

FACULTY OF BUSINESS ECONOMICS
Master of Management: Corporate Finance

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Masterproef

*Corporate Social Responsibility and Sustainability:
Tourist Enterprises of Cantabria*

Promotor :
Prof. dr. Sigrid VANDEMAELE

Supervisor :
De heer Wouter FAES

Fernando Garrido Palacio

*Master Thesis nominated to obtain the degree of Master of Management , specialization
Corporate Finance*

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“Corporate Social Responsibility and Sustainability:
Tourist enterprises of Cantabria”

Master Thesis

Submitted to obtain Degree of

Master of Management

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En primer lugar quiero decir que esta ha sido una de las pruebas más difíciles y satisfactorias de toda mi vida. Pero como siempre ocurre, tienes gente a tu alrededor que te ayuda y que te hace conseguir todo lo que te propones. Sin este tipo de personas, las metas serían inalcanzables. Por esto, me gustaría agradecer a todas aquellas personas que en pequeña o gran medida me han ayudado a conseguir esta prueba.

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"Más importante que recibir es DAR" Fernando Garrido Martínez

(In life is more important to give than to receive)

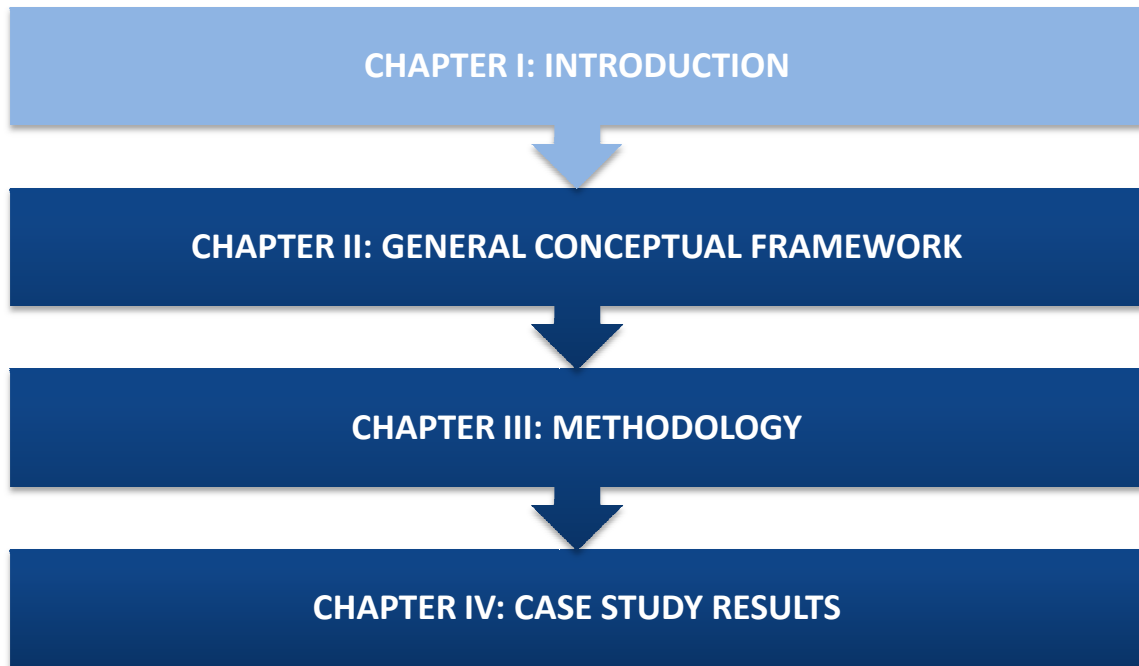
A mis abuelos Rosa y Eulogio...

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CHAPTER I

INTRODUCTION



1. INTRODUCTION

The analysis of the activities in the environmental, social and economic field, as dimensions of Corporate Social Responsibility (*CSR hereafter*) in the tourism sector, and the effect on the purchase intention, satisfaction and customer loyalty, will help to increase the understanding about CSR.

CSR is increasingly seen as an imperative for sustainable business. Despite this, a pall of ambiguity and uncertainty remains about how it should be practiced. In a competitive market like tourism sector, companies need to find new ways to create value. In this sense (*and because this sector is a permanent source of wealth for Spain*) it is valuable to know how the tourism industry implements these concepts into its business strategy.

From the economic point of view, a proper implementation of CSR potentially results in: a higher quality of products in the long term, an ability to adjust to customer demand, and to gain better margins and increased profits.

The study of the influence of these actions on key elements of brand equity (*as brand image and brand reputation*) will allow finding new ways to create value for consumers.

In my opinion it is important to study the influence of these actions on key elements of brand equity (*brand image and brand reputation*) to find new ways to create value for the company. According to the MSI (*Marketing Science Institute*), there is a deep interest in seeking new knowledge to develop new and innovative marketing strategies to bring greater value and usefulness to consumers.

1.1 STUDY OBJECTIVES

The main objective of this research project is the construction and subsequent validation of a framework that identifies the activities currently being undertaken in the field of Social and Environmental Action, as dimensions of Corporate Social Responsibility in the Spanish tourism sector.

This framework will address the actions taken by companies in the tourism sector and will, in a preliminary analysis, relate these activities to consumer satisfaction and consumer loyalty.

We want to focus on three specific objectives.

First, as far as CSR activities are concerned, it will be discussed in detail what activities are undertaken in the tourism sector and what aspects are relevant to the consumer and to the company.

Secondly, we will study in depth how the hotels perform these activities. We would like to find out how CSR is articulated in practice. In this research, it will be discussed how corporate social responsibility activities are studied within the framework of sustainable development theory and stakeholders theory.

And third, we will examine the impact of these social and environmental activities in the process of consumer satisfaction and loyalty.

1.2 TOPICS

The overall objective of this research project is to build a framework that identifies the activities currently being undertaken in the field of Social and Environmental Action (*Stakeholders influences, barriers, CSR activities...*) in the tourist sector of Cantabria. We will also explain how CSR activities affect the investigated Hotels. This requires obtaining information on key elements; these key elements are the topics:

- a) Activities related to environmental and social issues that are undertaken in a selection of Hotels in Cantabria;
- b) Objectives of the Hotel with respect to CSR;
- c) Reasons for carrying out environmental and social activities;
- d) CSR Implications for the Hotels;
- e) Influence on stakeholders (*customers, employees, etc...*);
- f) Co-operation with other companies or institutions in CSR activities;
- g) External and internal communication of CSR by hotels;

- h) Barriers that may exist at the time of carrying out CSR activities;
- i) CSR influence on customer loyalty;
- j) Measures of satisfaction;
- k) Suggestions of hotel directors.

1.3 MAIN RESEARCH QUESTIONS

The field of corporate social responsibility presents a multitude of theories, and a proliferation of approaches that are controversial, complex and confusing. We can say that there has been a change from the classic paradigm directed solely to economic performance (*Friedman, 1970*) to "the Triple Bottom Line", which includes economic, social and environmental issues (*Elkington, 1998; Linnanen and Panapanaan, 2002; Van Marrewijk, 2003; Panwar, Rinne, Hansen and Juslin, 2006*).

Following the thought of Bowen (*1953*) and contrary to Friedman (*1970*), authors such as Davis (*1960*) and Frederick (*1960*) proposed that corporate responsibilities are not limited to the interests of the firm (*Davis, 1960*). This is because obligations are broader than the interests of individuals and private companies (*Frederick, 1960*). More recent definitions establish that the concept of CSR is about business activities and corporate commitment to society or individuals with an active participation in their activities (*Brown and Dacin (1997); Sen and Bhattacharya (2001); Luo and Bhattacharya (2006), among others*).

It is possible to identify the dimensions of corporate social responsibility from the conceptual models proposed by Linnanen and Panapanaan (*2002*) and Panwar, Rinne, Hansen and Juslin (*2006*). They state that corporate social responsibility is a multidimensional construct based on environmental, social and economic dimensions. The multidimensional construct of CSR is introduced by emphasizing the interdependence among economic, environmental, and social dimensions in responsible business behavior. These elements of CSR are generally referred to as the "triple bottom line". CSR in this sense can be understood as the balancing

of economic, social, and environmental roles that companies play when conducting business. The World Tourism Organization (2004) specifies each of these facets. The environmental dimension refers to making optimal use of environmental resources, which is an essential element of tourism development. This dimension is essential to ecological processes and to the conservation of natural resources and biodiversity. The social dimension refers to the respect for cultural authenticity of communities, and the preservation of architectural and cultural assets. For its part, the economic dimension is based on ensuring a viable economic activity in the long term, to report to all stakeholders the appropriate socio-economic benefits.

Several authors support this approach especially in the tourism context (Kakabadse, Rozuel and Lee-Davies, 2005; Henderson, 2007). This model is especially appropriate for this research because it can lead to better management and operational objectives (Kakabadse, Rozuel and Lee-Davies, 2005). Consequently, we can set the following research question.

□ RQ1. Do tourism companies respect the three dimensions of CSR and to what extent they do?

The notion of corporate social responsibility from the perspective of sustainable development emphasizes the importance of all stakeholders, beyond the owners, investors and shareholders (Schmidhein, Chase and De Simone, 1997).

In this sense, the focus on stakeholders (Freeman, 1984) is used to develop practical proposals of corporate social responsibility (Clarkson, 1995; Kakabadse, Rozuel and Lee-Davies, 2005; González, 2007). This theory asserts that managers of companies must not only satisfy shareholders but a wide variety of groups that may affect or be affected by the results of the company (Donaldson and Preston, 1995; Argandoña, 1998; Garriga and Melé, 2004).

Freeman (1984) defines stakeholders as those groups that have an interest in the company or some right over it. Within this term are comprised: owners, customers, employees, suppliers, community, competitors, activist groups,

government agencies, unions, creditors, and the people (*Freeman and Reed, 1983; Post, Preston and Sachs, 2002*). Some authors have proposed to include environment as a stakeholder (*Bazin and Ballet, 2004*).

Thus, the company (*oriented towards the sustainability*) takes into account all the stakeholders in its long-term action (*Freeman, 2000; Wheeler, Colbert and Freeman, 2003*). Perhaps the biggest problem with this theory is the lack of criteria for identifying multiple stakeholders (*Argandoña, 1998*). Therefore, the company has to set up an efficient system of management that can identify and determine the needs and obligations of the stakeholders by the company (*Maignan and Ferrell, 2005*). Thus, it is interesting to know what interest groups are identified in tourism enterprises. With this, we formulate the second research question:

□ RQ2. Which stakeholders do tourist companies take into account?

In the services market, loyalty tends to be defined as an observed behavior (*Behavioral Loyalty*) (*Liljander and Strandvik, 1995*), because measures of loyalty based on behavior (*for example the sequence of repeat purchase*) are very limited (*Day, 1969*). This is due to a low level of repeat-purchase of a service exists in the service market.

In this respect, a second stream of research has arisen that considers loyalty as an attitudinal construct (*Attitudinal Loyalty*) (*Biong, 1993*), which includes for example positive word-of-mouth (*Selnes, 1993*). In this regard, Delgado and Munuera (*2002*) speak of commitment to a brand, defined as trust, esteem or the consumer's desire to maintain the relationship or to acquire the same brand.

We can identify two basic types of loyalty: true and spurious. The first occurs when the consumer shows a high commitment to the product or the company (*Bloemer and Kasper, 1995; Bloemer and De Ruyter, 1998*) or, in terms of Dick and Basu (*1994*), when the customer has a favorable attitude toward the brand and also a repetitive purchase behavior of this brand. By contrast, spurious or false loyalty is produced by the absence of commitment (*Bloemer and De Ruyter,*

1998) or when the individual (*retaining the pattern of behavior mentioned*) has an unfavorable attitude toward the brand or organization (*Dick and Basu, 1994*). In this case, Oppermann (2000) states that the consumer buys the product of one brand simply for convenience, lack of alternative brands, monetary rewards, and / or high psychological costs of withdrawal. Parasuraman et al. (1994) and Anderson et al. (1994) establish that consumers' valuation of a service depends not only on its quality but also on its price, such that those users who perceive that they are receiving value for their money are more satisfied than those who do not (*Zeinhaml, 1988*).

