# Corporate social responsibility in the Brazilian lodging industry: A perspective of small and medium-sized properties

A Thesis Presented to the

Faculty of the

Conrad N. Hilton College of Hotel and Restaurant Management

University of Houston

In Partial Fulfillment

Of the Requirements for the Degree

Master of Science

Renata Fernandes Guzzo

May 2016

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# Acknowledgements

First and foremost, I would like to thank my thesis advisor Dr. Yoon Koh for the valuable guidance and advice. She inspired me greatly, pushing me forward with encouraging words, which allowed me to be focused and to stay on track to fulfil this study and to pursue my career dreams. I cannot thank her enough for the tremendous support and help.

I would also like to thank Dr. Ki-Joon Back and Dr. JéAnna Abbott, for their time, comments, and advice. I am gratefully indebted to their valuable suggestions. I also wish to thank all of my professors who influenced me as well as the staff members at Conrad Hilton College who genuinely demonstrated the meaning of hospitality.

Furthermore, I wish to thank Professor Luis Patrucco at Senac College/Brazil, who participated as a second researcher in the data collection, increasing the reliability of this research. Without his passionate participation and input, this research could not have the same results. To Professor Alonso Blanco, for helping me locate sources of information in Brazil, I would like to express my sincerest thanks.

 Finally, I must express my profound gratitude to my mother, family, and close friends in Brazil that, even with the distance, were always there to support me, and my many thanks to my husband, who makes all this possible by being the most patient and loving person that I know.

# Table of Contents

[Title Page i](#_Toc449371737)

[Signature Page ii](#_Toc449371738)

[Acknowledgements iii](#_Toc449371739)

[Table of Contents iv](#_Toc449371740)

[List of Tables vi](#_Toc449371741)

[List of Figures vii](#_Toc449371742)

[Abstract viii](#_Toc449371743)

[CHAPTER I 1](#_Toc449371744)

[Introduction 1](#_Toc449371745)

[Background 1](#_Toc449371746)

[Problem Statement 2](#_Toc449371747)

[Objectives 3](#_Toc449371748)

[Justification 3](#_Toc449371749)

[Definition of Terms 4](#_Toc449371750)

[Delimitation 5](#_Toc449371751)

[CHAPTER II 6](#_Toc449371752)

[Literature Review 6](#_Toc449371753)

[Corporate Social Responsibility (CSR) 6](#_Toc449371754)

[CSR and Company Size 7](#_Toc449371755)

[CSR activities in small and medium-size properties (SMPs). 9](#_Toc449371756)

[CSR activities in large properties. 11](#_Toc449371757)

[CSR in Brazilian Lodging Industry 13](#_Toc449371758)

[CSR Communication 16](#_Toc449371759)

[CHAPTER III 20](#_Toc449371760)

[Methodology 20](#_Toc449371761)

[Sample Selection 20](#_Toc449371762)

[Procedure and Data Analysis 24](#_Toc449371763)

[CHAPTER IV 27](#_Toc449371764)

[Results 27](#_Toc449371765)

[Descriptive Statistics 27](#_Toc449371766)

[CSR Categories and Levels of Communication 28](#_Toc449371767)

[CHAPTER V 33](#_Toc449371768)

[Discussion 33](#_Toc449371769)

[Conclusion 38](#_Toc449371770)

[Limitations and Future Research 40](#_Toc449371771)

[References 42](#_Toc449371772)

[Appendix A 52](#_Toc449371773)

# List of Tables

[Table 1: Differences in CSR Activities 9](#_Toc449375964)

[Table 2: Sample Data 23](#_Toc449375965)

[Table 3: Categories and Goals 25](#_Toc449375966)

[Table 4: CSR Contents on Brazilian SMPs Websites 27](#_Toc449375967)

[Table 5: Differences Between Numbers of Companies Communicating Over Five CSR Categories 29](#_Toc449375968)

[Table 6: Level of CSR Communication Differences Between Brazilian Lodging Companies and Top 150 Companies Worldwide 30](#_Toc449375969)

# List of Figures

[Figure 1: Brazilian Cities Investigated. 21](#_Toc449257411)

# Abstract

This study investigates the extent to which corporate social responsibilities (CSR) activities are communicated by small and medium-sized accommodation properties (SMPs) in a developing country, Brazil. Findings then were compared to the CSR activities of the top 150 lodging companies worldwide. For the comparison purposes, 150 Brazilian SMPs were selected randomly and content analysis done of 150 individual websites. The results show significant differences between the two groups and in two levels of communication. Content-wise, Brazilian companies paid more attention to society/community wellbeing and diversity/accessibility whereas the top 150 companies emphasized employment quality, society/community wellbeing, and environmental goals. Further comparison was made with regard level of communication and significant differences were found between commitments and initiatives. Brazilian lodging SMPs demonstrated to be in an incipient stage regarding CSR, where companies are mainly focusing on categories that tend to bring short-term benefits or had legal requirements rather than those that indicate a deeper social responsibility.

**Key-words:** Corporate social responsibility, lodging industry, small and medium-sized properties.

# CHAPTER I

# Introduction

## Background

Corporate Social Responsibility (CSR) has been gaining importance as stakeholders have demonstrated more awareness of the social and environmental consequences of business operations (Martinez & Del Bosque, 2013). While there is a growing literature related to CSR, research has been mostly focused on large size companies, especially in the Unites States. Even though this scenario is changing, where middle and low-income countries have been accelerating their adaptation to CSR agenda (United Nations, 2007), little is known about CSR in SMPs in those countries.

In Brazil each year 1.2 million of new companies are established, being 99% of which micro and small companies (SEBRAE, 2011). Approximately 25% of the GDP and 52% of formal jobs are generated by SMPs (SEBRAE, 2012). The majority of hotels in Brazilian metropolitan regions are small and medium in size; 56% of the lodging facilities have less than 50 rooms whereas only 20% have more than 100 rooms (IBGE, 2012). Furthermore, the Brazilian lodging industry is significantly growing. To meet the expected demand of the FIFA World Cup in 2014 and the Olympic Games in Rio de Janeiro 2016, the number of rooms throughout the country has increased from 440,800 to 500,000 in 2014 and the expectation for 2016 is to achieve 535,000 rooms (Valor Econômico, 2014). Room occupancy also increased from 52% in 2003 to 66% in 2013 (FOHB, 2014). Due to these changes it is especially important to understand how these properties are adapting to CSR.

Although some argue that CSR is not of primary concern to SMPs, given their greater financial volatility and smaller budgets than large-size lodging properties, CSRs’ roles in SMPs can be remarkable due to two reasons. *First*, SMPs exhibit diverse characteristics that are favorable to CSR; SMPs are closer to the communities in which they are located and closer to their employees, and their owner’s personal ideologies play a stronger role to all of those (Jamalie, Lund-Thomsen, & Jeppesen, 2015). *Second*, since SMPs dominate the market in numbers of properties, their activities can and do impact society as much as do large companies (Jamalie et al., 2015; Jeppesen, Kothuis, & Tran, 2012). As a result, studies have documented benefits that SMPs can have by adopting CSR activities include increased sales, brand differentiation, ability to reach new customer segments, building staff morale, profit and sales growth, customer satisfaction, cost savings and increased efficiency, and better reputation among others (Inyang, 2013).

## Problem Statement

Not much is known about CSR in small and medium-sized properties (SMPs), especially those in developing countries, even though significant portion of the economy is generated by their activities in those countries (Efiong, Usang, Inyang, & Efiong, 2013; Inyang, 2013). A few studies that examined CSR in the Brazilian lodging industry are valuable yet limited because most of those are case studies focusing on one or a few companies in a specific city or one region, which limits generalizability of the findings (Coelho, Gosling, & Gonçalves, 2013; Malta & Mariani, 2013; Melo, Moura-Leite, & Padgett, 2012; Turczynski & Oliveira, 2011). Therefore, this study aims to fill the gap by expanding the context to the country level.

## Objectives

This research’s purpose is to document the extent to which CSR activities are communicated by SMPs in a particular developing country, Brazil, in comparison to the top 150 lodging companies. This study investigates Brazil due to the significance of SMPs in that country and its growing importance. CSR activities are examined over five areas: environmental goals, employment quality, diversity/accessibility, society/community wellbeing, and economic prosperity, from the perspectives of commitment, initiatives, and performance (De Grosbois, 2012). This study particularly aims to examine differences in CSR activities communicated by Brazilian SMPs and the leading lodging companies worldwide as they are reported on company/property web pages, and then compare the most-emphasized categories.

