Caribbean Small Hotels Forum

Small Hotels and Corporate Social Responsibility (CSR)
1. Corporate Social Responsibility – What is it…what does it mean?

2. Responsible Business – Why should we be Socially Responsible?

3. Small Hotels - What are the benefits of engaging in Socially Responsible activities?

4. Small Hotels and CSR – What next?
What is Corporate Social Responsibility?
Some Related Tourism Concepts

- Sustainable Tourism
- Responsible Tourism
- Pro-poor Tourism
- Eco-Tourism
- Community-based Tourism
Some Related Concepts

• **Sustainable Tourism** - “Tourism which leads to management of all resources in such a way that **economic**, **social** and aesthetic needs can be fulfilled while maintaining cultural integrity, essential **ecological** processes, biological diversity and life support systems.”
  
  *World Tourism Organization*

• **Responsible Tourism** - Taking responsibility for achieving **sustainable tourism**, and to create better places for people to live in and for people to visit”
  
  *Cape Town Declaration*

• **Pro-poor Tourism** - Pro-Poor Tourism (PPT) is an approach to tourism that results in increased net benefits for poor people. It is not a specific product or niche sector but an approach to tourism development and management.
  
  *Pro Poor Tourism Partnership*
Some Related Concepts

- **Eco-Tourism** - "Responsible travel to natural areas that conserves the environment and improves the well-being of local people." [The International Eco-Tourism Society](https://www.ietours.org)

- **Community-based Tourism** “Tourism in which local residents (often rural, poor and economically marginalized) invite tourists to visit their communities with the provision of overnight accommodation…..”
Social Responsibility

An organization taking into account “the impacts of its decisions and activities on society and the environment” through transparent and ethical behaviour that:

- contributes to sustainable development including health and the welfare of society;
- takes into account the expectations of stakeholders;
- is in compliance with applicable law and consistent with international norms of behaviour;
- is integrated throughout the organization and practiced in its relationships;

- NOT A TOURISM PRODUCT OR A TYPE OF TOURISM OR APPROACH TO TOURISM.
Marketplace

Suppliers
• Procurement practices - economic, social, environmental
• Supply chains - supplier practices (e.g. waste collection)
• Transparency, accountability, good governance, fair trade practices.

Customers
• Product responsibility – quality product to guests
• Marketing (fairness and accuracy)
Workplace

**Employees**
- Employee practices – fair work practices, governance, human rights, etc.

**Government Institutions**
- Interaction with Government – governance, anti-corruption etc.
- Statutory requirements – taxes, levies etc.
Environment

Natural/Ecological Resources

• Environmental practices – conservation practices, recycling, reuse etc.
Community

Civil Society/National Community
• Interaction with communities
• Supporting local enterprises
• Local content
Responsible Business – Why should we be Socially Responsible?
If as organizations we are NOT Socially Responsible?

What is the alternative to Social Responsibility?

Social IRRESPONSIBILITY
Sustainable Development

‘development that meets the needs of current generations without compromising the ability of future generations to meet their own needs’
Global/National Benefits

- Environmental Protection
- Economic Progress
- Positive Social Impact

Intersections:
- Economic Progress
- Environmental Protection
- Positive Social Impact
Global/National Benefits

- Developing national competitiveness
- Attract Foreign Direct Investment
- Create synergies through partnerships to achieve public policy goals related to sustainable development
Small Hotels - What are the benefits of engaging in Socially Responsible activities?
Business Case for CSR in Small Hotels

1. Risk Management
2. Brand & Reputation Management – Enhance brand value
3. Employee Motivation, Satisfaction, Commitment and Productivity
4. Availability of Capital - Attracting financing (e.g. IFC requirements)
5. Competitive Advantage – Secure market advantage
6. Compliance with regulatory requirements
7. Enhanced stakeholder relationships, easier to do business
8. Reduced waste and cost savings
Reputation Management

• Reputation Management is important to any business

• Arguable more so to businesses in the tourism sector, as the customer has limited ways to evaluate the product prior to purchase.

• Reputation is important to the SME hotels, both in terms of encouraging repeat guests as well as in attracting newcomers to the property.

• News of a bad reputation can spread easily and can take a lot of **time** and **money** to recover from; two resources that are usually in short supply in the SME hotel sector.

• Responsible business practices can enhance brand and reputation
Risk Management

- Risk Management - Important aspect of business
- SME’s often face a higher level of risk
- Organization need to be aware of and manage risk

Two major areas of risk are **business risk** and **regulatory risk**.

**Business Risk** – arises from ‘conflict’ in business operations; between organizations, between the organization and its suppliers, between the organization and its employees.

**Regulatory Risk** - arises from exposure to existing or changing legislation e.g. social, economic and environmental.
Employee Motivation

• In the tourism industry, employees are one of the keys to success.

• Organizations that treat their employees well and can motivate and satisfy them, tend to attract and retain the best staff.

• Attracting and retaining a talented and motivated workforce provides benefits to the organization both in terms of the reduced cost of hiring as well as increased customer satisfaction through positive experiences with employees.

• Internal CSR promotes employee satisfaction & motivation
Availability of Capital

• All businesses need capital to survive and thrive and access to capital is often a challenge.

• This challenge is often greater in the SME sector where resources are limited and collateral is often lacking.

• Financial considerations are always important, however what is becoming increasingly important are social and environmental considerations which are also being seen as key components of risk.

• Financiers are now also concerned with the social and environmental implications of business operations and take these into consideration in their lending decisions.
Availability of Capital

The following content taken from the International Finance Corporation’s (IFC) website, demonstrates the importance of social and environmental considerations; in accessing capital.

“IFC supports hotel projects and companies that are commercially viable, have a positive development impact, and fit with the country’s needs and tourism priorities. IFC seeks to partner with strong, stable firms that have a good understanding of local and regional markets and that seek our support to invest in emerging markets. We seek firms with good track record and strong commitment to transparent corporate governance, social responsibility, and environmental sustainability”
Competitive Advantage

Competitive Advantage is seen to be present when an organization can produce its products or services at superior quality or lower costs than its competitors and further where it can produce new or different product or service innovations.

• Establishing and maintaining a competitive advantage enables an organization to set itself apart from the competition an often increase profitability.

• CSR facilitates innovation and competitiveness. For organizations to be socially and environmentally responsible often requires innovation, exploring new opportunities and making changes to address emerging social issues or threats.

• Very often these innovations lead to cost reductions, new services opportunities and enhanced profitability.
Small Hotels and CSR
– What next?
Integrating CSR into the organization

- No ‘one size fits all’ approach to CSR
- Specific to the organization
- Commitment from the top
- Stakeholder Engagement
- Expressed Commitment - Code of conduct
- CSR must be real
• Suppliers
• Customers

• Employees
• Government Institutions
• Trade Unions

• Natural resources

• Civil Society
• National Community

MY HOTEL
Integrating CSR into the organization

Values - Inform

Business/ Business Model - Focus

Code of Conduct/Policies - Expression

Programmes/Initiatives - Execution

Indicators - Measurement

Reporting - Communication
Thank You!
Questions and Comments

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