A clear antecedent of loyalty is customer satisfaction (*Yi, 1990; Bloemer and Kasper, 1995; Oliver, 1997*). It is recognized that customers who have high levels of satisfaction also tend to be more loyal. Further, a satisfied customer is more likely to carry out the repurchase of the product (*Oliver, 1980; Selnes, 1993; Baker and Crompton, 2000; Olsen and Johnson, 2003*) and recommend the same, establishing a positive WOM (*word of mouth*) communication with other consumers (*Homburg and Giering, 2001; Olsen and Johnson, 2003*).

So, corporate social responsibility can influence satisfaction and loyalty (*Sen and Bhattacharya, 2001; García de los Salmones, Rodríguez del Bosque and Herrero, 2007*). Social responsibility associations may be useful in strengthening trust and the consumers' union with the company (*Aaker, 1996; Maignan et al., 2005*). Trust is based on the individual's experience of the brand (*Delgado and Munuera, 2002*). This results not only of the direct relations derived from the use of the service but also of other indirect contacts coming from advertising and reputation.

Taking this idea into account, the perception of socially responsible behavior can strengthen commitment towards a brand, since it transmits a character, a system of differentiating values, respect for the customer and concern to serve them correctly as well as to comply with the quality standards. This explains why consumers reward these efforts with loyalty towards the firm (*Brown and Dacin, 1997*).

Thus it is interesting to know how customer satisfaction and loyalty are affected by CSR activities.

- ❑ **RQ3. Are there indications of a positive effect of CSR on customer satisfaction?**
- ❑ **RQ4. Are there indications of a positive effect of CSR on customer loyalty?**

1.4 STATEMENT OF THE ISSUE

In the tourism sector there have been various initiatives related to CSR, which have resulted primarily (1) in the realization and adoption by operators in various ethic codes, and (2) realization by international agencies of various institutional statements and agreements between public and private operators.

Rather than describing the various codes, standards and initiatives that have been applied in the tourism industry, the aim of this study is to locate and know what specific actions have been developed by tourist enterprises in Cantabria within the CSR scope.

Within the tourism sector, hotels are organizations that have implemented social and environmental actions in the field of business. The basic characteristics of these programs have been:

- ❑ Development of micro-credits and agreements with government for job placement;
- ❑ Agreements with foundations and NGOs;
- ❑ Procurement of goods or services to special employment centers and integration companies;
- ❑ Collaboration with municipal supporting programs to certain groups (*associations, foundations...*) together with the local government;
- ❑ Direct funding of development projects in destinations, especially in developing countries;
- ❑ Explicit incorporation of the fair and responsible tourism in the hotel's mission;

CHAPTER I: INTRODUCTION

- ❑ Development of a Responsible Business Plan which covered social and environmental performance. This program includes: responsible training for all employees, engaging with local communities especially children, to cover health and safety programs for customers and employees, and implementation of environmental measures.

Source: *Agulló (2007)*

2. STUDY JUSTIFICATION

"*Making the world a better place to live*" is an idea that is spreading around the world, and also amongst businesses. Companies are expected to establish an ethical behavior and go beyond their profit-making activities. All should aim at enhancing the welfare of society. This situation is most evident in an industry like tourism where there is a close relationship with the environment and with society (Henderson, 2007).

Companies must not only focus on activities that provide them a purely economic benefit. This fact suggests that the business sector should develop certain non-economic functions in society. And they must not only produce goods for profit, but for the society development through the promotion of such initiatives.

Therefore, we understand that businesses have ethical responsibilities that include a range of social norms or standards. But all in all, an important question may arise:

"What are the benefits to companies establishing responsible and ethical behavior and developing social and environmental initiatives?"

According to many authors, the social and environmental efforts made by companies will be rewarded by consumers (Bhattacharya and Sen, 2004; Kakabadse, Rozuel and Lee-Davies, 2005; Lizcano and Nieto, 2006). Besides, it's said that CSR will increase the visibility of the company, will improve its image (Lizcano and Nieto, 2006; Menon and Kahn, 2003), will equip companies with competitive advantages (Garriga and Melé, 2004, Porter and Kramer, 2002), and that the lack of these efforts can seriously damage the reputation of the organization (Fombrun and Shanley, 1990; Lizcano and Nieto, 2006). These efforts have led to an increasing number of firms that formulate and promote their business strategies and actions in response to the notion of a socially responsible company.

If companies want to have a good social image and a better reputation, they have to be concerned about CSR. In fact, it is suggested that if a company's goal

is to survive and prosper, the best way is to take a long term view and understand that if it is done in an ethical manner to society, society will return the favor. Post, Preston and Sachs (2002) go even further and say that the company cannot and should not survive if they are not responsible for the welfare of all its components (*stakeholders*) and the society in which it operates.

Companies gradually begin to become aware of the need to develop social and environmental initiatives. Increasingly, companies that take into account the different aspects of CSR to develop and implement their business strategies towards society and the environment will be rewarded by consumers.

For the marketing professional sector, several authors claim that such activities have never been more prominent on the corporate agenda (*Ludevid, 2000*). Besides, in the current business environment, those executives who don't hold a responsible and sustainable behavior with the society are running a serious risk.

In fact, the organization named "*Ethical Investment Research Services*" (*an independent nonprofit organization that works to investigate environmental, social and corporate governance*) stress that the need of a social responsibility in business has evolved a lot. This evolution has ceased to be a mainly philanthropic activity to become in a central approach that integrates the principles of social responsibility in the business activities.

Moreover, there are several reasons in the choice of the tourism industry for this research.

In Spain the tourism sector is one of the largest industries in the country. This is a sector that contributes **10.7%** to GPD (*Gross Domestic Product*), generates more than **2,5 million** direct jobs, and in 2010 accounted for revenues of **3.861 € million** (*National institute of statistics*).

For many autonomous communities (*Regions*) of Spain, tourism is the most crucial sector on which many other industries depend, and these regions have achieved high levels of income and a high international recognition because of the activity by this sector.

In this context, and because Spain is seen as a worldwide tourist destination, tourism must be one of the key drivers for social, economic and environmental consolidation in Spain.

The concept of CSR in the tourism sector is based on the fact that the company has to develop an internal culture in addition to its economic activity in the traditional sense. The company has to value aspects related to ethical behavior and promoting activities such as: preservation of the environment, the rescue of cultural values, the enhancement of environmental actions, and the warranty of higher socio-economic development of local environments in which it operates.

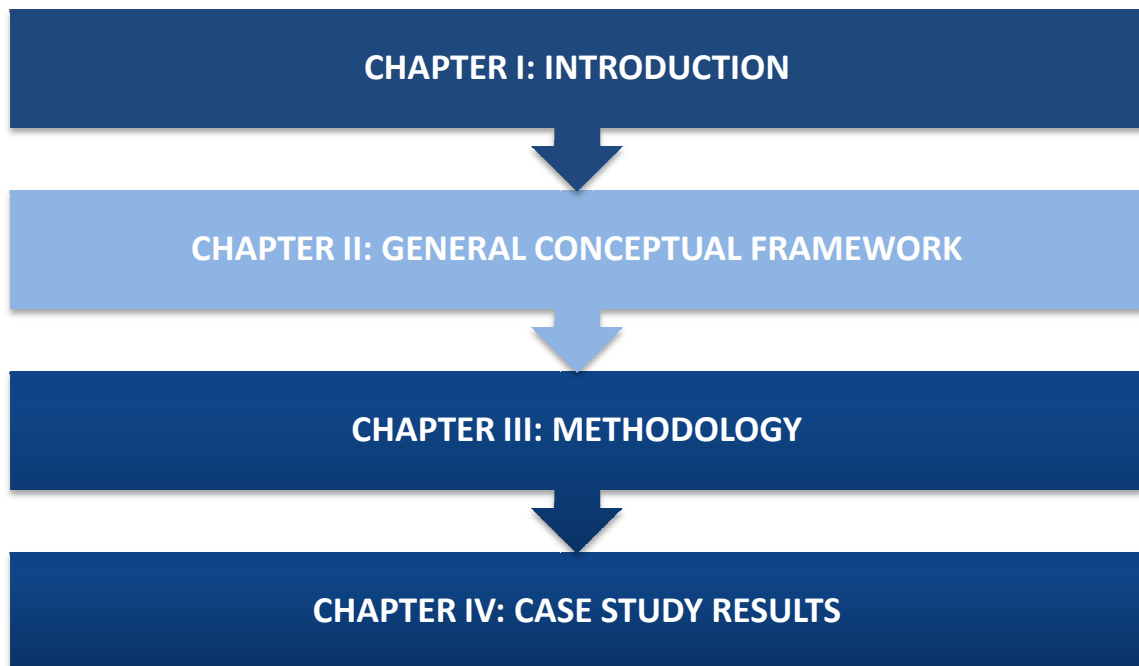
Today, not only the differentiation and uniqueness of a tourist destination are key elements in deciding where to spend a vacation. There are other key elements of great importance such as: improving local environments, the protection of the social equilibrium in which tourism develops its activity, or the enhancement of the unique elements of the destination (*Exceltur.org*).

For all this, we must add the fact that consumers, as citizens, increasingly value the actions that in this sense can be developed. Each day it is increasingly imperative to improve the competitiveness of Spanish tourism within a framework of respect and social responsibility towards the new and different society demands.

This will ensure that the tourism sector can continue to gain recognition and levels of overall competitiveness, consolidating its role as one of the main drivers of the Spanish economy.

CHAPTER II

GENERAL CONCEPTUAL FRAMEWORK



3. CSR CONCEPT

The social nature of productive organizations has been recognized by the oldest economic theories. For instance, the "*Theory of Perfectly Competitive Market*" developed by Adam Smith in the eighteenth century, stated that the free interplay of supply and demand was the most efficient allocation of resources, and that it was the most appropriate means to reduce poverty. This theory was focused on maximizing shareholder value (*the ultimate objective of companies*).

There has been an evolution in thinking about the pillars of the company, from the Friedman school (*which held that the only goal of the company was its economic performance*) to the actual triple approach (*economic, social, and environmental*) (Elkington, 1998; Van Marrewijk, 2003).

Due to these different schools of thought on the role of business in society, the concept and approach of Corporate Social Responsibility has taken shape at the same time as all these ideologies. We can say that a change has occurred from the pure economic performance goal to the "*triple bottom line*" (*economic, social and environmental*). Thanks to this ideological change, the impact of the economic activity of the company on social and natural environment is no longer regarded as external to the economic system (Ludevid, 2000).

We can locate the start of the study of CSR in the early 50's, more specifically when the book of the hand of Howard Bowen (1953) "*Social Responsibilities of the Businessmen*" was published. This author defines social responsibility of the "*businessmen*" as "*an obligation to pursue these policies, make decisions, and follow courses of action that are desirable in terms of the objectives and values of our society*".

Research and analysis of business studies have been advanced and many new theories and definitions of CSR have emerged in recent years. Many authors support the definition proposed by Bowen, and postulate that corporate responsibilities are not limited to technical or economic interests of the firm

(Davis, 1960). This is because the corporate responsibilities are wider than the narrow interests of individuals and private companies.

According to Davis (1960), Social Responsibility refers to the business decisions and actions which are taken for reasons that are beyond the economic interests of the company.

For Frederick (1960), Social Responsibility in the final analysis implies a public posture toward society's economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms.

Following this line, one of the works developed by Carroll in 1979 has received wider acceptance and has been used by a number of researchers in recent years. He defines social responsibility of businessmen as a concept that includes economic, legal, ethical and discretionary expectations that society has of the companies at a given point of time.

However, articles on CSR have revealed contrary ideas. A group of authors, led by Friedman, has a very clear stance on it.

Friedman (1962) argued that the unique social responsibility by the companies is the use of their resources and the involvement in designed activities to increase profits (*as long as they remain in the game*). That is, an open and free competition without deception or fraud.

Since then, many new definitions have emerged (*highlighting the contextual nature of CSR*). For example, for Andrews (1971) the Social Responsibility is seen as a restriction on individual and business behavior. It does not allow destructive activities even if they are profitable because there is a higher goal, the welfare of society.