As specific objective, this study aims to identify differences between corporate level and individual properties among the Brazilian SMPs and the top worldwide companies.

## Justification

The calls for further and more sophisticated CSR research are growing as Brazilian hotels have adopted more CSR practices (Malta & Mariani, 2013; Siqueira, Costa, & Carvalho, 2013; Turczynski & Oliveira, 2011) and Brazilians, compared to consumers world-wide, are 50% more likely to engage with companies that align with greater societal needs (Cone Communications & Echo 2013). Despite the importance of the topic, CSR research in Brazil has not gained enough attention and a few existing studies are mostly case studies. This study aims to fill the gap by expanding the scope to the whole country of Brazil and across multiple aspects of CSR. This holistic approach makes theoretical contribution by shedding lights on CSR communication from the perspective of developing countries and SMPs with the examples of Brazilian SMPs’ CSR communication.

The practical implication of this study is to transfer knowledge to the lodging SMPs, comparing to what the leading hotels worldwide are doing, so both large companies and SMPs can continue to develop more sustainable CSR strategies. It is expected that the leading lodging companies will have a higher number of CSR activities. The comparison main purpose is to verify differences in CSR categories most emphasized, since little is known about CSR in SMPs. Understanding uniqueness in CSR practices might help practitioners to improve their strategies, eventually to achieve stakeholder’s attention and better operating and financial results. Furthermore, knowing which areas of CSR are mostly and rarely emphasized can help properties to expand and promote their initiatives in a way that mutual benefit of hospitality accommodation companies and stakeholders can be addressed.

## Definition of Terms

*Corporate social responsibility (CSR)*: empirically consists of “clearly articulated and communicated policies and practices of corporations that reflect business responsibility for some of the wider societal good” (Matten & Moon, 2008).

*Small and medium-sized properties (SMPs):* small sized hotels have fewer than 40 rooms; medium sized up to 200 rooms, and large hotels have over 200 rooms (Duarte, 1996).

## Delimitation

While SMPs are considered important economic players in developing countries, contributing to mitigate poverty through job creation and offering better life conditions, little is known about what they are doing in terms of CSR (Jeppesen et al., 2012). Therefore, this study aims to address those specific types of properties in Brazil and in order to have a deeper perspective of the market, properties that were affiliated to international chains were excluded from this study. The findings of this research can bring a meaningful contribution for SMPs not only in Brazil, but for other developing countries too, due the countries’ similarities and economic and social characteristics.

The properties websites were used to verify CSR efforts, since the Internet is one of the most-used channels for travel planning worldwide (Buhalis & Jun, 2011). With the popularity of internet and social media (Du, Bhattacharya, & Sen, 2010), it is crucial for companies to perform an efficient communication, allowing the general public to understand their efforts. This is especially relevant in Brazil, where a survey’s results revealed that 52% of Brazilians consumers have searched a companies’ CSR practices; that percentage is significantly greater than the global average, namely 34% (Cone Communications & Echo, 2013).

# CHAPTER II

# Literature Review

## Corporate Social Responsibility (CSR)

The seminal work of Bowen in 1953 is considered the first CSR definition and it is frequently cited: “the obligations of businessmen to pursue those policies, to make those decisions, or to follow those directions which are agreed in terms of values and objectives by our society” (Bowen, Gond, & Bowen, 2103). Since then, many terms and approaches have been used to understand a company’s behavior towards society and environmental such as: CSR, corporate citizenship, corporate sustainability, social responsibility (De Grosbois, 2012; Holcomb, Upchurch, & Okumus, 2007). More recently, one of the most popular and commonly used CSR’s definitions was developed by the World Business Council for Sustainable Development (WBCSD, 1999): “Corporate social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large”.

Some research has made attempts to classify and understand differences in CSR. For example, Matten and Moon (2008) identified two distinct elements of CSR – the explicit and the implicit. Explicit CSR consists in voluntary programs and strategies that include social issues as being part of the social responsibility of the company. By “implicit CSR” the authors refer to “corporation’s role within the wider formal and informal institutions for society’s interests and concerns” (Matten & Moon, 2008, p.409). Companies practicing implicit CSR normally do not describe their activities as being part of a corporate social responsibility program. Others, summarized approaches to CSR using theories. For instance, Garriga, and Melé (2004) mapped CSR theories and related approaches in four groups: 1. Instrumental theories, in which the corporation focus is to achieve economic objectives through social activities; 2. Political theories, in which the corporation focus is the responsible use of its power in the society and political arena; 3. Integrative theories, in which the corporation focus is to integrate and satisfy social demands; and 4. Ethical theories, based on ethical responsibilities to the society.

The commonality between most of definitions and approaches is that organizations should engage in socially responsible behavior as part of their business strategy. Therefore, the perspective of this research is that CSR (and its similar terms) empirically consists of “clearly articulated and communicated policies and practices of corporations that reflect business responsibility for some of the wider societal good” (Matten & Moon, 2008). However, how a company applies and what a company communicates about CSR will rely in many different aspects such as: industry aspects, company size, and location’s cultural, political, and social conditions.

## CSR and Company Size

Research indicates company size to be an important factor in CSR strategy analysis. In many ways, small business differs from large: amount of resources available, strategies, drivers, managerial values, involvement levels, and stakeholder prioritization (Coppa & Sriramesh, 2013). SMPs cannot follow the same process set as large companies do, given the bureaucratic demands of standards and reporting procedures (Garay & Font, 2013). These factors will impact how CSR is practiced and communicated in SMPs, in contrast with large companies.

Baumann-Pauly, Wickert, Spence, and Scherer (2013) study compared CSR implementation patterns in Swiss multinational corporations and small and medium-sized enterprises. The authors triangulated interviews with public and internal company documents and stakeholders’ perspectives by applying a conceptual framework that allows comparison between dimensions of CSR implementation. The results suggest that large firms are not necessarily more advanced in implementing CSR than smaller firms. While firms present different characteristics considering their sizes, those will have a direct impact in firms’ implementation and communication process.

Although the interest in CSR in the lodging industry is growing, not much is known about CSR in SMPs. Most of CSR studies focus on large manufacturing companies, while the service sector receives little attention, and even less the SMPs in the lodging industry (Garay & Font, 2012). However, more recently CSR in SMPs are getting its attention as a result of the realization of how these organizations impact national economies (Inyang, 2013). More research on CSR in SMPs is essential to expand the knowledge of CSR and to explore how CSR can be promoted among SMPs (Moyeen & Courvisanos, 2012).

Main differences in CSR activities between large properties and SMPs are summarized in Table 1.

**Table 1: Differences in CSR Activities**

|  |  |
| --- | --- |
| Large Properties | Small-and-Medium Sized Properties |
| Favorable characteristics for external communication (Baumann-Pauly et al., 2013)  | Favorable characteristics for internal implementation (Baumann-Pauly et al., 2013) |
| * Higher budgets to focus on image building and external communication (Amann, Jaussaud, & Martinez, 2012)
* Higher pressure from investors and stakeholders (Amann et al., 2012; Quinn, 1997)
* Complex structures
* Proactive participation in external projects and collaboration with external stakeholders

Formal and explicit ways to embed CSR (Baumann-Pauly et al, 2013; Campopiano, De Massi, & Cassia, 2012, 2012; Matten and Moon, 2008) | * Strong role of the firm and owner/manager in identity-building (Jamali et al., 2015)
* Lower pressure from investors and stakeholders (Quinn, 1997)
* Small number of employees and flat hierarchies (Jenkins, 2006)
* Easily integrated in the company culture

Informal and implicit ways to embed CSR (Baumann-Pauly et al, 2013; Campopiano et al., 2012; Matten and Moon, 2008)Collaboration with other SMPs and industry partners (Baumann-Pauly et al., 2013)Closer to the communities where they are located (Campopiano et al., 2012; Jamalie et al, 2015)Struggle with financial and human resources (Jenkins, 2006)Family management (Amann et al., 2012; Block & Wagner, 2014; Campopiano et al., 2012). |

### **CSR activities in small and medium-size properties (SMPs).**

 Many small companies demonstrate their awareness of the potential benefits in adapting their businesses to a more sustainable model (Garay & Font, 2013). Some studies have identified motivations and benefits that different small and medium accommodation’ companies had by adopting CSR in their business strategies. Some of the motives are: consumer and client loyalty (Njite, Hancer, & Slevitch, 2011); cost reduction (Garay & Font, 2012; Oliveira & Rosseto, 2014; Siqueira et al., 2013); enhancing reputation (Garay & Font, 2012; Oliveira & Rosseto, 2014); improvement of community/environment and social change promotion (Jurik & Bodine, 2014); moral and owner/manager interest (Njite et al., 2011; Oliveira & Rosseto, 2014). Some of the benefits are: recruiting/retaining employees (Njite et al., 2011); cost savings and efficiency (Oliveira & Rosseto, 2014).

