The reason for the significant part of hotels with not reported social responsibility is complex but the main is the fact that the majority of the hotels in Bulgaria due to the specific structure of the Bulgarian economy are relatively small properties with staff under 50 people and not sufficient financial resources. In this meaning the fact of lack of online reporting of CSR is not surprising because the conventional view as mentioned before is that the practice of CSR is only applicable to large corporations. Most of the managers of small hotels in Bulgaria are not aware in detail of the CSR concept and the benefits from its implementation both for the hotel and the society. In addition they usually do not know about the international initiatives like UN Global Compact (2013, online) or the initiative of “Green Hotels Association” which puts focus on programmes for water and energy savings and waste management (Green Hotels Association, 2005, online).

The content analysis of the visual social responsible hotels’ policies points out the following indicated activities:

- **Ecological concern**: measures for water consumption and electricity use cut, use of renewable energy sources, waste management, actions for nature preservation;
- **Consumer protection/concern**: certification by quality management systems, special programmes for customer care etc.
- **Human resources concern**: well-being of the employees, big variety of opportunities for training and career development, safety and security
in labour, various incentives for different reasons- intrinsic and financial stimuli.

- Local community concern: there are very small number of activities conducted and reported online by the companies from the sample: supporting some local organisations and initiatives.
- Concern with young people’s problems: support for education and development opportunities for minority teenagers and young people;
- Mission and values of the hotel/hotel chain: concerning this indicator the most often case is just indicating what the mission of the hotel is like “providing excellent service”, “satisfying customer desires” etc. and not so often values.

The research findings show that only the properties of the international hotel chains in Bulgaria-Radisson, Hilton, Best Western and Sheraton have on their corporate websites separate sections about their CSR strategies and policies or they announce different actions in the news section.

With regard to 2nd hypothesis the research data reveal that the author’s expectations are confirmed: the higher category hotels are more socially responsible and they are more active as far as their CSR online reporting concerns: the quota of the hotels in the 4- and 5- star category group with online reported activities is much bigger in both panel data in comparison to the 3star hotels and the growth in these two groups for 2015 is significant - between 5 and 9% (see Table 2). The suggestion that the bigger changes for all indicators will be in the group of 5 star hotels was not confirmed and namely the increase in the “consumer concern” reporting is more significant in the 4star hotels group (see Table 2). At the same time the additional investigation via semi-structured interview indicates that nearly 1/3 of the small city hotels- 32.5% of the sample, have introduced some socially/environmentally actions but they are unreported online due to the lack of such opportunity on the website.

### Table 2

Changes in online reported activities of the various category hotels

<table>
<thead>
<tr>
<th>INDICATORS</th>
<th>3 star hotels</th>
<th>4 star hotels</th>
<th>5 star hotels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ecology concern</td>
<td>9.0 12.5</td>
<td>13.3 19.8</td>
<td>23.9 28.6</td>
</tr>
<tr>
<td>Consumer concerns</td>
<td>36.1 41.8</td>
<td>38.9 47.6</td>
<td>42.5 49.8</td>
</tr>
<tr>
<td>Concern with local communities</td>
<td>7.5 28.3</td>
<td>26.6 35.0</td>
<td>41.5 49.8</td>
</tr>
</tbody>
</table>
Concerning the online reported activities depending on hotel category, the current research as a whole does not indicate significant differences between the 4- and 5-star hotels but the differences between 2014 and 2015 data generally are bigger in the higher star category groups. The differences between 3-star and 5-star hotels are smaller when it comes to the indicators “consumer concern”, “human resources concern” and “concern with problems of young marginal groups” (see Table 2).

### CONCLUSION AND MARKETING IMPLICATIONS

Generally despite of the improved situation of the 2nd pannel research data, the majority of the hotels in Bulgaria do not have sections on their websites for reporting of social responsible activities. This means that the majority of the hotel managers do not realize that the publicity of their socially responsible activities can contribute to the hotel image and especially can strengthen it. The research findings suggest that the higher category hotels are more active in socially responsible behavior and in online reporting. The research findings show that the most online reported activities belong to following 3 groups: human resources concern, ecological/environmental concern and consumer concern. In order to facilitate the online reporting, the hotels in Bulgaria must redesign their websites in order to introduce a special section about CSR actions and activities where they can inform the audiences about their socially and ecologically responsible behaviour.

The activization of the social responsibility of the hotels in Bulgaria and its online reporting is a good opportunity for repositioning to some extend in a different segment but for this purpose there is a need for training and qualification upgrading of the hotel managers. This will help them to realize that corporate social responsibility can add more value to their brands and products and can become an additional instrument for brand strengthening among the segment of ecologically and socially oriented consumers. Except that the CSR programme/plan should be incorporated in the hotel business strategy. The top management of the hotels needs to take responsibility for understanding, implementing and driving SR strategies throughout a hotel company or individual
property. This information must be cascaded to the lowest positions in order to motivate the human resources for company’s success.

The bigger hotels in Bulgaria and the two Bulgarian hotel chains should think to introduce a socially responsible programme similar to international hotel chains’ programs “Hotels Room for Responsibility program” which symbolizes the organization’s engagement to the values of society’s sustainable development. The positioning of the hotels in Bulgaria with respect to social issues is a way to differentiate the property and its services in ways that create value which could help the hotel to form a community of socially responsible and loyal clients.

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