Recent definitions come from various organizations and associations, like the European Commission, (2001) for which, CSR is the voluntary integration by the

companies of the social and environmental concerns in their business operations and their relationships with their partners.

For the Spanish Accounting and Business Administration (AECA), CSR is a commitment that the company voluntarily assumes in the development of society, and it is defined by three points:

1. Corporate social responsibility is the voluntary commitment of companies towards the development of society and the preservation of the environment, from its social composition and responsible behavior toward people and social groups with which they interact.
2. Corporate social responsibility is focused on satisfying the needs of stakeholders through specific strategies. Results must be measured, verified and adequately disclosed.
3. Corporate social responsibility goes beyond the legally established compliance and the economic outcome in the short term. CSR represents a strategic approach that affects decision making and operations of the whole organization, creating value in the long term and contributing significantly to the sustainable competitive advantages.

3.1 MAIN THEORETICAL PERSPECTIVES AND APPROACHES ON CSR

For the classification and the analysis of the theoretical perspectives of this concept we have been following the work of Garriga and Melé (2004). This encompasses the most relevant theories on CSR and provides four categories and fourteen subcategories clearly defined. These authors classify the major theories of CSR in four groups: *instrumental theories*, *political theories*, *integrative theories* and *ethical theories*.

3.1.1 Instrumental Theories

The first category described by Garriga and Melé (2004) groups the Instrumental Theories. In this theory are grouped all the contributions that view CSR as a

strategic tool for achieving the economic and wealth creation. Three major subcategories can be identified within the instrumental theories proposed depending on the economic objective:

a) Maximizing shareholder value: In this first sub-category the objective is the maximization of shareholder value, measured by stock value. Often, this approach leads to short-term orientation.

b) Strategies for achieving competitive advantage: This second sub-category focuses on the overall strategic objective of achieving competitive advantages, which will provide long-term benefits.

c) Cause Related Marketing: This third group is related to Cause Related Marketing and relates largely to the previous sub-category.

a) Maximizing shareholder value:

This approach is well known and contributes to the maximization of shareholder value as the supreme criterion for evaluating the specific activities carried out in the Corporate Social Responsibility. According to this criterion, we should carry out any investment in social demands to produce an increase in the value of the action (*all acting without fraud and deceit*). In contrast, if social demand is only a cost for the company, it should be rejected.

Friedman (1970) is the leading figure in this ideology. This author is clear giving an example about investment in the local community: *"It will be in the long run interest of a corporation that is a major employer in a small community to devote resources to providing amenities to that community or to improving its government. That makes it easier to attract desirable employees, it may reduce the wage bill or lessen losses from pilferage and sabotage or have other worthwhile effects"*. So, the socio-economic objectives are intertwined from the economic objectives.

This approach takes the maximization of shareholder value as the essential basis for corporate decision-making. The Agency Theory¹ is the most popular way for articulating this reference.

b) Strategies for competitive advantage:

This sub-category focuses on how to allocate resources to achieve long-term social objectives and create competitive advantages. Within this group there are three approaches:

i. Social investments in a competitive environment: Porter and Kramer (2002) have recently applied the well-known "*Porter Model of Competitive Advantage*" in considering investments (*competitive environments*). These authors argue that investing in philanthropy activities may be the only way to improve the context of the company's competitive advantage (*It usually creates more social value than the government*).

Porter and Kramer concluded that philanthropic investments by members of a group (*either individually or collectively*) can have a powerful effect on the competitiveness of this group and in the outcome of all the constituent companies.

ii. Vision of resources and capabilities: This approach (*Wernerfelt, 1984; Barney, 1991*) maintains that the ability of a company to do better than its competitors depends on the unique interaction of human, organizational and physical resources over time. Traditionally, the most appropriate resources to achieve a sustainable competitive advantage over time should meet four criteria: they must be valuable, scarce, inimitable, and the organization should be organized to use them effectively.

¹ It is the relationship between an agent (*such as a broker*) and a principal (*such as a client*). Agency theory seeks to explain the relationship in order to recommend the appropriate incentives for both parties to behave the same way, or more specifically, for the agent to have the incentive to follow the principal's direction. Agency theory also seeks to reduce costs in disagreements between both, (*Investorwords.com*).

The approach of “*Dynamic Capabilities*” refers to the dynamic aspects of resources. It is based on guidelines that are behind the creation, evolution and recombination of resources into new sources of competitive advantage. Based on this approach, some authors have identified social resources and skills that can be a source of competitive advantages such as: the process of moral decision making, the process of perception, deliberation and response, and the development of appropriate relationships with primary stakeholders: employees, customers, suppliers and communities.

A more complete model of this view of the resources and capabilities is proposed by Hart (2002). He includes aspects of dynamic capabilities and a link to the external environment. Hart argues that the most important aspects for the development of new resources and capabilities are the limits and challenges of their own environment. Hart has developed a conceptual framework based on three interconnected strategic capabilities: pollution prevention, product management and sustainable development. This author critically considers the continuous improvement of resources, the integration of the different interest groups (*stakeholders*) and the existence of a shared vision.

From this perspective, strategies, programs, and activities related to CSR are seen as resources for sustainable competitive advantage.

iii. Strategies for the economic pyramid bottom: Traditionally, many business strategies are based on developing products for the middle or upper classes of society. But most of the population is at the base of the economic pyramid formed by the lower class or middle-low (*it involves around 400 million people*). Based on this reflection, certain strategies can address this lower class or middle-low to get profits. Prahalad (2002) analyzed the experience in India and suggested certain changes in attitude among companies to convert these classes into active consumers. In his view, the main change is to consider these groups as an opportunity to

innovate, rather than a problem. One concrete action to satisfy the members of these groups is disruptive innovation. This consists of products or services that have not the same conditions as those used in major markets. And they can be introduced with a low production cost among non-traditional consumers and tailored to the needs of the population.

Disruptive innovation can contribute to improving the social and economic base of the pyramid, as well as creating a competitive advantage for companies.

c) Marketing related to one cause:

Cause Related Marketing has been defined as the process of formulating and implementing marketing activities characterized by the contribution from the company with a specific monetary amount to a particular social cause when consumers make an income for the company (*Varadarajan and Menon, 1988*).

Its aim is to increase sales and revenues of the firm and to enhance relationships with their customers linking the brand with an ethical or social responsibility. In a way, this partnership seeks to differentiate the products by creating socially responsible attributes that affect the reputation of the company.

3.1.2 Political Theories

This second group of theories (*regarding CSR*) focuses on the interactions and connections between business and society, and the power and position of the company (*Garriga and Melé, 2004*). This category has also been sub-divided into three sub-categories:

a. Corporate Constitutionalism: Davis (1960) was one of the first authors to explore the role of power that companies have on society and the social impact of their power. Davis introduced the business power as a new element in the CSR debate.

Davis attacked the assumption of the classical economic theory of perfect competition that precludes the involvement of the firm in society besides the creation of wealth. So, according to this author the firm has power to influence the equilibrium of the market.

Davis made two principles to explain how must be managed the corporate responsibility power: "*The Equation of Social Power*" and "*The Iron Law of Responsibility*". The principle of "*The Equation of Social Power*" states that the social responsibility of businessmen comes from social power that they possess. On the other hand, the "*The Iron Law of Responsibility*" refers to the negative consequences of the absence in the use of power. According to Davis: "*In the long term, those who do not use their power will tend to lose in the way that society considers responsible, because other groups will assume those responsibilities*" (Davis, 1960). Thus, if the company does not use its social power, the company will lose its position in society, because other groups will occupy it (*especially if society demands accountability to business*).

b. Integrative Social Contract theory: Donaldson (1982) studied the relationship between business and society around "*The Social Contract*" of Locke. The author assumes that there is a set of implicit social contract between society and business, which involve obligations of the companies towards society.

Later, Donaldson and Dunfee (1994) extended this approach and they proposed "*The Social Contract Theory inclusive*". These authors assume two levels of consensus, at a macro and a micro level. The authors presented that the first level is a normative, hypothetical, and general contract based on ethical hyper-rules. The second contract involves implicit or explicit agreements that take place among members of a particular community because they reflect the complex context of specific business situations.

c. Corporate Citizenship: Davis (1973) was one of the first authors who developed this term. Although in recent years a new interest in the concept

has emerged in response to strong protests against globalization (*Garriga and Melé, 2004*).

Matten (*2003*) distinguishes three views regarding Corporate Citizenship: a limited view, the equivalent of the CSR. In the limited view the term is used in very close proximity to the corporate philanthropy and social investment. The equivalent view to the CSR is quite common. Carroll (*1999*) in his article "*Corporate social responsibility: evolution of a definitional construct*" suggests that corporate citizenship is a new conceptualization of the role of business in society and depends on how it is defined. In the extended view companies come into play when the government fails to protect citizens. This view stems from the fact that certain companies have replaced the most powerful institution in the traditional concept of citizenship: the government.

Despite the considerable differences among the various existing theories on the concept of corporate citizenship, many authors converge on common points such as: a strong sense of responsibility to the local community, consideration for the environment, and the general concern for community improvement.

The contribution to highlight is the Logsdon and Wood (*2002*) contribution who introduced the concept of Corporate Citizenship as hyper-rule incorporating the Universal Declaration of Human Rights. It had a consequent obligation of companies to promote social welfare, protect human rights, and defend them from any attempt to destroy them.

3.1.3 Integrative Theories

This group of theories seeks to integrate into companies the social demands, arguing that companies depend on society for their existence (*Garriga and Melé, 2004*).

Social demands are generally considered as the way in which society interacts with companies, lending prestige and legitimacy to firms. As a result, corporate

management should take into account these social demands and integrate them in accordance with social values (*Garriga and Melé, 2004*).

These authors distinguished four variants of this group:

a. Administrative and Management Aspects: This approach is related to the "*Corporate Social Response*". The concept and the process of this management approach emerged in the 70's (*Garriga and Melé, 2004*) in response to the need to identify performance gaps between expected performance by the relevant public for the company and the actual performance.

Ackerman called these gaps "*zone of discretion*" where the company receives mixed signals from the environment. So the company should measure this gap and choose an optimal response to close it (*Ackerman and Bauer, 1976*).

This author, among others, discussed relevant factors to manage social issues within the organization, considering the internal organizational structures and mechanisms of integration. The way in which social goal is embedded within the organization was defined as "*institutionalization*".

This is how the concept of "*Social Response*" was expanded with the concept of "*Administrative and Management Aspects*". It was defined by Wartick and Rude (*1986*) as the process by which the company identifies, evaluates and responds to those social and policies questions that can have a significant impact on it.

b. The Principle of Public Responsibility: Preston and Post (*1981*) tried to help and guide companies to limit the scope of corporate responsibility and giving some content and proper fundamentals. They proposed the "*Principle of Public Responsibility*".

According to these authors, an appropriate guideline for legitimate managerial behavior is within the framework of public policy. It includes not

only the literal text and regulation policy, but also a general pattern of social management reflected in: the public opinion, the emerging issues, the legal requirements, and the execution and implementation.

Preston and Post analyzed the focus of management responsibility in terms of “*primary involvement*” and “*secondary involvement*” of the firm in its social environment. The “*primary participation*” includes the essential economic task of the company that in turn contains activities such as: the location and establishment of the facilities of the company, getting suppliers, hiring employees, carrying out their productive activities, and commercializing their products and the legal requirements. The “*secondary involvement*” is a consequence of the previous one, and includes career opportunities for some people, and they help to select and promote employees.

At the same time, these authors agree with the involvement of companies in public policy especially in certain areas where the latter is not clearly established or are in transition. It is legitimate and may be essential that the concerned companies participate openly in the policy formation.

c. Theory of interest groups or stakeholders: This theory states that business managers must not only satisfy shareholders but a wide variety of groups that may affect or be affected by the results of it and without which the firm would cease to exist (*Garriga and Melé, 2004*).

The parents of this theory, Emshoff and Freeman (1978), presented two basic principles that settled the “*Stakeholder Theory*”. The first principle says that the goal is to achieve maximum cooperation between the system formed by all stakeholders and the objectives of the company. The second of these principles suggests that the most efficient strategies involve efforts for managing relationships with stakeholders and face issues that affect multiple stakeholders.