SMPs are likely to prioritize actions that consider short-term benefits such as reducing costs and have positive financial impact (Oliveira & Rosseto, 2014; Siqueira et al., 2013; Yu, Day, Adler & Cai, 2012). The main reason for that might be because SMPs, compared to large size companies, struggle against financial problems and have lower budgets. At the same time, though, SMPs seems to be more connected with local communities, therefore, their owners’ personal interests and moral codes are important in considering CSR (Jamalie et al., 2015; Njite et al., 2011; Oliveira & Rosseto, 2014).

Small and medium-size firms have organizational characteristics that are favorable for promoting the internal implementation of CSR-related practices, such as small numbers of employees and flat hierarchies (Baumann-Pauly et al., 2013) and owner/manager ideologies (Jamalie et al, 2015; Njite et al, 2011; Oliveira & Rosseto, 2014); however, they constrain with external communication and reporting about CSR, due the lack of financial and human resources (Jenkins, 2006). Another important factor to take into consideration is that the majority of SMPs are family firms, this also impacts how the company is managed, thus how CSR will be implemented and communicated (Amann et al., 2012; Campopiano et al., 2012). Family-managed companies have been found to be especially connected to the local-community and social activities (Campopiano et al., 2012), following the owners’ beliefs, and are more willing to introduce labor welfare, given that the employees are mostly part of the same family (Garay & Font, 2012). However, it is probable that those are not explicitly communicated, since they are addressed to the family members. Family firms also seek for a long-term strategy to preserve the family inheritance for transmission to following generations (Abdellatif, Amann, & Jaussaud, 2010), which reflect on a stronger care about their stakeholders than do other firms and probably higher levels of CSR (Block & Wagner, 2014).

Comparing 3626 Italian firms, the 2008 study by Russo and Tencati found that SMPs rarely use CSR language to describe their activities, notwithstanding that informal CSR strategies are an important part of their business. Despite their increasingly consciousness of CSR, SMPs in Italy have manifested an unwillingness to formalize their CSR strategies. Another study, this in Turkey, found that online CSR communication seems to be neglected by the SMPs based on the low number of firms having CSR information on their websites (31 of the 113 firms analyzed). Most of the projects related to charity events or philanthropy activities. The authors argue that this could be caused by the limited number of projects on the CSR undertaken by SMEs or that they do not recognize fully the importance of CSR communication and how it can bring benefits (Dincer & Dincer, 2010).

### **CSR activities in large properties.**

Compared to SMPs, large companies present a different set of characteristics. Large firms have characteristics favorable for promoting external communication and reporting about CSR, such as more pressure from investors and higher budgets to focus on image-building (Baumann-Pauly et al., 2013). They are also answering for public calls for corporate responsibility and transparency (Amann et al., 2012; Baumann-Pauly et al., 2013) since stakeholders urge for real actions that not stop at ‘do no harm’ but goes beyond that, contributing ‘Positive Force’ to the worldwide social development goals (Warhurst, 2005).

When a company includes CSR in its strategy, significantly costs to develop social-environmental and/or governance policies are involved (Amann et al., 2012). In this sense, the capacity to support such CSR costs correlates to the company size, especially because of the company’s resources. In other words, “the larger the company, the greater is its capacity to support CSR costs” (Amann et al., 2012, p. 335).

Large properties also present a more-formal CSR strategy although they still reveal integration limits of CSR strategies into explicit management systems (Campopiano et al., 2012; Russo & Tencati, 2008). The 2008 study by Russo and Tencati of Italian firms also found that environmental initiatives usually are associated with larger firms. Participation with external projects and collaboration with external stakeholders (e.g. NGOs) also was found to be characteristic of large firms (Baumann-Pauly et al., 2013).

Contrarily, large firms are constrained by internal implementation due to their complicated structures: incentive systems must be coordinated, procedures and evaluations systems must be organized and distributed to different locations and countries, manager and employees must be trained, and so on (Baumann-Pauly et al., 2013). While small business focus on local activities within communities where they are located, larger firms focus more on financial initiatives (such as sponsorships) and communication-oriented activities (such as corporate advertising).

## CSR in Brazilian Lodging Industry

Despite growing CSR interest among Brazilian consumers, and evidence of the important role of CSR in developing countries, studies about it remain rare, especially in the hospitality industry. That could be a consequence of the only-recent interest of Brazilian’s organizations in sustainability, dating from the late 1990’s. Brazil has a philanthropic characteristic, mainly because social inequalities that characterize the nation. Nonetheless, in the recent past companies are embracing CSR as a business strategy (Crisostomo, Freire, & Parente, 2014; Galego-Álvarez, Formigoni, & Antunes, 2014; Griesse, 2007). In 2013, as many as 3695 ISO-14001 Certificates were acquired by Brazilian companies. Brazil is behind only the U.S. in number of certifications in Americas (ISO, 2013). This suggests that many Brazilians companies are concerned about sustainable development.

Although only a few studies relating to CSR and the hospitality industry were found in Brazil, almost all of them in Portuguese, it is possible to converge some findings: 1) Brazilian hotels have presented more environmental practices (Malta & Mariani, 2013; Siqueira et al. 2013, Turczynski & Oliveira, 2011); 2) most of CSR activities focus on short-term benefits, with emphasis in cost reduction (Coelho et al., 2013; Siqueira et al., 2013; Turczynski & Oliveira, 2011); 3) large hotels presented more CSR practices (Malta & Mariani, 2013, Siqueira et al. 2013); and 4) initiatives that focus on social issues are most related to donations (Coelho et al., 2013; Lenziardi, 2011, Malta & Mariani, 2013). Main benefits by adopting CSR practices are: 5) economic benefits (Melo et al., 2012, Oliveira & Rosseto, 2014; Turczynski & Oliveira, 2011); 6) better competitiveness (Turczynski & Oliveira, 2011); 7) efficiency gain (Oliveira & Rosseto, 2014); and 8) firm’s generally-positive aspects (Oliveira & Rosseto, 2014; Turczynski & Oliveira, 2011).

In the Brazilian context, CSR efforts are mainly related to the protection of consumer relation and work relation, generally because these areas are the ones regulated by laws and with higher society pressure (Instituto Ethos, Instituto Akatu, Ibope Inteligência, 2008). It was also found that large companies presented more CSR activities and they are in an advanced stage on the implementation process of their actions. However, there are inconsistent results about Brazilian companies CSR practices and firm size. Another study analyzed data from the Brazilian Institute of Social and Economic Analyses (IBASE) composed of 1,199 annual observations of 282 companies that reported CSR data in the period 1996-2008 in Brazil. The findings indicate that CSR of the Brazilian companies does not seem to be positively influenced by firm size. In fact, the authors stated that the mean global CSR indexes of Brazilian firms are higher for smaller companies (Crisostomo et al, 2014).

In Brazil, since the majority of hotels in capitals cities and metropolitan areas are SMPs, it is especially relevant to understand their practices and what they are doing in favor of CSR and sustainable development. Referring CSR only in SMPs in the lodging industry, little evidence was found in Brazil. Oliveira and Rosseto (2014) did a research in three touristic destinations in Brazil: Buzios/RJ, Gramado/RS and Chapada Diamantina/BA. They surveyed hotels that were implementing sustainable certifications. It revealed favorable influence of government programs related to hotel’s decision in to be certified companies, as well as owners’ personal interest. However, many properties did not finish the certification process regarding the bureaucratic rigor of ISO 15401, the lack of technical support, equipment's’ costs, and lack of skilled employees. The managers surveyed agreed that the sustainable practices generate positive impact on the property image, helps to increase efficiency and reduce costs. Therefore, some of them, even without the certification, will continue to be pro-active in sustainable matters.

Lenziardi (2011) study investigates the perceptions and practices of CSR in Paraty's small lodging facilities in Brazil. Despite managers’ knowledge on CSR were not systematic and practices were not constant, they showed a sense of citizenship and propensity to invest more in sustainability. The practices most adapted were: support events to preserve cultural and patrimonial value of the city and donations. In Siqueira et al. (2013) study, where the view of organization’s actors among different firm sizes were investigated, were founded that environmental responsibility were more evident in hotels in Brasilia, capital of Brazil. Also, large hotels have more CSR practices than small properties. Managers in small properties stated that, related to energy consumption, they are doing well. However, they also believe that they need to improve their social actions and invest more in recycle processes.