Perhaps the biggest problem with this theory is the lack of criteria for identifying multiple interest groups, which hinder the granting of rights for each of them. The term stakeholders can include: owners, customers, employees, suppliers, community, competitors, activist groups, government agencies, unions, creditors, and the general public (*Freeman and Reed, 1983*).

d. Corporate Social Performance Theory: The "*Theory of Corporate Social Performance*" includes the pursuit of social legitimacy with the necessary processes to provide an adequate response by the company to society.

Carroll (*1979*) introduced this model, suggesting a model of corporate performance based on three elements: a basic definition of social responsibility, a list of issues in which there is social responsibility, and a specification of the philosophy response to social issues. This author considered that a definition of social responsibility (*including the full range of obligations that companies have to society*) should include the following categories: economic, legal, ethical and philanthropic. Carroll subsequently joined this categorization in the "*Pyramid of Corporate Social Responsibility*" (*Carroll, 1991*).

Subsequently, Wartich and Cochran (*1985*) expanded the Carroll model suggesting that corporate social participation rests on: the principles of social responsibility, processes of social response, and policy to the administrative and management aspects. A new development was proposed by Wood (*1991*). He presented a model of corporate social performance based on the principles of Corporate Social Responsibility at the individual, organizational, and institutional level, in processes of social and environmental response, and in the stakeholder management.

3.1.4 Ethical Theories

Finally, Garriga and Melé (2004) defined the fourth category as ethical theory; they distinguish four sub-categories: a) Normative stakeholder theory, b) Universal rights, c) Sustainable development and d) Focus on the common good. According to the statement made by the same authors, the primary focus is on the “*ethical requirements that cement the relationship between business and society*”.

a. Normative Stakeholder Theory: The management of the various interest groups (*stakeholders*) is included in this category because several authors consider that this form of management is a way to integrate social demands within the company. Freeman (1984) defined stakeholders as those groups with an interest in the company or some right over it, such as suppliers, customers, employees, shareholders and local community. In a more precise way, Donaldson and Preston (1995) argue that stakeholder theory has a normative core based on two main ideas: first, stakeholders are persons or groups with legitimate interests in the activity of the company (*stakeholders are identified by their interest in the company, independent of whether or not it is a functional interest*) and secondly, the interests of all stakeholders have intrinsic value (*that is, each group deserves a study by itself and not only for its ability to promote the interests of another group, such as shareholders*).

Following this theory, a socially responsible company has to pay attention to the legitimate interests of all stakeholders, balancing them, so that attention is not paid only to shareholders.

However, according to several authors a generic formulation of stakeholder theory is not enough. According to Freeman (1994) it is necessary to define a normative core of ethics to see how the companies should be governed and how their managers should act.

In this sense, several authors have proposed different theories. Freeman and Evan (1990) introduced the principles of Rawls (*freedom and difference*). Freeman (1994) proposed the doctrine of fair contracts. And Philips (2003) suggested introducing the principle of justice based on six characteristics of the fair play principle by Rawls: mutual benefit, fairness, cooperation, possibility of opportunism and the voluntary acceptance of the benefits with cooperation mechanisms.

As noted, the "Stakeholder Theory" has undergone many re-interpretations; however, this theory (*focused on the ethics field*) has a different perspective on CSR, in which ethics become the central element.

b. Universal Rights: Human rights have been the basis for corporate social responsibility especially in the global market (Cassel, 2001). In recent years, some approaches based on human rights have been proposed. One is the Global Compact of United Nations, which includes ten principles in the area of human rights, labor, environment and combating corruption:

Human Rights

1. Companies should support and respect the protection of the human rights set in international scope.
2. Companies must ensure they are not complicit in human rights abuses.

Labor Standards

3. Companies should respect the freedom of association and the effective recognition of right to collective bargaining.
4. Companies must eliminate all forms of forced or compulsory labor.
5. Companies must effectively abolish the child labor.
6. Companies must eliminate discrimination in employment and occupation.

Environment

7. Companies should support a precautionary approach to environmental problems.
8. Companies should take initiatives to promote greater environmental responsibility.
9. Companies should encourage the development and diffusion of environmentally friendly technologies for the environment.

Fighting Corruption

10. Companies should work against corruption in all its forms, including extortion and bribery.

These principles promote companies striving to the achievement of economic, social and political justice. Human rights, equal opportunity, non-discrimination, training of workers, tolerance, respect for diversity and dignity are basic elements in this statement.

The certification SA8000 for the accreditation of Social Responsibility is also based on human and labor rights. It is a standard, comprehensive, and verifiable norm to audit and certify the corporate responsibility compliance. It was created by Social Accountability International (SAI), it is a non-profit organization dedicated to the development, implementation and monitoring of norms with voluntary and verifiable social responsibility.

c. Sustainable Development: The term sustainable development became widespread in 1987 when the World Commission about Environmental and Development of United Nations published the "*Brundtland Report*" or "*Our Common Future*" as it is generally known. This report establishes that sustainable development ensures the needs without compromising abilities of future generations, to satisfy their own needs. The report raises the possibility of economic growth based on sustainable policies and expansion of environmental resources. Although initially only the environmental factor was included; the concept of sustainable development has increasingly

gained a higher profile and status in the social dimension as an inseparable part of development.

According to the World Business Council for Sustainable Development, "*this requires the integration of social, environmental and economic considerations to make balanced judgments in the long term*".

Many definitions have been proposed for this concept. But according to Gladwin and Kennelly (1995) a complete analysis suggests that sustainable development is a process for achieving human development in a comprehensive, related, comparable, safe and prudent way. The main problem arises when companies need to develop processes and to implement strategies addressing the business challenge of sustainable development.

There are, however, some proposals for achieving corporate sustainability. One of the most widely accepted proposal is the extension of the traditional base-line of profitability to the "*triple bottom line*" that includes economic, social and environmental aspects.

Figure II.1. Extension of the "*triple bottom line*"



Source: Van Marrewijk and Werre (2003)

Van Marrewijk and Werre (2003) argue that corporate sustainability is a process and each organization must choose its own specific approach to this process. This will allow companies to align their strategies along their objectives to respond to the circumstances in which each company operates.

d. Common Good Theory: Another approach is the one that places the common good of society as a benchmark of CSR. It is not well established among scholars but has great potential. This concept is not new and already existed in the Aristotelian tradition. This approach suggests companies (*as any other social group or individual*) must contribute to the common good they are part of. Companies should not harm society, but contribute to the welfare of it.

Companies can contribute to the common good of society in various ways: through the creation of wealth, providing products and services fairly and efficiently, and respecting human rights and dignity of all individuals, amongst others.

The notion of common good is closely related to the concept of Kyosei (*Goodpaster, 1999*). It is understood as a way of living and working together for the common good. This concept with the principle of human dignity, are the core themes of "*The Principles for Business Caux Round Table*" (1996). About these, we can make reference to the followings principles:

- ❑ The responsibility of companies: beyond shareholders toward all involved persons in business.
- ❑ The social and economic impact of companies: on innovation, justice and world community.
- ❑ Conduct of companies: beyond the law, to a spirit of trust.
- ❑ Respect for the legality.
- ❑ Support to multilateral trade.
- ❑ Respect the environment.

The Caux Round Table was founded in 1986 with the aim of reducing tensions in international trade, developing a constructive economic and social relation between member countries.

3.2 OBJECTIVES AND PRINCIPLES OF CSR

3.2.1 Objectives

The objectives of the CSR are linked to the needs of stakeholders or “*social groups and individuals affected in one way or another by the presence and action of the company with a legitimate interest, direct or indirect, to the progress of this*” (Moneva and Lizcano, 2004). Among interest groups, we can identify those that are within the structure of the organization, called internal and those not in its structure, but related to it, called external. The basic objective of CSR is to provide leadership and management elements consistent for the development of a sustainable business model. This model has to meet the needs of stakeholders and generate socially responsible externalities, without forgetting the generation of sufficient benefits and without having to seek their maximization.

Figure II.2. Types of Stakeholders

| TYPES OF STAKEHOLDERS | NAME | FEATURES |
|------------------------------|------------------------------|--|
| INTERNAL | <i>Employees</i> | Perform their work within the entity, with professional contract and receive compensation in cash or in kind: Executives and no-executives. Includes workers through intermediary companies. Common representation through unions. |
| | <i>Shareholders / Owners</i> | They have ownership shares of the company: controlling shareholders and minority; individuals and institutions. Includes employee shareholders. Shareholders seeking short-term profitability are considered outside interest group. |
| EXTERNAL | <i>Customers</i> | Consumers or users of products and services. Group that is oriented towards the business activity. |
| | <i>Suppliers</i> | They provide jobs, goods and services without belonging to the company, sometimes exclusively. Includes workers or professionals who bill their |

| | | |
|--|---|---|
| | | services, not being bound by contract. |
| | <i>Competitors</i> | Similar business offering products or services similar to those produced by the company. Competitive alliances |
| | <i>Social partners</i> | Public interest groups can exert a decisive influence on the management of the enterprise: trade unions, consumer associations, business organizations, etc. <u>Focus groups</u> : media, analysts, NGOs. Stock Markets |
| | <i>Public Administration</i> | Public authorities of European Union, State, Autonomous Communities and local authorities with the power to set the legal framework in which organizations must develop their activities. |
| | <i>Local Community</i> | Set of entities of the public or private local environment of the company: church, neighborhood associations and other foundations, political parties. |
| | <i>Society and the general public</i> | Individuals, organizations and consumers in general, still not having a direct relationship with the organization, can influence it. |
| | <i>Environment and future generations</i> | Natural physical environment including air, water, land, non-renewable resources, as well as cultural and artistic heritage. Relation to the concept of legacy for future generations, which are seen as an interest group. |

Source: Moneva and Lizcano (2004)

3.2.2 Basic Principles

To achieve the previous CSR objective, that is, to provide leadership and management elements consistent for the development of a sustainable business model, we must start from basic principles consistent with the concept of CSR and the needs of stakeholders. They are: transparency, materiality, verifiability, wide vision, continuous improvement, and social nature of the organization.

The principle of transparency is the basic part in underpinning the socially responsible behavior in organizations. Non-transparent organizations do not take the concept and aims of the CSR. The Sustainability Report is a key instrument of transparency on socially responsible behavior of companies.

Figure II.3. Basic Principles of Corporate Social Responsibility

| | |
|--|---|
| TRANSPARENCY | Is based on access to information that the organization provides for their social behavior and is susceptible to social expectations. |
| MATERIALITY | Assumed that the organization must take into account the needs and expectations of stakeholders in decision making, tackling all aspects of CSR and its activities and direct and indirect impacts. |
| VERIFICATION | Social responsible actions of the company should be subject to external verification. Verifiability is based on the possibility of independent experts to verify the performance of the company. |
| BROAD VISION | The organization should focus on corporate social responsibility objectives in the context of sustainability. They should consider the impact that they produce in local, regional, continental, and global levels. |
| CONTINUOUS IMPROVEMENT | CSR is closely linked to the idea of continued management, whose main objective is the survival of the organization. |
| SOCIAL NATURE OF THE ORGANIZATION | CSR is rooted in the belief and recognition of the social nature of organizations. Highlights the value and role of human beings as individual and social body, origin and purpose of the organization. |

Source: *Moneva and Lizcano (2004)*

4. THE CONCEPT OF SUSTAINABLE DEVELOPMENT

Sustainability is a concept which incorporates not only ecological and environmental dimension, but a plurality of dimensions. According to Doñate (2001) the term sustainability is as:

- ❑ An ethical principle, taking into account the conservation of the environment and natural resources for future generations.
- ❑ An economic principle, referring to the use of resources according to the capacity of their generation.
- ❑ A legal principle, because human beings have the fundamental right to an adequate environment. This corresponds to the international commitment of countries to maintain eco-systems and ecological processes essential to the biosphere.
- ❑ A model of sociopolitical analysis, since environmental factors are integrated in every sectorial policy.

The popularization of the concept of Sustainable Development (*hereafter SD*) is due to the report "Our Common Future" or "Brundtland Report" prepared in 1987 by the World Commission on Environment and Development United Nations and chaired by Gro Harlem Brundtland. It proposes the following definition: "*Sustainable development is the development that meets present needs without compromising the ability of future generations to satisfy their own needs.*"

Since then, the idea of SD is widespread and has a broad support in the international community. It offers a vision of progressive future that faces the problems of environmental degradation and unequal distribution of resources.

Evidence of interest in the topic of SD are the various international summits that have been held in recent years around the idea of SD:

Figure II.4. International events around the Sustainable Development

| YEAR | EVENT |
|-------------|---|
| 1980 | "World Conservation Strategy 1980". (International Union for Conservation of Nature; Environmental Program of United Nations; World Wildlife Fund). |
| 1987 | "Our Common Future" (Brundtland Report). (World Commission on Environment and Development of United Nations) |
| 1992 | United Nations Conference on Environment and Development in Rio de Janeiro (<i>Earth Summit</i>): - <i>"Rio Declaration on Environment and Development"</i> , - <i>"Climate Change Convention"</i> , - <i>"Convention of Biological Diversity"</i> , - <i>"Agenda 21"</i> . |
| 1997 | Rio+ 5 Conference: Program for the Implementation of Agenda 21 (<i>Sustainable Development Commission</i>). |
| 2002 | World Conference on Sustainable Development in Johannesburg (<i>Commission on Sustainable Development</i>). |
| 2009 | Copenhagen Summit against Climate Change (<i>United Nations</i>). |

Source: *Own*

New definitions of Sustainable Development have appeared. Several definitions have been proposed, focusing on different aspects:

- Sustain natural resources.
- Sustain consumption levels.
- Achieve the sustainability of all resources: human capital, physical capital, environmental resources, and exhaustible resources.
- Pursue the integrity of the cycles, processes, and rhythms of nature.
- Sustain production levels.

A basic distinction between weak sustainability and strong sustainability, and a classification of very weak sustainability and very strong sustainability (Turner, Pearce and Bateman, 1994) can be made.

Characteristics that define each level are the followings (Turner, Pearce and Bateman, 1994):

- ❑ Very weak Sustainability: growth oriented to resource exploitation. Natural resources are used at economically optimal rates through free markets operating under constraints to meet individual consumer choice. Possible infinite replacement between natural and human capital. Continue assured well-being through economic growth and technological innovation.
- ❑ Weak Sustainability: conservation of resources. Concern for the distribution of development costs and profits through equity inter-generational and intra-generational. Rejection of infinite substitution of natural and human capital with the recognition of some resources as critical (*ozone layer or some eco-systems*). Dissociation of the negative impacts of economic growth.
- ❑ Strong Sustainability: Perspectives of eco-systems. Conservation of resources. Recognizing the primary value of maintaining the functional integrity of eco-systems over a secondary value through the use of human resources. Adherence to inter-equity and intra-equity generation. Zero economic and population growth.
- ❑ Very Strong Sustainability: Bioethics view. Preservation of resources where the use of natural resources is minimal. Natural rights or intrinsic value of nature include even non-human organism. No economic growth and population reduction.

As an alternative to the classification proposed by Turner, Pearce and Bateman (1994); Dobson (1996) carried out an analysis of the literature on environmental sustainability and sustainable development.

The following table shows the different conceptions of SD by Dobson (1996).

Figure II.5. Sustainable Development Concepts

| | POSITION A | POSITION B | POSITION C | POSITION D |
|---|---|--|--|-------------------------------|
| What support? | Total Capital (<i>Human and natural</i>) | Critical Natural Capital | Irreversible Natural Capital | Significance Units |
| Why? | Human welfare (<i>material</i>) | Human welfare (<i>material and aesthetic</i>) | Human welfare (<i>material and aesthetic</i>) and obligations to nature | The obligations to nature |
| Main interest objectives | 1,2,3,4 (<i>see table</i>) | 1,2,3,4 | 1,2,5,6 | 1,2,5,6 |
| Secondary interest objectives | - | 5,6 | 3,4 | 3,3 |
| Substitutability between natural and human capital | Considerable | Not between human capital and critical natural capital | Not between human capital and irreversible natural capital | Avoid substitutability debate |

Table:

| | |
|--|---|
| 1 = Human needs of present generations | 4 = Human aspirations of future generations |
| 2 = Human needs of future generations | 5 = Non human needs of present generations |
| 3 = Human aspirations of present generations | 6 = Non human needs of future generations |

Source: Dobson (1996)

The chart shows four views of SD characterized by distinct positions amongst the four basic questions that a sustainable theory must answer:

- What do we have to sustain?
- Why?
- What are the objects of interest?
- What is the degree of substitutability between human and natural capital?

Many controversial issues have risen in the detailed study of the SD concept (Hunter, 1997). These elements have been woven into a broad debate on how to achieve equity in access to natural resources by creating human welfare.

The main elements considered in the interpretation of the SD are shown below:

- ❑ The role of economic growth in promoting human welfare.
- ❑ The impact and importance of human population growth.
- ❑ The actual existence of environmental limits to growth.
- ❑ The substitution of natural resources and the capital made by man (*through economic growth and technological innovation*).
- ❑ The ability of technologies, including management methods (*such as environmental impact assessment and environmental auditing*) to separate economic growth and the unwanted side effects.
- ❑ The meaning of the attributed value to the natural world and the rights of non-human species.
- ❑ The degree to which a system perspective (*eco-system*) should be adopted and the importance of maintaining the functional integrity of eco-systems.

An attempt to relate specifically CSR to SD was carried out by Van Marrewijk (2003). Van Marrewijk, building on the proposal of Panapanaan, Linnanen, Karvonen and Phan (2003) to disaggregate aspects of sustainability in liability issues regarding directly to companies, developed a Corporate Sustainability model in which differentiated five levels of ambition. His model states that there are no features of corporate sustainability or CSR but each level has its own characteristics resulting from their intrinsic motivation.

The levels of Van Marrewijk's model (2003), their characteristics, and underlying principles are presented in the following figure:

Figure II.6. Levels of Corporate Sustainability model of Van Marrewijk

| LEVEL | ORIENTATION | IDEA OF CS | INTRINSIC MOTIVATION FOR THE IMPLICATION OF THE CS |
|------------------|-------------|---|---|
| Red | Pre-CS | Close monitoring and constant reinforcement will be required. | No ambition for CS |
| Blue | Compliance | Providing welfare to society, within the limits of regulations from the rightful authorities. In addition, organizations might respond to charity and stewardship considerations. | It is perceived as a duty and an obligation or correct behavior. |
| Orange | Profit | Consists of the integration of social, ethical and ecological aspects into business operations and decision-making, provided it contributes to the financial bottom line. | The CS is a business opportunity. It is promoted if profitable. |
| Green | Compromise | Balancing economic, social and ecological concerns, which are all three important in themselves. CS initiatives go beyond legal compliance and beyond profit considerations. | Human potential, social responsibility and care for the planet are as such important. |
| Yellow | Synergy | Consists of a search for well-balanced and functional solutions to create economic, social and ecological value from the synergy with all relevant stakeholders. | Sustainability is important because it is the inevitable direction of progress. |
| Turquoise | Holistic | CS is fully integrated and embedded in every aspect of the organization for the contribution to the quality life of every human being (now and in the future). | Sustainability is the only way. |

Source: *4P-Matrix of Corporate Sustainability, Van Marrewijk (2003).*

Each level includes and transcends the previous ones. Any company has the option to choose an ambition level based on its awareness of its circumstances and its existing value systems. Each ambition level will result in corresponding business practices and institutional development demonstrating different levels of corporate sustainability (*Van Marrewijk, 2003*).

4.1 DIMENSIONS OF CSR ACCORDING TO THE SD MODEL

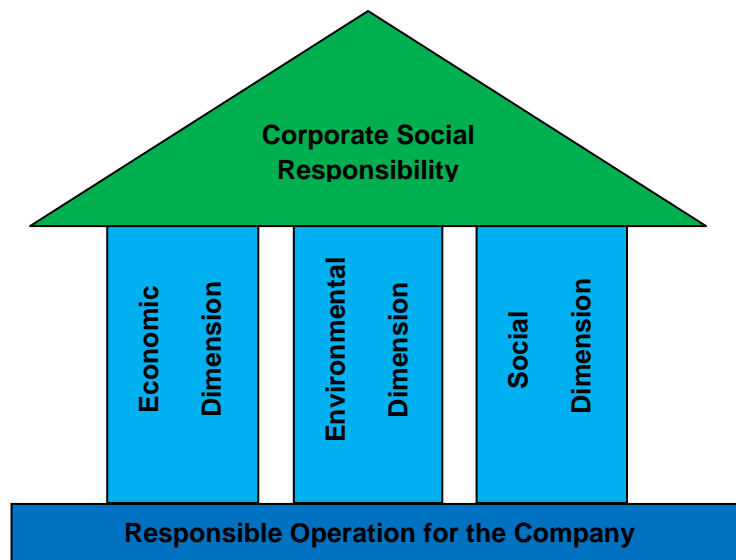
The design of SD has evolved beyond the natural capital and has taken into account other aspects of human development. The concept includes: economic, social and environmental considerations of sustainability, the idea of participation of all sectors of society in making decisions, and the differentiation of rich and poor countries responsibilities to name but a few.

We can distinguish three dimensions in the SD (*Ayuso and Fullana, 2002*):

- ❑ Environmental sustainability should ensure that development is compatible with the maintenance of essential ecological processes, biological diversity and natural resources.
- ❑ Social sustainability should ensure that sustainable development will increase the control of individuals over their lives, will be compatible with the values and culture of people, and will maintain and strengthen the community identity.
- ❑ Economic sustainability should ensure that development is economically efficient, benefiting all players in the region concerned and that resources are managed so as to preserve for future generations.

It is possible to identify the dimensions of CSR from the sustainable development perspective in the conceptual framework provided by the model of Panwar, Rinne, Hansen and Juslin (*2006*).

Figure II.7. Dimensions of CSR on the Panwar et al. Model



Source: Panwar, Rinne, Hansen and Juslin (2006).

For the correct illustration of the model and its dimensions, below we present the definitions of each of them, proposed by the World Tourism Organization (2004):

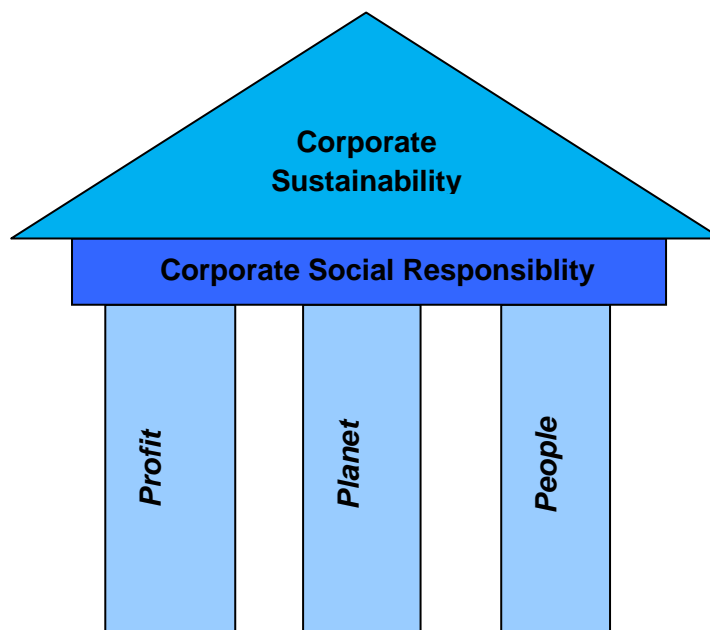
- ❑ Environmental Dimension: It refers to making best use of environmental resources. They are an essential element of tourism development, protecting the ecological processes, and helping to conserve natural resources and biodiversity.
- ❑ Social Dimension: It refers to respecting the cultural authenticity of host communities, conserving their architectural and cultural assets, and contributing to intercultural understanding and tolerance.
- ❑ Economic dimension: It is based on ensuring viable economic activities in the long term (*which report to all stakeholders an appropriately distributed socio-economic benefit*).

In their model the authors reinforce the concept of CSR as a multidimensional construct equally emphasizing economic, environmental and social aspects. This

model is a priori more appropriate for this investigation considering the suitability of SD to the tourism sector.