Based on the differences, we argue that between Brazilian SMPs and the top 150 companies worldwide, significant differences in emphasis exist in CSR, especially in the following two aspects:

*First*, given the characteristics of SMPs, especially related to small number of employees, flat hierarchies, and family management, employment quality is not expected to be the CSR strategy most emphasized. Therefore, this study expects that Brazilian SMPs have significantly less emphasis on Employment Quality than do the top 150 companies.

*Second*, since Brazil shares characteristics similar to those in any developing country struggling against poverty, economic problems, and social inequalities (Jeppesen et al., 2012), a stronger emphasis on philanthropy and community development is expected (Baskin, 2006). Therefore, this study expects that Brazilian SMPs have significantly higher emphasis on Society/Community wellbeing than the top 150 companies.

Based on the aforementioned argument the following hypothesis was developed:

H1: There are significant differences between Brazilian SMPs and the top 150 companies worldwide in terms of CSR contents communicated.

## CSR Communication

CSR communication is a key factor determining whether the CSR strategy will engage stakeholders. While organizations want stakeholders to be aware about their ethical behavior toward social and environmental problems, they are reticent about communicating their CSR actions, fearing criticism (Schlegelmilch & Pollach, 2005). Companies can increase CSR’s strategic benefits in understanding what stakeholders consider important and how they interpret the companies’ communication (Du et al., 2010). Stakeholders will make positive inferences about a company if they perceive the acts as a genuine concern, while perceptions of predominantly extrinsic motives, only related to profits increase, has a negative impact, leading to a less favorable attitude toward the company (Yoon, Gurhan-Canli, & Schwarz, 2006). In a study with 4 and 5 star-hotels’ visitors in Hong Kong founded that the environment factor had highest predictive power in explaining the relationship between CSR and four variables - service quality, willingness to pay, preference to stay, and brand image (Kucukusta, Mak, & Chan, 2013). Those results suggest which areas hotels should emphasize in order to have a better CSR’ strategy outcome.

It is important to establish an efficient communication, allowing the general public to understand the companies’ CSR message and efforts. The power of consumer word-of-mouth has been magnified by the popularity of internet and social media, such as corporate websites, Facebook and blogs (Du et al., 2010). Websites compared to traditional channels are faster, dynamic, and less expensive way for firms to communicate CSR information to stakeholders (Wanderley, Lucian, Farache, & Souza Filho, 2008). The internet allows the company to communicate constantly with specific stakeholders all over the world.

CSR also strongly relates to contextual characteristics, i.e., geographic, social, cultural, and economic policies of each location (Martinez & Del Bosque, 2013). In analyzing CSR literature, it is possible to identify different emphases in CSR communication when comparing nations worldwide. In developing countries, stronger emphasis on philanthropy and community development is usual. In developed nations, environmental, ethical, or stakeholder issues are of concern (Baskin, 2006). In the hospitality industry (and services companies in general), information oriented to community (including environment) and social activities are more frequently reported, while information oriented to others stakeholders are less emphasized (Perez & Del Bosque, 2014). Furthermore, differences in the level of communication are likely to be found. According to Moreno and Capriotti (2009) website information should be organized and structured to facilitate the website usability and accessibility, but to also to allow firms to establish levels of importance among certain aspects or topics. De Grosbois (2012) used levels of communication in her research (commitments, initiatives, and performance) allowing differentiation of how explicitly CSR has been reported by the leading companies worldwide. *Commitment* indicates that a company is committed to the goal, without communicating details, for instance when companies declare their awareness of water conservation, it does not detail any real action; instead, it implies efforts in that regard, maybe to be undertaken in the (sometimes unspecified) future. *Initiative* indicates specific activities that give support towards the goal, for example initiatives supporting communities with donations such as free meeting spaces or towels. *Performance*, in its turn, indicates evaluation of progress towards the goal or evaluation of any initiative that contributes to achieving the goal.

Considering the role of communication in business success, many aspects can influence the way CSR is applied and communicated. This research approach explores size and level of communication as forces influencing what and how accommodation firms communicate and implement in terms of CSR. Hence,

H2: There are significant differences in level of communication between Brazilian SMPs and the top 150 companies worldwide.

H2a: There are significant differences between Brazilian SMPs CSR commitments and the top 150 companies worldwide.

H2b: There are significant differences between Brazilian SMPs CSR initiatives and the top 150 companies worldwide in both, individual and corporate level.

H2c: There are significant differences between Brazilian SMPs CSR performance and the top 150 companies worldwide in both, individual and corporate level.

# CHAPTER III

# Methodology

## Sample Selection

The main purpose of this research is to document the extent to which CSR activities are communicated by SMPs in Brazil and compare the findings to the 150 largest worldwide lodging companies. SMPs have different definitions and scopes across countries, industries and organizations, yet since this study focus on the Brazilian lodging industry, Duarte’s categorization (1996) was used: small-sized hotels have fewer than 40 rooms; medium sized up to 200 rooms, and large hotels have over 200 rooms. The classification criteria commonly adopted in the U.S.A. is categorizing small hotels with up to 100 rooms, medium sized with between 100 and 200 rooms, and large hotels with more than 200 rooms (Baker, Bradley, & Huyton, 2000). Duarte’s (1996) categorization is more approximate to Brazil’s reality, where the majority of hotels located in metropolitan areas have less than 50 rooms and only 20% have more than 100 rooms (IBGE, 2012). As this study does not differentiation small-sized hotels from medium-sized hotels, as both categorization suggests, 200 room was used as a cut-off point to differentiation SMPs from large ones.

In selecting a sample that appropriately represents the Brazilian lodging industry, lodging properties were identified from a federal government register (CADASTUR[[1]](#footnote-1), 2015) and listed by region. Six cities with the highest number of accommodation properties in Brazil’s five geographical regions were listed thus: Southeast – Rio de Janeiro (273) and São Paulo (234); Northeast – Fortaleza (96); Center-western – Brasilia (50); South – Curitiba (92) and North – Manaus (109). The Southeast region was the only region where two cities were analyzed, mainly for two reasons: (1) Rio de Janeiro and São Paulo are the top two capital cities in number of registered accommodations properties in the country (CADASTUR, 2015); and (2) they are the two cities with the largest number of international arrivals – 2,219,917 and 1,597,153 per year respectively (Brasil, 2015a), which considerably impacts the country’s lodging industry.



*Figure 1*. Brazilian Cities Investigated.

Among properties located in the six cities, properties whose numbers of rooms are greater than 200, and properties that do not have a webpage or are affiliated to an international chain were excluded in order to present a sample of Brazilian SMPs. A sample of 150 properties from a total number of 498 properties was selected using stratified random sampling; a sample from each city is taken in a number proportion of the total 498 properties.

Table 2 presents the sample properties’ locations and characteristics. Two-thirds of the Brazilian SMPs are independent although domestic chain affiliated SMPs exist more in São Paulo and Brasilia. São Paulo is the most populated city in Brazil and it is considered the financial center of Latin America (São Paulo, 2015). Furthermore, it is the Brazilian city with the highest number of accommodation properties in metropolitan areas (IBGE, 2012). Brasilia, on the other hand, is the capital city of Brazil and it is the country’s political center. Therefore, the hospitality competition in these two cities is high and chain-affiliated hotels may have some advantages such as enhance access to resources and knowledge (Ingram & Baum, 1997).

**Table 2: Sample Data**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Region | City | Accommodation type | SMPs  | Independent  | Chain affiliated |
| Southeast | Rio de Janeiro | Hotel | 43 | 35 | 8 |
|  |  | Hostel | 6 | 5 | 1 |
|  |  | B&B | 2 | 2 | 0 |
|  |  | **Total** | **51** | **42** | **9** |
|  |  |  |  |  |  |
|  |  | Hotel | 16 | 7 | 9 |
| Southeast | São Paulo | Flat/Apart Hotel | 10 | 1 | 9 |
|  |  | Hostel | 7 | 7 | 0 |
|  |  | **Total** | **33** | **15** | **18** |
|  |  |  |  |  |  |
|  |  | Hotel | 10 | 9 | 1 |
| North  | Manaus | Flat/Apart Hotel | 1 | 0 | 1 |
|  |  | Hostel | 1 | 1 | 0 |
|  |  | B&B | 1 | 1 | 0 |
|  |  | **Total** | **13** | **11** | **2** |
|  |  |  |  |  |  |
|  |  | Hotel | 13 | 13 | 0 |
| Northeast | Fortaleza | Flat/Apart Hotel  | 3 | 3 | 0 |
|  |  | Hostel | 2 | 2 | 0 |
|  |  | B&B | 3 | 3 | 0 |
|  |  | **Total** | **21** | **21** | **0** |
|  |  |  |  |  |  |
|  |  | Hotel | 19 | 11 | 8 |
| South | Curitiba | Flat/Apart Hotel | 3 | 3 | 0 |
|  |  | Hostel | 1 | 1 | 0 |
|  |  | **Total** | **23** | **15** | **8** |
|  |  |  |  |  |  |
| Center-western | Brasilia | Hotel | 9 | 4 | 5 |
|  |  | **Total** | **9** | **4** | **5** |
|  |  |  |  |  |  |
| Total |  |  | **150** | **108** | **42** |

Sample properties then are categorized by accommodation types according to the categorization created by CADASTUR (2015). Of the accommodation types, 74% are hotels. Hostels and Flat/Apart hotels each have the same proportion of 11%, and bed-and-breakfasts (B&B) represents 4% of the sample size.