This approach is closely related to another concept: “*The Triple Bottom Line*” (Elkington, 1998) through which the standard line of profit (*prosperity*) should be parallel to the lines of the planet (*environment*) and people (*society*). This perspective emphasizes the need to adopt the notions of business ethics and the importance of stakeholders, beyond the owners, investors and shareholders.

Figure II.8. The Triple Bottom Line



Source: Elkington (1998)

Fundamental aspects about SD often refer to this triple line of prosperity, which covers social, environmental and economic performance.

Many authors support these approaches especially in the tourism context of this work. Henderson (2007) states that it adds an extra dimension to the CSR due to the characteristics of tourism: “*Society is part of the product and companies have responsibilities to the societies and environments in which they operate.*”

Therefore, it is likely that consumers of tourism services are more sensitive to the adoption of CSR by companies in this sector”.

As mentioned earlier, the principles of sustainable development have much in common with the CSR itself. A company that pursues sustainable tourism is by definition a socially responsible company while CSR provides the fundamental principles of sustainability.

According to “*Tourism Concern*”, (2010) (an independent UK organization that fights for tourism exploitation), tourism has a negative impact on the economies of destination, their societies, cultures and environments. But we must not forget that this sector can provide much needed infrastructures, revenues, and jobs that drive the economies of destination and raise their standard of living. This could strengthen the protection of the most abused and to help fund their conservation (Henderson, 2007).

In this sense, a recent publication of the environmental United Nations program (2005) highlights 12 goals to integrate into the agenda of sustainable tourism offering some general guidelines for companies in the tourism industry.

These objectives are:

- | | |
|------------------------|----------------------------|
| 1. Local Prosperity | 7. Community Well-Being |
| 2. Economic viability | 8. Cultural richness |
| 3. Quality employment | 9. Physical integrity |
| 4. Social equity | 10. Biodiversity |
| 5. Visitors compliance | 11. Efficiency in resource |
| 6. Local control | 12. Environmental Purity |

4.2 IMPORTANCE OF SOCIAL AND ENVIRONMENTAL RESPONSIBILITY IN TOURISM ENTERPRISES

Traditionally, the impact of businesses on their social and natural environment has been regarded as something external to the economic system (Ludevid, 2000).

In the case of tourism enterprises, their activity is causing substantial changes in the environment and a transformation of local and traditional culture. This is encouraging companies to adopt advanced environmental and social management (Ludevid, 2000).

Due to the complex structure of tourism and its connection with other activities (*such as trade or transport to name but two*), it is difficult to generalize its impact especially since it depends on a number of interlinked factors (*such as the state of conservation and the characteristics of local environment, the type of tourism, and the local community's ability to manage its resources among others, Ayuso and Fullana, 2002*). According to these authors the impacts of tourism can be fitted into three dimensions: economic, social and environmental. As negative impacts to consider we highlight the following:

- ❑ Economic: Opportunity costs arising from the use of resources to alternative uses, costs arising from fluctuations in tourism demand, a potential inflation by tourism, and a possible loss of potential economic benefits if investors are foreigners.
- ❑ Social: Changing social values and religious beliefs, changes in economic structure and social roles of the host community, and increased social problems such as violence.
- ❑ Environment: Issues related to waste treatment, water pollution, noise pollution from transport and tourism activities, air pollution from vehicle emissions, damage to geological structures, damage to buildings due to the influx of tourists, destruction of natural habitats, change in species diversity, changes in migration in the reproductive cycles and the composition of species, elimination of certain species by hunting or trade in souvenirs, vegetation damage, depletion mineral resources, fossil fuels and groundwater supplies, spread of fires and change in urban and rural landscape.

These changes may be perceived by the main forces of the business environment. On the one hand by customers who are gradually changing their

attitudes and behavior toward the purchase of products from companies which are more sensitive to the natural and social environment. On the other hand, the political and legal context which is subject to drastic changes, mainly aimed to limit the environmental damage caused by business and respect for human rights.

All this is encouraging companies to adopt an active and advanced social and environmental management, which can induce the following advantages: safety (*risk reduction*), quality, savings (*profitability*), market (*the capture of new customers*), image, ethics and social responsibility, intends to continue and survive in the future, and business opportunities (*management and implementation of technologies aimed at the prevention, mitigation and restoration, in order to solve environmental problems*) (Ludevid, 2000).

In this sense, a new business concept, broader and not solely focused on economic aspects, is evolving along with the expectations of consumers. Therefore, the Social Action (*defined as participation in social projects of the company environment to support disadvantaged people in the areas of social services, health, education, vocational training and employment*) and Environmental Action (*such as support of social and environmental CSR*) have significant relevance.

Large companies have considered social action as an expense, as an additional cost by responding to initiatives of public institutions, or as something that is not from them. Today they are beginning to focus on a middle path which opens up new opportunities. Social and economic content are intrinsically linked, so that social action should be considered as a further opportunity to increase the value of the company.

This debate is more relevant to the hotel industry than other economic activities, because there is a bidirectional relationship between the offered tourism product and its natural, economic, and social environment.

Therefore, this environment is not only the physical support of the activity, but also part of the tourism product because it determines the quality and the satisfaction of the tourism experience.

Consequently, there is a growing need to develop models based on tourism sustainability criteria. Ayuso and Fullana, (2002) highlight several benefits which are derived from tourism activity in economic, social and environmental terms. Among the positive impacts of tourism we highlight:

- ❑ Economic: Benefits from the facilities (*hotels, restaurants...*) directly from visitors, benefits to suppliers and support services, income earned by the resident population in form of salaries or dividends, benefits related to the tourism activity, direct employment at the facilities, indirect employment in the sector, employment induced by tourism revenues, increased demand for local goods, increased infrastructure, increased income and improved distribution of it.
- ❑ Social: Preservation of historic buildings and monuments, creation of museums of cultural interest; Revitalization of traditional art forms, music, literature, theater, dance ...; Revitalization of local traditions, crafts, folklore, gastronomy ...; Revitalization of minority languages, cultural exchange between residents and visitors.
- ❑ Environment: Solar Power, Photovoltaic Solar Energy, Energy efficiency, biodiversity, the creation of nature reserves and habitat restoration.

5. CORPORATE IMAGE

Within this line of research, one of the most important contributions to this project was performed by Klein and Dewar (2004). They demonstrated how in a crisis or failure of the product, the existence of a CSR image affects positively to the company.

They found that a good picture of CSR helps the cause of product failure being perceived as unstable, not controllable, and external to the company, minimizing the possible negative consumer responses to the product.

The term "image" has been widely studied in the literature (Barich and Kotler, 1991). Related to this concept, in the academic literature, have appeared distinct but interrelated conceptualizations as corporate image or brand image (Spector, 1961; Abratt, 1989; Dowling, 1994; Riordan, Gatewood and Bill, 1997; Balmer 2001), organizational image (Alvesson, 1990; Dutton and Dukerich, 1991) or corporate associations (Brown and Dacin, 1997).

Below is a summary of conceptualizations of the term "image" in the literature.

Figure II.9. Authors about term "Image"

| | CORPORATE IMAGE CONCEPT |
|--|--|
| <i>Spector ,1961</i> | Corporate image is the total sum of the characteristics of a company as perceived by the individual. |
| <i>Abratt, 1989</i> | Corporate image is not what the company believes to be, if not the feelings and beliefs about the company that exist in the minds of the audience. |
| <i>Dowling, 1994</i> | The corporate image is the set of meanings that a person associates with an organization, i.e., the ideas used to describe or remember these organizations. It is the overall impression (<i>beliefs and feelings</i>) that an organization creates in the mind of the public. |
| <i>Riordan, Gatewood and Bill, 1997</i> | Corporate identity is the individual perception of the actions, activities and commitments of an organization. |
| <i>Balmer, 2001</i> | The mental perception that an individual or group of individuals have about an organization. |

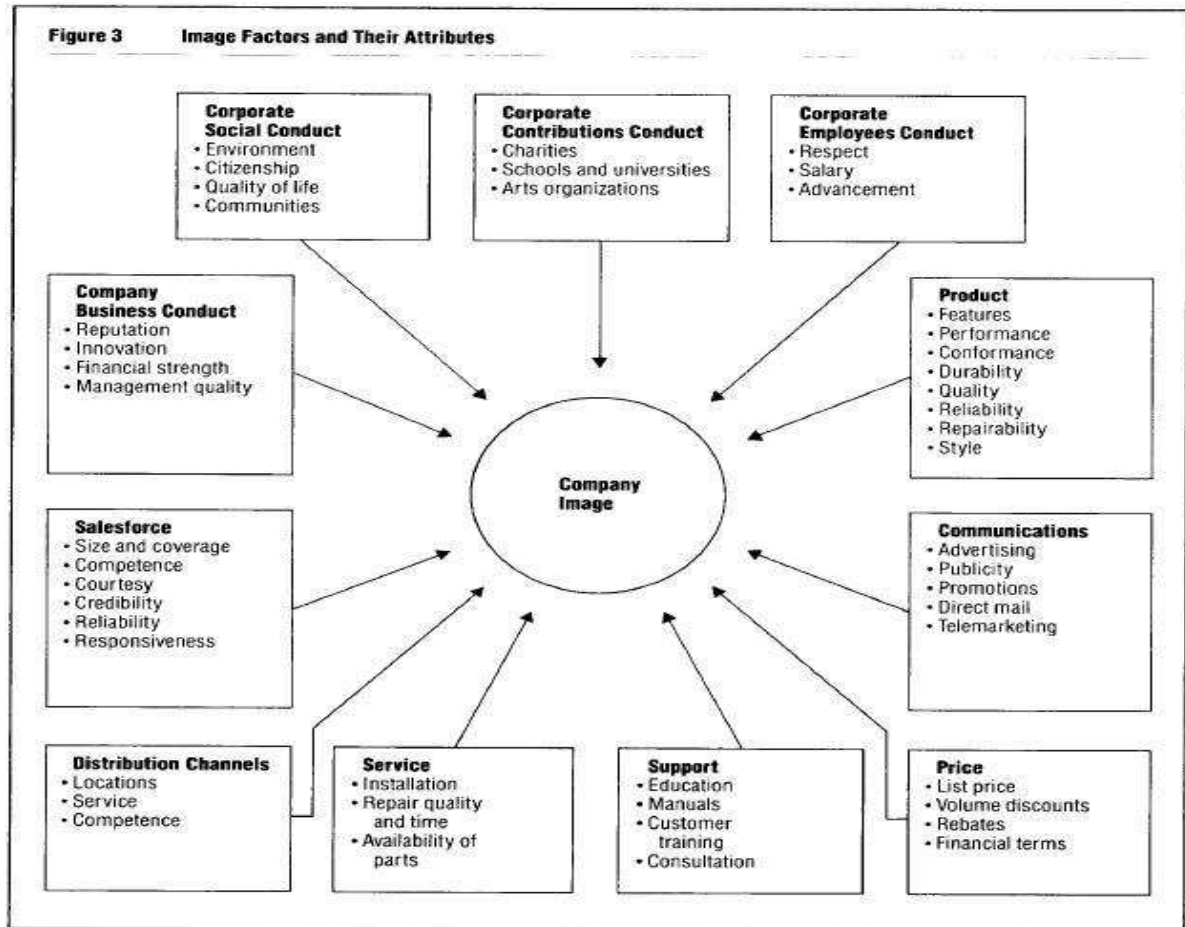
| ORGANIZATIONAL IMAGE CONCEPT | |
|--|---|
| Alvesson, 1990 | The organizational image is a holistic impression that an individual or particular group has toward an organization and the communication by the organization of a picture built/created by her-self. |
| Dutton and Dukerich, 1991 | Organizational Image is the way that members see their organization. |
| CONCEPT CORPORATE ASSOCIATION | |
| Brown and Dacin, 1997 | Corporate association is a generic term for all information that a person has about a company. |

Source: *Authors*

Analyzing the definitions we can see that there is consensus among the authors to associate the term 'perception' with 'image'. The Dictionary of the Royal Academy of Spanish Language defines perception as "*the inner sensation that results of a material impression made by our senses.*" This concept is consistent with the proposal by several authors that define the image in terms of perception (*Spector, 1961, Riordan, Gatewood and Bill, 1997, Balmer, 2001*) or related to the "package" of beliefs, attitudes, experiences, feelings, impressions or information that an organization creates for its various publics (*stakeholders*) (*Dowling, 1994*).