## Procedure and Data Analysis

After identifying the sample of this study, each website of the selected Brazilian properties was visited. Based on De Grosbois (2012), content analyses were conducted across the five categories of environmental goals, employment quality, diversity/accessibility, society/community wellbeing and economic prosperity. Items included under each category are summarized in Table 3. Using a previously-tested framework helps to increase content and criterion-related validity. During the recording process a category named “other” was created to accommodate information that did not fit in the categories established by De Grosbois (2012). Later those categories were analyzed to verify the necessity of creating new categories based on Brazilian properties’ characteristics.

Each item is investigated with three levels of communication: commitment, initiatives, and performance (De Grosbois, 2012). In De Grosbois’ (2012) study for instance, only one group reported performance regarding to employee assistance programs by informing number of cases that received help.

Since no globally-accepted standards exist regarding CSR disclosure (De Grosbois, 2012), and companies often labeled socially-responsible behavior differently (Holcomb et al, 2007), all web sites content or report mentioning CSR or sustainability were investigated. When such content was present, 1 was recorded, or 0 otherwise. In addition to that, all content related to the categories and goals established on Table 4 also were considered in the content analysis.

**Table 3: Categories and Goals**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Environmental goals | Employment quality | Diversity and accessibility | Society/Community wellbeing | Economic prosperity |
| Mitigation of climate change | Safe and healthy work environment | Diversity in workforce | Social assistance for local community or at national level | Contribute to local/global economic prosperity/development  |
| Energy conservation | Fair wages and benefits | Diversity among affiliates and suppliers | Assistance for international/global social issues | Sustainable supply chain |
| Renewable energy use and clean energy production | Work/life balance policies | Diversity among customers | Heritage and local culture | Raise supplier awareness of sustainable development |
| Water conservation | Employee assistance programs | Accessibility for job applicants, employees and customers | Raise employee, customer and public awareness about sustainable development | Public/private partnerships to address social and industry issues |
| Waste reduction and recycling | Opportunities for learning and development |  | Responsible products |  |
| Water and soil pollution reduction | Opportunities for career advancement |  | Safe environment for customers |  |
| Air pollution reduction | Employee empowerment/feedback |  |  |  |
| Responsible design | Non-discrimination |  |  |  |
| Biodiversity protection |  |  |  |  |
| Prevention of ozone layer depletion |  |  |  |  |
| Noise reduction |  |  |  |  |

*Note.* Adapted from De Grosbois, 2012.

To increase inter-coder reliability, all websites’ contents were coded by two coders independently. All coded variables were compared and resulted in levels of agreement ranging from 92% to 100%, indicating high reliability. Disagreements were resolved by randomly selecting the decisions of different coders (Lombard, Snyder-Duch, & Bracken, 2002).

Results then were compared to the results of the world’s top 150 lodging companies, as per De Grosbois (2012). To verify significant differences, chi-square (χ²) analysis was conducted for each level: commitment, initiatives, and performance. Chi-square test can be used to determine whether there is a significant relation between two variables (Han, Hsu, & Sheu, 2010; Kirk, 1998).

As a sensitivity analysis, this study also compared differences between corporate level and individual property as per De Grosbois (2012). This approach allows differentiating brand strategy and company strategy. For instance, a chain-affiliated property presents specific CSR initiatives done in that single unit, because that unit is actually franchised and the owner has been implementing more CSR activities than those already suggested by the brand. Or, another scenario, the brand website shows different CSR activities, however sometimes it does not specify if all its units are adopting those. From the client’s viewpoint, it can be confusing to understand whether all units are adopting the same activities if the content does not clearly state this. So, it is crucial to differentiate unit strategy from brand strategy. Moreover, content analyses also allowed identification of which properties had a specific web site section dedicated to communicate either CSR or sustainable initiatives, for example a CSR tab or specific reports (De Grosbois, 2012; Perez & Del Bosque, 2014).

# CHAPTER IV

# Results

## Descriptive Statistics

After analyzing all 150 Brazilian websites and compared them to the De Grosbois results (2012), it is possible to see that out of the 150 companies analyzed by each market, 74 Brazilian SMPs provided some information related to CSR, while 104 of the top companies worldwide. Table 4 below shows details about Brazilian properties.

**Table 4: CSR Contents on Brazilian SMPs Websites**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Region | City | Accom. type | SMPs total | SMPs with CSR content |
| All regions | All Cities | B&BFlat/ApartHostel | 61717 | 3 (50%)9 (52.9%)9 (52.9%) |
|  |  | Hotel | 110 | 53 (48.2%) |
|  |  | **Total**  | **150** | **74 (49.33%)** |
| Southeast | Rio de Janeiro | B&B | 2 | 1 (50%) |
| Hostel | 6 | 4 (66.7%) |
| Hotel | 43 | 13 (30.2%) |
| **Total**  | **51** | **18 (35.3%)** |
|  |  |  |
| Flat/Apart | 10 | 7 (70%) |
| Southeast | São Paulo | Hostel | 7 | 4 (57.1%) |
|  |  | Hotel | 16 | 8 (50%) |
|  |  | **Total**  | **33** | **19 (57.6%)** |
|  |  |  |  |  |
| North  | Manaus | B&B | 1 | 0 (0%) |
|  |  | Flat/Apart | 1 | 1 (100%) |
|  |  | Hostel | 1 | 1 (100%) |
|  |  | Hotel | 10 | 5 (50%) |
|  |  | **Total**  | **13** | **7 (53.8%)** |
|  |  |  |  |  |
| Northeast | Fortaleza | B&B | 3 | 2 (66.7%) |
|  |  | Flat/Apart | 3 | 0 (0%) |
|  |  | Hostel | 2 | 0 (0%) |
|  |  | Hotel | 13 | 8 (61.5%) |
|  |  | **Total**  | **21** | **10 (47.6%)** |
|  |  |  |  |  |
| South | Curitiba | Flat/Apart | 3 | 1 (33.3%) |
|  |  | Hostel | 1 | 0 (0%) |
|  |  | Hotel | 19 | 13 (68.4%) |
|  |  | **Total**  | **23** | **14 (60.9%)** |
|  |  |  |  |  |
| Center-western | Brasilia | Hotel | 9 | 6 (66.7%) |
|  |  | **Total**  | **9** | **6 (66.7%)** |
|  |  |  |  |  |
| Total |  |  | **150** | **74 (49.3%)** |

Only seven properties from the sample of 150 Brazilian SMPs have a CSR tab in their websites. All those are chain-affiliated, yet geographically diverse; Rio de Janeiro: 2 hotels and 1 hostel; São Paulo: 1 hotel and 1 Flat/Apart Hotel; Curitiba: 1 hotel; Brasilia: 1 hotel. This result shows that the majority of Brazilian SMPs do not have an explicit way to communicate CSR, since the information can be found in different sections of their websites (e.g. room characteristics, restaurant, media information, career section, or “about us”). Analyzing the top 150 companies worldwide, the number of companies is higher, however it is less than 50% of the sample, where 62 companies (41.3%) presented a specific CSR website section.

## CSR Categories and Levels of Communication

 Table 5 shows significant difference between the total number of Brazilian companies (135) and worldwide companies (287) that provided some CSR information in their websites, aggregated over the five CSR categories (χ² = 32.04, p< 0.01), supporting the first hypothesis of this study. Society/community wellbeing was most-frequently communicated by both groups. Of 150 Brazilian SMPs, 45 mentioned this category while of the 150 top lodging companies, 72 also mentioned it. On the other hand, only 8 Brazilian SMPs mentioned employment quality while 72 top companies stated the same perspective, showing a clear distinction.

**Table 5: Differences Between Numbers of Companies Communicating Over Five CSR Categories**

|  |  |  |  |
| --- | --- | --- | --- |
| Categories | Brazil | Top 150 | Total postings |
| Society/community wellbeingDiversity/accessibility | 45 (34.0%)32 (23.7%) | 72 (25.1%)36 (12.5%) | 117 (27.7%)68 (16.1%) |
| Economic prosperity | 31 (23.0%) | 46 (16.0%) | 77 (18.2%) |
| Environmental goals | 19 (14.1%) | 61 (21.3%) | 80 (19.0%) |
| Employment quality | 8 (5.9%) | 72 (25.1%) | 80 (19.0%) |
| Total postings | 135 (100.0%) | 287 (100.0%) | 422 (100.0%) |

In terms of categories of CSR postings, Brazilian companies emphasized society/community wellbeing (34.0%) followed by diversity/accessibility (23.7%), and economic prosperity (23.0%). Employment quality was the category with fewer contents, being cited only by 8 companies (5.9%). On the other hand, the top 150 lodging companies emphasized employment quality (25.1%) and society/community wellbeing (25.1%) as the categories with higher percentage of contents, followed by environmental goals (21.3%).

Further examination was made across the three levels of communication, commitment, initiatives, and performance; Table 6 summarizes the results. *Commitment* refers to where indication of CSR efforts is made but without details; *initiatives* refer to where specific practices are indicated; and *performance* refers to where a property reported measurement and performance of an initiative.

Regarding commitments, significant differences were identified (χ ² = 25.28, p<0.01), supporting hypothesis 2a. Significantly more commitment/goal statements across the five CSR themes (802) were indicated by the top 150 companies than by Brazilian companies (56) overall, with a majority of postings regarding environmental goals (31.5%), employment quality (29.1%), and society/community wellbeing (20.7%).

**Table 6: Level of CSR Communication Differences Between Brazilian Lodging Companies and Top 150 Companies Worldwide**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Brazilian Lodging Companies | Top 150 Multinational Lod. Comp. |
|  |  | Commit | Initiatives | Performance | Commit | Initiatives | Performance |
|   |  |   | Corp. level | Ind. Prop. | Corp. level | Ind. Prop. |   | Corp. level | Ind. Prop. | Corp. level | Ind. Prop. |
| **Environmental goals** | Mitigation of climate change | 0 | 0 | 0 | 0 | 0 | 27 | 22 | 6 | 18 | 3 |
| Energy conservation | 1 | 1 | 3 | 0 | 0 | 42 | 33 | 17 | 18 | 11 |
| Renewable energy use and clean energy prod. | 0 | 0 | 1 | 0 | 0 | 17 | 11 | 11 | 7 | 7 |
| Water conservation | 0 | 1 | 0 | 0 | 0 | 40 | 31 | 18 | 17 | 11 |
| Waste reduction and recycling | 0 | 1 | 2 | 0 | 0 | 43 | 32 | 16 | 20 | 10 |
| Water and soil pollution reduction | 1 | 0 | 0 | 0 | 0 | 17 | 12 | 5 | 3 | 2 |
| Air pollution reduction | 0 | 0 | 0 | 0 | 0 | 13 | 8 | 6 | 1 | 1 |
| Responsible design | 0 | 0 | 2 | 0 | 0 | 26 | 16 | 5 | 5 | 4 |
| Biodiversity protection | 1 | 0 | 1 | 0 | 0 | 22 | 22 | 12 | 11 | 4 |
| Prevention of ozone layer depletion | 0 | 0 | 0 | 0 | 0 | 4 | 0 | 1 | 1 | 0 |
| Noise reduction | 2 | 0 | 8 | 0 | 0 | 2 | 1 | 1 | 0 | 0 |
| Other | 5 | 0 | 0 | 0 | 0 |  |  |  |  |  |
| **Total** | **10** | **3** | **17** | **0** | **0** | **253** | **188** | **98** | **101** | **53** |
| **Employment Quality** | Safe and healthy work environment | 4 | 0 | 0 | 0 | 0 | 19 | 11 | 1 | 5 | 0 |
| Fair wages and benefits | 0 | 0 | 0 | 0 | 0 | 51 | 43 | 0 | 8 | 0 |
| Work/life balance policies | 0 | 0 | 0 | 0 | 0 | 12 | 4 | 0 | 1 | 0 |
| Employee assistance programs | 0 | 1 | 0 | 0 | 0 | 9 | 9 | 1 | 1 | 1 |
| Opportunities for learning and development | 2 | 0 | 0 | 0 | 0 | 52 | 38 | 1 | 14 | 1 |
| Opportunities for career advanc. | 2 | 0 | 0 | 0 | 0 | 49 | 29 | 0 | 13 | 0 |
| Employee empowerment/feedback | 0 | 0 | 0 | 0 | 0 | 16 | 10 | 0 | 5 | 0 |
| Non-discrimination | 0 | 0 | 0 | 0 | 0 | 25 | 7 | 0 | 3 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |  |  |  |  |  |
| **Total** | **8** | **1** | **0** | **0** | **0** | **233** | **151** | **3** | **50** | **2** |
| **Diversity and accessibility** | Diversity in workforce | 2 | 2 | 0 | 0 | 0 | 31 | 17 | 1 | 12 | 0 |
| Diversity among affiliates and suppliers | 2 | 0 | 0 | 0 | 0 | 13 | 10 | 3 | 5 | 0 |
| Diversity among customers | 0 | 1 | 3 | 0 | 0 | 2 | 0 | 0 | 0 | 0 |
| Accessibility for job applicants, employees, and customers | 0 | 19 | 13 | 0 | 0 | 15 | 14 | 5 | 7 | 2 |
| Other | 0 | 0 | 0 | 0 | 0 |  |  |  |  |  |
| **Total** | **4** | **22** | **16** | **0** | **0** | **61** | **41** | **9** | **24** | **2** |
| **Society/Community wellbeing** | Social assistance for local community or at national level | 1 | 7 | 3 | 0 | 0 | 54 | 49 | 18 | 27 | 11 |
| Assistance for international/global social issues | 0 | 0 | 2 | 0 | 0 | 29 | 30 | 5 | 15 | 4 |
| Heritage and local culture | 8 | 3 | 21 | 0 | 0 | 14 | 10 | 2 | 5 | 0 |
| Raise employee, cust. and public awareness about sust. develop. | 1 | 2 | 1 | 0 | 0 | 38 | 29 | 9 | 15 | 2 |
| Responsible products | 1 | 1 | 2 | 0 | 0 | 19 | 9 | 2 | 2 | 1 |
| Safe environment for customers | 4 | 0 | 6 | 0 | 0 | 12 | 8 | 2 | 2 | 1 |
| Other | 2 | 0 | 0 | 0 | 0 |  |  |  |  |  |
| **Total** | **17** | **13** | **35** | **0** | **0** | **166** | **135** | **38** | **66** | **19** |
| **Economic prosperity** | Contribute to local/global economic prosperity/development | 8 | 4 | 4 | 0 | 0 | 17 | 17 | 5 | 11 | 3 |
| Sustainable supply chain | 0 | 1 | 1 | 0 | 0 | 33 | 25 | 4 | 11 | 1 |
| Raise supplier awareness of sust. development | 2 | 0 | 0 | 0 | 0 | 20 | 14 | 0 | 3 | 0 |
| Public/private partnerships to address social and industry issues | 6 | 6 | 10 | 0 | 0 | 19 | 19 | 2 | 1 | 0 |
| Other | 1 | 1 | 7 | 0 | 0 |  |  |  |  |  |
| **Total** | **17** | **12** | **22** | **0** | **0** | **89** | **75** | **11** | **26** | **4** |
|  | **TOTAL** | **56** | **51** | **90** | **0** | **0** | **802** | **590** | **159** | **267** | **80** |

Brazilian companies showed commitment/goal statements mostly in the areas of society/community wellbeing and economic prosperity (both with 30.4%). In the economic prosperity category, Brazilian properties emphasized public/private partnerships with governmental institutions and local tourism organizations. Creation of safe environment for customers, and heritage and local culture were mentioned with regard to society/community wellbeing. Some mentioned in their values about collaborating to mitigate social problems in their communities; others mentioned about offering safe environments to their customers. Yet little was explained about what activities actually are done in those commitments. On environmental goals, some properties stated themselves to be environmental friendly, which was recorded as “other” since the information was too vague to be inserted in a determinate category.