According with Barich and Kotler (1991), the "Corporate Image" has the following factors and attributes:

Figure II.10. Corporate Image Factors and Their Attributes



Source: Barich and Kotler (1991)

Among the many meanings of the term image, the highlighted term is corporate image. It has been used extensively in the area of Marketing and it refers to the image which object is the organization itself, and which subject (*the perceiver*) is outside the company (*hearings, public, external stakeholders...*). Similarly to the corporate image, we can make reference to brand image, although brand image refers to the object-brand and not to the object-organization (*Balmer and Gray, 2003*).

Brand image refers to the set of perceptions over the brands which are reflected as existing partnerships in consumers' minds (*Keller, 1993*). Between these associations, Aaker (1997) highlights the set of human characteristics associated

with the brand (*brand personality*). They are concentrated around five dimensions: sincerity, excitement, competence, sophistication and ruggedness.

According to Martinez, Montaner and Pina (2005) the personality of the brand is one of the three dimensions of brand image construct, which reflects the affective image together with the functional image and reputation.

Functional image encompasses all functional aspects, either in terms of attributes or benefits associated with the brand. By contrast, the affective image considers aspects relative to brand personality that can lead to a favorable attitude on the part of consumers (Mazursky and Jacoby, 1986). Finally, reputation is an overall perception of the brand over time (Gotsi and Wilson, 2001).

Rodríguez del Bosque (1995) notes that there are three possible structures of relationship between corporate image and brand image. (1) the monolithic structure is one in which a single identity is kept for the company and its product or products, (2) the endorsed structure: corporate image is used as backup or support of the product name, producing an umbrella effect that gives value to the brand image, and (3) simple structure, in which the brand image of the product is independent of corporate image (Rodriguez del Bosque, 1995, p.86).

According to Mínguez (2000), it is impossible to the consumer to have a total and global perception of the company, so the image must be based on fragments. A good example of this fragmentation is the possibility that an organization can project different types of images: corporate image (*Mental picture that springs up at the mention of a firm's name*), brand image (*Impression in the consumers' mind of a brand's total personality (real and imaginary qualities and shortcomings)*), product image (*the general idea which the public has of a product*) and image of the sector (*the general idea which the public has of the company sector*). (businessword.com, 2010)

There are three sources of information that are involved decisively in the construction of the image (Capriotti, 1999): the mass media, interpersonal

relationships, and personal experience. The first two sources are indirect and the third is direct.

- ❑ The mass media: we must distinguish between commercial messages directly controlled by the organization and the news. In this context the media have become a privileged institution to develop and disseminate information that undoubtedly determines the image of organizations.
- ❑ Interpersonal relationships: In the area of personal relationships as a source of information, it is important to highlight the influence of reference groups and opinion leaders. The reference group determines the behavior of a customer, because he/she accepts their reports as evidence of reality, or because the values of the group are used as normative standards for their own behavior. Opinion leaders are people whose credibility is based on their greater knowledge and involvement in a particular area.
- ❑ Personal experience: According to Capriotti this is the source of information crucial in shaping the image of an organization. This source provides first-hand information, although it is true that its influence and use may be mediated by either of the two sources described above. Personal experience can be direct, (*when there is an unmediated contact with people who belong to the organization, i.e., through customer service or participating in an event organized by the company*) or indirect (*when that experience is related to the consumption or use of products and services, or observing the behavior of the organization in the field of sponsorship*).

For the organization, corporate image is a strategic element and a principle of management. From the point of view of the organization, the corporate image is related with operations, whose purpose is to create certain impressions in public. Organizations know that the image is composed of values that for audiences are real. For the public, the image is the true identity that they have of an organization.

Spector (1961) proposes that corporate image is made up of six dimensions. In these dimensions are inserted all the personality traits of the organization

perceived by external audiences: dynamic, collaborative, experienced in the business, successful and thoughtful. Due to this multidimensional character, people will get different views related to their trading, strategic and social behavior (*Fombrun and Shanley, 1990, Capriotti, 1999, Garcia de los Salmones, 2002*).

6. CORPORATE REPUTATION

The importance of the Corporate Reputation is justified by the impact on value creation and the generation of business benefits derived from: increasing prices, reducing transaction costs, favorable access to capital markets, more possibilities for diversification, the creation of entry barriers to competition, and the reduction of asymmetric information through Corporate Reputation (*Fombrun and Shanley, 1990*).

These benefits attract the interest of organizations (*a good reputation is associated with profits or with higher financial performance*) (*Fombrun and Shanley, 1990*). This facilitates solidity in the medium and long term, and creating competitive advantages. In addition, it was observed that the financial performance of a firm affects its reputation, and in turn, the reputation affects the economic performance (*accounting profit and stock value*) of entity. However, corporate reputation is one of the intangible assets harder to measure. This is due to the different stages of their life cycle, consumer behavior, and the emergence of problems or unexpected errors. These stages affect directly the generated results, and can cause losses in the investments.

The benefits of a good reputation according to Wessels (*2003*) are: the possibility of demanding a premium price for products offered or services provided, payment of lower prices on their purchases, attraction of more qualified people in the labor market, greater customer loyalty and staff, and greater income stability. Reputation is therefore a valuable asset to the organization and it is controlled strictly, because corporate reputation is not the result of a campaign that is running at any given time. It is a value that is built through careful planning and effective management over time.

Corporate reputation is a topic of special interest for studies on business and society. This concept has been rediscovered by authors from different disciplines (*Mahon, 2002*). It is not surprising that different theoretical frameworks are used to help companies to differentiate themselves in the market. That is through the impact that their strategies and communication actions have on their corporate

image and reputation (*Cornelissen, Bekkum and Ruler, 2006*). Mahon (2002) has conceived corporate reputation from strategic, social, corporate communications, public relations and marketing perspectives.

Following this author, we can distinguish a first conception of reputation: a valuable resource for the company that can be managed to help create a competitive advantage in the market for goods and services.

Second, we find the concept of the reputation that Mahon (2002) describes as "*social areas*". In this case the reputation is seen as a resource in the market of ideas but not always clearly linked with aspects of stakeholder management or aspects of CSR.

Third, works from the area of corporate communications understand reputation as a useful feature for managing the futures crisis and the formation of the company's image.

Fourthly, there are investigations pertaining to the public relations field, where reputation is defined similar to corporate communication.

The concept that follows along this research project is coming from the marketing discipline. According to Mahon (2002), it comes from a combination of approaches, extending the concept to the branding of products and services. This is often viewed as one of the most obvious links between CSR, overall business performance, attitudes toward the brand, and consumer behavioral intentions.

Gotsi and Wilson (2001), in an analytical review of both concepts, argue that there are two thought schools in the literature on reputation. On the one hand, we find the "*analog current*" where the reputation is seen as synonymous with corporate image. On the other hand the "*differential current*" where both concepts are different, but related.

The following table presents two schools of thought, authors, the relationship between image and reputation, and some representative definitions:

Figure II.11. Concepts about term "Reputation"

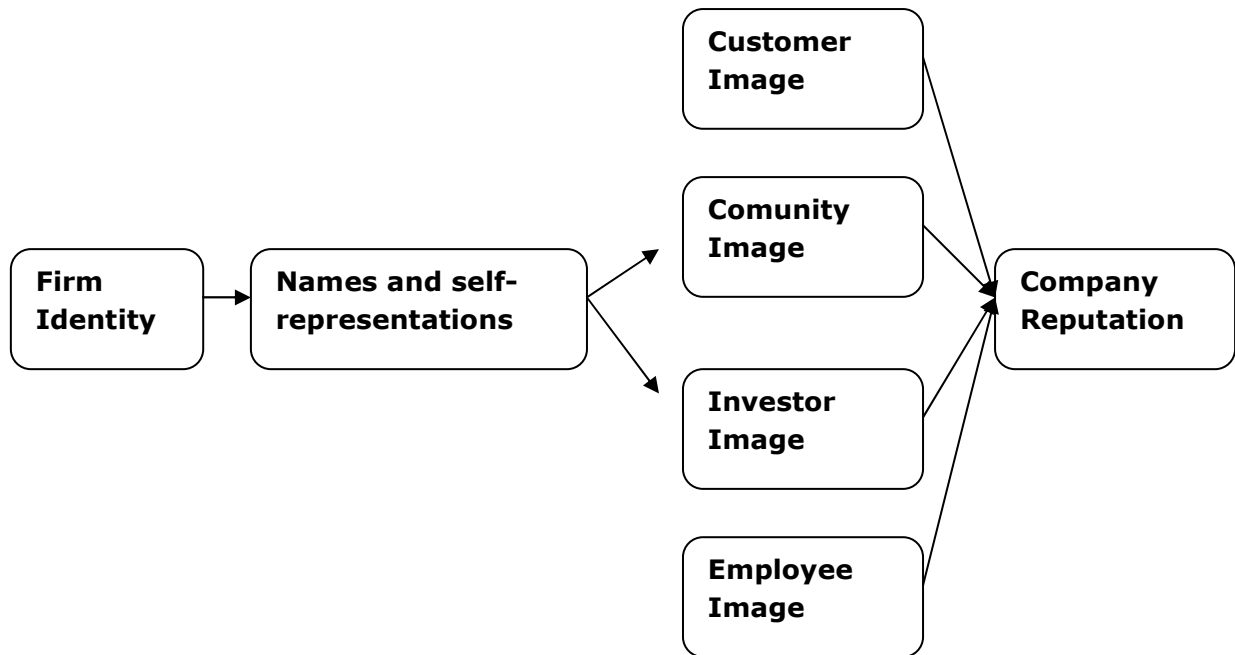
| SCHOOL OF THOUGHT | REPRESENTATIVE DEFINITIONS | IMAGE-REPUTATION RELATION |
|--|--|---------------------------|
| ANALOG | | |
| <i>Abratt, 1989</i> | It is the image that a member of an organization believes that third parties think about the organization. | Image = Reputation |
| <i>Alvesson, 1998</i> | Evaluative judgments "about other people and things". | Image = Reputation |
| <i>Bromley, 1993</i> | "A set of visual, physical and behavioral cues through which an audience can recognize the company and distinguish it from others and can be used to represent the company". | Image = Reputation |
| <i>Dutton et al., 1994</i> | "The total sum of sensory perceptions and interrelated thoughts associated from an individual to an entity". | Image = Reputation |
| DIFFERENTIATED | | |
| <i>Brown and Dacin, 1997</i> | "The attributed values (to the organization) evoked by the corporate image of the person". | Image → Reputation |
| <i>Dowling, 2001</i> | "A compound aggregate of all transactions over time of the entity, a historical notion, and requires consistency of the shares in the company for a long time". | Image → Reputation |
| <i>Fombrun, Gardberg and Sever, 2000</i> | A collective representation of past behavior of a company and its consequences that shows the ability of companies to deliver valuable results to multiple stakeholders. | Image → Reputation |
| <i>Gotsi and Wilson, 2001</i> | "General assessment of a stakeholder on the company over time. This assessment is base on the stakeholder's direct experiences with company, as well as other forms of communication and symbolism that give information about the actions of the company and / or compared with the shares of other companies leaders". | Image ↔ Reputation |

Source: *Gotsi and Wilson (2001)*

Fombrun and Shanley (1990) and Fombrun (1996) are some of the contributors that describe better the different conception of the image and corporate reputation. For these authors, the company sends signals which are used by the

public in order to build a mental picture of it. When this image is consolidated over time and for different audiences, corporate reputation is built. So Fombrun (1996, p.72) defines reputation as “*perceptual representation of a company's past actions and future prospects that describe the firm's overall appeal to all its key constituents when compared to other leading rivals*”.

Figure II.12.Constrution of Corporate Reputation by Fombrun



Source: Fombrun (1996)

According to Fombrun (1996) there are three kinds of signals that are used by the organization to build its reputation:

- ❑ Market Signal
- ❑ Institutional Signal
- ❑ Strategic Signal

A very important detail for this project is that the previous authors include the CSR as an institutional key. That is, everything that shows willingness to social compromise of the company is used for its public to build the reputation of it. Other authors such as Alvarado and Schlesinger (2008) mention the relationship

between corporate reputation and social responsibility, confirming the influence that socially responsible practices have on their prestige and reputation.