Initiatives were compared from two perspectives: corporate and individual property. Within corporate level a significant difference is apparent between Brazilian SMPs and the top 150 companies (χ ² = 88.42, p<0.01). Brazilian companies emphasized diversity/accessibility the most (43.1%), especially under the category accessibility for employees, job applicants and customers; initiatives aimed at this goal included: accessibility for the disable in social areas and rooms, and on the website a special tab for job and career development opportunities. The next-most emphasized category was society/community wellbeing (25.5%), especially under social assistance for local communities. For instance, in Rio the *El Misti* hostels group has on its website a specific tab for CSR, declaring its help to and for the non-governmental organization (NGO) *SER Alzira de Aleluia* (located in a favela – Morro do Vidigal). Since 2003, *El Misti* actively helps the NGO in stimulating social and educational projects that focus on technical training, political engagement, and cultural life. They focus on the struggle against marginalization of children and adolescents affected by urban violence and deep poverty, via such initiatives as restoring a ballet studio, promoting street dance, encouraging and organizing informal soccer, etcetera.

In the property level a significant difference was also apparent (χ ² = 50.56, p<0.01), supporting hypothesis 2b. Society/community wellbeing received the most-frequent postings (38.9%), Heritage and local culture also were frequently mentioned among Brazilian SMPs. For instance, some companies stated to offer traditional local food in their menus, the use of local art in their décor, and their historical architecture as a way to disseminate the culture and city’s history. The second-most emphasized category was economic prosperity, on public and private partnerships (24.5%). Examples include partnerships with a national hotel association Associação Brasileira da Indústria de Hotéis (ABIH) and Convention and Visitors Bureau in order to develop the local hospitality economy. This differed from the worldwide companies where the environmental initiatives in both corporate (31.9%) and property (61.6%) levels were most-frequently communicated. Examples of reported initiatives were: use of energy-efficient light bulbs, solar-powered hot-water systems, and promoting carpooling.

Regarding performance, no evidence was found for Brazilian SMPs in corporate level nor individual property level, rendering hypothesis 2c untestable. Therefore, hypothesis 2 was partially supported. Performance also garnered little attention for the top 150 companies (De Grosbois, 2012). The environmental goals category had high numbers: 37.8% in corporate and 66.3% in property levels. Performance examples for those companies were: waste reduction, energy conservation, climate-change mitigation, and water conservation.

# CHAPTER V

## Discussion

The purpose of this study is to investigate CSR activities as they are communicated by SMPs in Brazil and then compare it to what the top 150 lodging companies worldwide are communicating. The study adopts De Grosbois (2012)’s framework to the Brazilian small and medium sized lodging properties.

Findings revealed that 49.3% of Brazilian companies communicated something related to CSR on their websites, compared to 69.3% of the top lodging companies in the world. This result confirms that size is a determinant for CSR communication (Baumann-Pauly et al., 2013; Campopiano et al., 2012; Matten & Moon, 2008).

Content analysis also verified some specificity relative to the Brazilian context. Rio de Janeiro, despite having the highest number of accommodation properties in the sample, had the lowest percentage of companies presenting CSR-related content (35.3%), an alarming result, given that among Brazilian cities Rio has the second-highest number of registered accommodations properties (CADASTUR, 2015) and it is only behind São Paulo in number of international arrivals. The city will be hosting the Olympic games in 2016, which can have a great impact in the country touristic image in the world. It is important to highlight that 6 of the 43 hotels in Rio de Janeiro (and classified as hotel in the CADASTUR website) are actually love motels[[2]](#footnote-2). All motels found in this research did not present any CSR activity.

 Seven of a total 150 Brazilian properties used a specific section in their websites to communicate about CSR practices. In most cases, CSR content was found in different sections of the website, along with other information related to the properties themselves. For instance, some properties mentioned soundproof-windows in their rooms and event areas (e.g., this mention in their rooms sections); for this study that was considered as a noise reduction goal. Another example is accessibility goals for job applicants, employees and customers goal. Brazil mandates that any accommodation property must have at least 10% of its capacity accessible for disabled[[3]](#footnote-3) (Brasil, 2015b). Among the majority of companies presenting this goal as an initiative, it was related to adaptation of its rooms. However, this study could not determine whether they present this goal because they want to provide inclusion and diversity in their business *or* because it is a federal mandate. Company actual motivation, provided by information such as abovementioned examples, cannot be accessed and/or determined by this study, yet that information is important relative to CSR and deserves attention. In a lower scale, the top 150 companies also have this problem (De Grosbois, 2012).

Significant differences were found between Brazilian CSR content and the top 150 worldwide companies, supporting this study’s first hypothesis. As it was proposed, Brazilian SMPs presented significantly less emphasis on Employment Quality (5.9%) when compared to the top 150 companies (25.1%). A previous literature review explained that SMPs characteristics justify this pattern, whether they have fewer employees and flat hierarchies (Baumann-Pauly et al., 2013). Also, since many SMPs are family businesses in which many employees are same-family members (Garay & Font, 2012), not much is communicated regarding employment benefits. This can be relevant for Brazilian SMPs especially while trying to hire external employees. Hire and retaining qualified employees is not easy, especially while competing with larger companies that have bigger power in terms of benefits and salaries. If the company provides no information about employment quality, this competition would be even worse, especially in the hospitality industry where the turnover rates are high. The new generation is looking for companies that share their purpose and values. An accommodation property, while developing and communication CSR practices, sends out a “positive signal to both employees and the public that it is a good corporate citizen” (Fu, Ye, & Law, 2014, p.69), which can have a direct impact on organizational performance and customer experience.

On the other hand, a significantly higher emphasis on Society/Community wellbeing than by the top 150 companies were also expected, since Brazil, being a developing country, struggles against poverty, economic problems, and large social inequalities (Jeppesen et al, 2012), and has a philanthropic characteristic (Griesse, 2007). Results cohere with the literature, where Brazilian properties emphasized this goal in 34% of posts. This shows that Brazilian SMPs understand the importance of cultivating the local culture in their business model. The top 150 companies also presented this emphasis (25.1%).

Analyzing commitments regarding CSR goals, Brazilian SMPs statements mostly emphasized the areas of society/community wellbeing and economic prosperity (both at 30.4%). These results align with the finding above, where social and cultural perspectives are emphasized. The economic prosperity goal is mainly represented by the category contribute to local/global economic prosperity and public/private partnerships, but not much is explained about those items. Small firms focus their CSR communication on selected instances such as industry networks, rather than on the general public, since they usually struggle to maintain strong relationships with stakeholders (Baumann-Pauly et al., 2013). The top 150 companies’ commitments focused on different areas: environmental goals (31.5%) and employment quality (29.1%).

The top 150 companies have more postings related to commitments rather than to initiatives and performance. The opposite is true for Brazilian companies, which provided more initiatives than commitments, but no performance information at all. De Grosbois (2012) explores reasons why companies are not providing additional information in their websites: companies do not consider the information important to stakeholders; they do not have any significant activities related to the commitment; the performance is not improving or they do not measure performance.

Analyzing Brazil, where the initiatives are higher in number, it is possible to infer that this result is due to legal accessibility requirements, and the fact of providing career opportunities in their websites, which facilitate the contact for external candidates. For the society/community wellbeing category, social assistance was mentioned by seven groups of a total 42, demonstrating that these initiatives to be still incipient. At individual level, society and community wellbeing was again mostly emphasized, where heritage and local culture presented the highest percentage (60% of total postings in this category). That result is unsurprising due to Brazil characteristics: it is the world’s’ fifth-largest country by geographical area and population, and all its five regions present different characteristics based on not only on historical and geographical aspects, but also on a diverse cultural environment along the country extension. Since CSR relates strongly to contextual characteristics (Martinez & Del Bosque, 2013), companies in the hospitality industry naturally are willing to show such diversity to their clientele. This also could demonstrate, though, that most Brazilian SMPs are focusing on those categories that can bring short-term benefits, rather than on those indicating a deeper social responsibility.

Furthermore, Brazilian SMPs communicated more initiatives in the individual level than in the corporate level. That clearly reflects on the low number of affiliated properties analyzed in this study, but also that chain-affiliated properties are reporting at individual level too. As per De Grosbois (2012), verifying content related to chain-affiliated properties can be challenging, since they can report at corporate level or at individual level. Sometimes, the chain will provide information related to CSR however, not always a franchise, for instance, has to apply the whole CSR strategy proposed by the brand. In other cases, CSR information will be only promoted at individual level. For example, in Brazil, Windsor hotels have a CSR tab in the corporate website, where the majority of the actions reported are done only by one property of the group. That has the potential to confuse customers, since they may suppose the information also applies to that brand’s other properties. It is not surprising that surveys are showing that respondents are confused about unclear CSR messages and terminologies (Cone Communications & Echo, 2013). Therefore, in order to make the report content clear to stakeholders, corporate CSR strategies may be reported in the corporate website, indicating that individual property information about CSR can be found in the property website.

 Performance measurements were not found in any Brazilian companies. That can be a result of the informal and implicit ways to embed CSR (Baumann-Pauly et al, 2013; Campopiano, et al, 2012; Matten & Moon, 2008). As per De Grosbois (2012), it also could be due to poor results inherent in current CSR practices.

## Conclusion

This study’s findings are that CSR communication in Brazilian SMPs differ significantly from that of the top 150 lodging companies worldwide across the five CSR areas (environmental goals, employment quality, diversity/accessibility, society/community wellbeing, and economic prosperity) and in two levels of communication (commitment, initiative). This result delivers a new perspective of the Brazilian lodging industry since previous pertinent studies mostly emphasized environmental practices (Malta & Mariani, 2013; Siqueira et al., 2013; Turczynski & Oliveira, 2011). *This* study, however, found that CSR activities in SMPs relate to mainly society/community wellbeing, followed by diversity/accessibility and economic prosperity. It was also found that CSR in Brazilian SMPs remains incipient. Lodging companies have been focused mainly on categories that may bring short-term benefits or have legal requirements rather than those that indicate deeper social responsibility.

Theoretical contributions of this research illuminate how SMPs in developing countries are communicate their CSR activities, reflecting perspectives of this important yet ignored group in the lodging industry. At time of this research, Brazil is in a severely-difficult phase, difficult moment, suffering political, economic, reputational, and morale instability. In 2015 Brazil’s Gross Domestic Product (GDP) “contracted by 1.9% in the second quarter from the previous one, as investments declined by 8.1% and private consumption fell by 2.1%” (*The Economist Intelligence*, 2015, p.2). Although a new governmental *Agenda* might bring a direction to a problematic administration including some measures covering infrastructure, fiscal discipline and protection of social benefits, the same *Agenda* includes controversial points such as reduced environmental controls and a demoralizing consideration of changes to retirement benefits (*The Economist Intelligence*, 2015). In addition to that, an ONU report (2016) highlighted that minorities in Brazil (especially Afro-Brazilians, considered a political minority even being a demographic majority) suffer racial discrimination and face severe disadvantages. As many as 16,2 million of Brazilians (7% of total population) are living in extreme poverty (United Nations, 2016). Those and other similarly negative facts highlight legitimate need to identify what companies are doing regarding CSR. While most of CSR research on Brazil’s lodging industry are case-studies focusing on a small sample (Coelho et al., 2013; Malta & Mariani, 2013; Melo et al., 2012; Turczynski & Oliveira, 2011), this study’s aimed to explore *all* five regions of Brazil, thus offering a whole-country, nationwide perspective.

The practical implications of this study are that SMPs can derive from it a valid comparison of what they do, and what leading hotels worldwide are doing, in terms of CSR (see Appendix A). Successful activities and strategies of large companies can be adapted to small-and-medium-size business, thereby hopefully improving their operations to achieve better financial and general performance results. Previous researchers have found that CSR brings benefits for SMPs such as cost savings, efficiency, recruiting and retaining employees, improve image, and better market position (Coppa & Sriramesh, 2013, Jenkins, 2006; Njite et al., 2011; Oliveira & Rosseto, 2014). Since SMPs have characteristics facilitating internal CSR implementation (Baumann-Pauly et al., 2013), using CSR language and method can be important in gaining stakeholders’ attentions (Russo & Tencati, 2008). Corporations are agile in the perception and recognition of innovative strategies, following global trends. Knowing that in every 100 small companies created in Brazil, only 73 will survive the two first years (SEBRAE, 2011), it is crucial that SMPs remain constantly alert to what the leading companies are doing, to what customers are value most, and to the society’s and local needs.

## Limitations and Future Research

This study is not without limitations. First, website content and/or claims do not necessarily indicate that those are being performed nor that they are updated to reflect reality (Holcomb et al., 2007). Future studies can reduce this gap including analysis of different medias such as Facebook pages. Interviews and local observations can also add significant information. Further, since some Brazilian properties presented some CSR content absent explicit detail, a broader category can be created in each goal for future SMPs studies (this study coded those cases as “other”).

Second, *this* study examined presence or absence of CSR content, without analyzing its quality or frequency. Since no formalized standards exists regarding CSR reporting and reporting activities, and it is not mandatory in many countries anyway, comparing content between firms is not an easy task. This problem was also reported by previous researchers (De Grosbois, 2012; Perez & Del Bosque, 2014). Future studies may consider quality and frequency of contents, doubtless that would provide further insights.

Comparing corporate level and individual property was another challenge, also noticed by De Grosbois (2012). While separating the analysis helps to differentiate activities done by groups from those done on individual level (by a specific unit), it also raised the importance of having a clear reporting standards for chains. Therefore, guidelines for reporting CSR at corporate and individual level would clarify the role of each unit while operated under the same ownership (property owned and managed by the brand), operated by different parties (management contracts), or in case of different ownership (franchises). Ayuso (2006) found that organizational change was better achieved when managers decided to implement environmental practices by themselves rather than when imposed by the group. A suggestion for future study would be in-depth analyses of how corporations manage CSR strategies while operating under different business models.

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# Appendix A

*CSR Initiatives – Top 5 Worldwide Hotels Groups*

|  |  |
| --- | --- |
| **Worldwide hotel groups – top 5** | **Programs and key focus areas** |
| InterContinental Hotels Group | *IHG Green Engage™ system*: measure water, waste and energy use; environmental plans; measure and report carbon foot print, protect local flora and fauna. *IHG® Academy*: train and offer professional skills to local people*IHG® Shelter in a Storm*: support employees and local communities who are affected in the areas around the hotels and offices when disasters strike. |
| Hilton Worldwide | *Living sustainably*: responsible sourcing, performance indicators – LightStay (sustainability measurement platform – water, energy, carbon and waste); Hilton Worldwide University; Community Engagement; Disaster support; Human rights; and Local impact. |
| Marriott International | *Environment*: reduce energy and water consumption, build green hotels, green their supply chain, educate, support conservation globally.*Responsible Business Principles*: human rights, fight illegal trafficking, ethical & legal standards. *Spirit to SERVE Our Communities®* - focused on five areas: Shelter and Food, Environment, Ready for Jobs, Vitality of Children and Empowering Diversity. |
| Wyndhan Hotel Group | *Wyndham Green*: reduce energy, emissions, water, and waste; Education; Engagement within local communities, Partnerships with organizations that are aligned with its environmental goals; Green their supply chain, Emergency Preparedness (guests and associates); Innovation – Green innovation. Diversity and Inclusion; Human rights and ethics; Community support and responsiveness. |
| Choice Hotels International | *Room to Rebuild*: rebuild projects in communities around the country to rehabilitate homes. *Room to be Green*: energy conservation, water conservation, and waste reduction.*Room to Give*: support eligible non-profit organizations, educational effort.*Room to Everyone*: inclusive workplace. |

*Note. Sources* – List of Worldwide hotels groups (MKG Hospitality, 2014); Hotels CSR initiatives – InterContinental Hotels Group (2015); Hilton Worldwide (2015); Marriott International (2015); Wyndhan Hotel Group (2015); Choice Hotels International (2015).

1. Cadastur is the registration system of individuals and companies operating in the tourism industry, run by the Ministry of Tourism in partnership with the Tourism Officers of the Federation Units. Cadastur aims to promote the planning, formalization, and legalization of tourism service providers in Brazil, through the Registrar of Companies and industry professionals. Registration is mandatory for different organizations in the tourism industry, including accommodation companies, in order to be consider legal to operate in the country (CADASTUR, 2015). [↑](#footnote-ref-1)
2. Motels in Brazil have a different connotation compared to the U.S. definition. In Brazil motels are compared to the Japanese love motels, where the duration of the stay can be hourly and is specially oriented to couples looking for privacy (Roveda, 2011). It is a growing business in Brazil, and many properties are expending their operation offering not only accommodation, but also opportunities for events, such as bachelor parties. [↑](#footnote-ref-2)
3. In 6 July 2015, Brazilian President Dilma Rousseff sanctioned the “Brazilian People with Disabilities Inclusion Law” (Person with Disabilities Statute). Before that, the percentage of rooms that should be adapted was 5% of total capacity. [↑](#footnote-ref-3)