According to Gotsi and Wilson (2001), reputation is: (1) a dynamic concept, (2) that takes resources and time to build and maintain, and (3) that holds an interdependent relationship with the corporate image. These authors also established that a company will have several reputations based on the group of individuals that we're referring.

As a final conclusion the authors propose the following definition of corporate reputation, "*corporate reputation is the overall assessment of a company that makes a group of individuals over time.*" This assessment is based on the direct experiences of interaction by these individuals with the company and any other form of communication.

7. IMAGE AND REPUTATION IN TOURISM SERVICES

In today's competitive environment, managing the image and reputation of the company is an opportunity to differentiate itself in a sustained manner. Garcia de los Salmones (2002) posits that corporate image, communication and power of the brand can become clearly differentiating elements. This statement fits into a context like hotel sector where consumers have a range to choose from, which means that the choice is complicated, relating to non-monetary sacrifices. Thus, reputation is configured as a valuable asset of the organization and it is controlled strictly, to get a valuable tool for differentiation and an emotional loyalty of consumers (Villafañe, 2001).

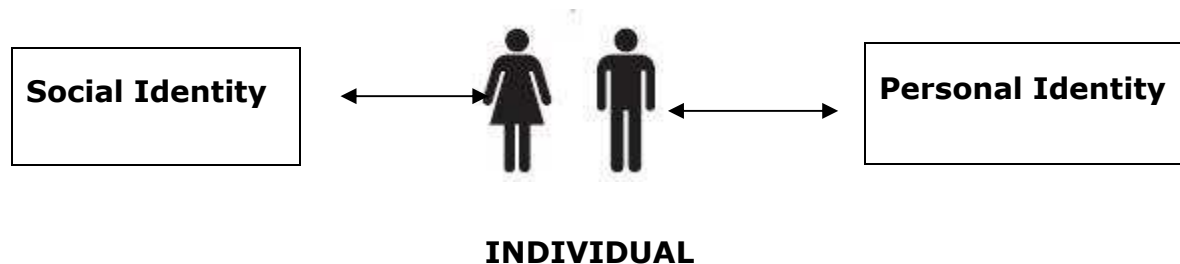
The characteristics of the tourist consumer contribute to satisfy the conditions for the company to try to position a differentiated and unique offer in the consumers' minds. These characteristics lead him/her to demand the protection of cultural heritage and environmental places.

For that reason and because of the high implication that involves the use of tourism services by consumers, it causes an increased number of companies that incorporate final values to their offer. We highlight hotels through the establishment of different policy tools such as: codes of conduct, better environmental practices, eco-labels, environmental management systems, and environmental performance indicators that seek to manage their commitment to Sustainable Development (Ayuso, 2006).

8. CONSUMER-COMPANY IDENTIFICATION AND ITS RELATIONSHIP WITH CORPORATE IMAGE

The Social Identity Theory, proposed by Tajfel and Turner (1986), argues that individuals have two identities, personal identity, including their personal characteristics, and social identity, which comes from their membership of groups. So the definition of individuals (*by themselves*) is a mix of idiosyncratic attributes (friendly, ambitious, etc...) and characteristics of their social identities, (*especially those that are most relevant for each individual*) (Tajfel and Turner, 1986; Reed II, 2004).

Figure II.13. Coexistence of Social and Personal Identity



Source: *Own*

Today, brands have become an instrument for satisfying personal needs (Bigné, and Currás, 2008).

In this context, the attempt of the brands to position in the minds of the people is not based exclusively on functional attributes, but also emotional attributes (*in an effort for the brand to mean something different for the consumers*). The success of certain brands resides in the construction of a unique, stable, recognizable and positive identity. This is, to build a brand identity constitutes a source of satisfaction of personal needs for consumers (Bigné and Currás, 2008).

Consumer-Company identification (*C-C identification*) is a specific type of organizational identification in which the individual is related to a brand or company as a consumer. Therefore, the C-C identification will influence the

affective states of the consumer about the company, and toward their subsequent behaviors.

Kristof (1996) proposes four links that explain the existence of relationships between companies and people: values, characteristics and traits of shared personality, existence of common goals, and individual needs of the company. The C-C identification integrates these possible links or connections between business and individual.

The C-C identification provides personal consumers needs, which feed on the brand identity to set their own (Bhattacharya and Sen, 2003). These basic personal needs are: the need for continuity, difference, and exaltation or prestige.

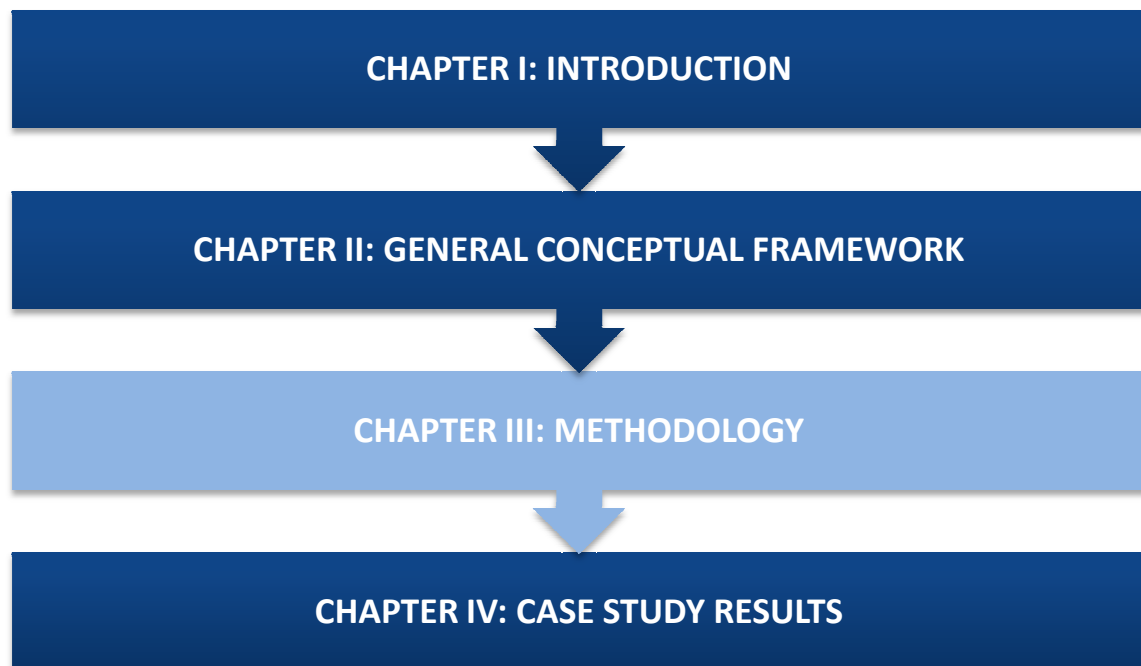
As we advance, C-C identification is a voluntary, active and selective relationship. It is sustained by the consumer in relation to the company in order to satisfy one or more of their personal needs (Bhattacharya and Sen, 2003). We will analyze the main characteristics of this relationship (Marin and Ruiz, 2007):

- ❑ A voluntary and active relationship. The relationships between business and consumers have traditionally relied on customer satisfaction and loyalty, where the initiative on the contacts and the exchange process for the undertaking corresponds to the company. But in the case of identification and according to Marin and Ruiz (2007), the process is reversed and initiative corresponds to the consumer. This is because he/she helps to satisfy the personal needs, otherwise, individually, it could not be satisfied.
- ❑ Selective. Identification tries to satisfy personal needs, and consumers only will identify with those companies whose identity is more attractive, those that have an identity similar to them, and those that are different from others (Bhattacharya and Sen, 2003).
- ❑ It aims to satisfy one or more of their personal needs. Individuals are identified with organizations when they perceive an overlap between the attributes and values of the organization and their own (Dutton et. al. 1994).

Ruiz and Marin (2007), highlight that the Social Identity Theory is an important theoretical basis for analyzing the consumer's relationship with the company through identification.

CHAPTER III

METHODOLOGY



9. THE CASE STUDY AS A RESEARCH METHOD

Throughout the history of science, different streams for the pursuit of knowledge have emerged. Due to different assumptions, these streams have polarized into two main approaches: the quantitative approach and qualitative approach (*Castro, 2009*). For some years it has been believed that both approaches are not exclusive but, together they make the research richer.

The use of qualitative research methodologies in the field of tourism is a growing trend. Qualitative research is considered a way of providing an in-depth analysis of the behavior of consumers, employees, managers and organizations, and also is a way to advance knowledge in tourism research (*Litteljohn et al. 2007; Okumus et al., 2007; Sharma et al., 2007*).

Under the qualitative research we can find the case study method. This methodology is able to meet all the objectives of an investigation, and even different cases can be analyzed with different intentions (*Sarabia, 1999*).

In this method, data can be obtained from a variety of sources, both qualitative and quantitative, that is, documents, archival records, direct interviews, direct observation, participant observation and facilities or physical objects (*Chetty, 1996*).

Moreover, Yin (*1994*) argues that the case study method has been an essential form of social science research and business management, in the areas of education, policies of child development, family studies, international business, technological development, and research on social problems.

Similarly, Chetty (*1996*) notes that traditionally, the case study was considered appropriate only for exploratory research. However, some of the best and most famous case studies have been descriptive and/or explicative. In this context, Eisenhardt (*1989*) has identified other uses of this method as: the description, the contrast and the generation of the theory.

Chetty (*1996*) indicates that the case study method is a rigorous methodology:

- ❑ It is suitable for investigating phenomena in which one seeks to answer how and why they occur.
- ❑ It allows studying a particular subject.
- ❑ It is ideal for the study of research topics in which existing theories are inadequate.
- ❑ It allows studying phenomena from multiple perspectives and not from a single one.
- ❑ It allows exploring more deeply and getting a broader understanding of each phenomenon, which allows the appearance of new signals about emerging themes.
- ❑ It plays an important role in the investigation, so should not be used merely as initial exploration of a phenomenon.

Snape and Spencer (2003) define qualitative research as a methodology to make and interpret a deep understanding of social reality, from the study of social and material circumstances of individuals and their experiences, perspectives and stories.

The case study method has been questioned by some authors (Stoeker, 1991; Rouse & Daellenbach 1999), who generally don't consider it a good strategy for scientific research. Furthermore the case study method presents problems of reliability and validity, due to which in empirical research primarily quantitative methods are used.

The text of Rossi and Freeman (1993) about research does not mention the case study as a research method. Similarly, the text "*Research Methods in Social Relations*" of Kidder et al. (1986) only refers to the case study method as a technique with a rather limited role in the investigation and with a pre-experimental design (Yin, 1993).

In qualitative studies questions or statements can develop before, during or after the collection and the analysis. Often, these activities serve to find out what are

the most important research questions, and to refine and to answer the research questions (*Hernández et al, 2003*).

Yin (*1989*) considers the case study method appropriate for subjects that are considered practically new. Besides, in his view, this type of empirical research has the following distinctive features:

- ❑ examines and investigates a contemporary phenomenon in its real environment;
- ❑ useful when the boundaries between the phenomenon and its context are not clearly evident;
- ❑ use reliable sources of data;
- ❑ can be used to research a unique case or multiple cases;

The qualitative methodology has had a prominent role in the birth and development of the disciplines that address the study of organizations. It has become the basis for development of theories that constitute the field of business. Therefore, this debate has been ended, and case study has enough validity and reliability in their results (*Eisenhardt, 1989; Chetty, 1996*).

Hence, Eisenhardt (*1989*) conceives a contemporary case study: “*a research strategy aimed at understanding the dynamics in particular contexts*”. It could be the study of a single case or multiple cases, combining different methods of qualitative and/or quantitative evidence collection to describe, verify and generate theory. In this sense, corporate social responsibility research is a multidisciplinary thematic context.

The following figure summarizes the different classifications of case study.

Figure III.1. Summary of case study classification

| CONCEPT | CLASSIFICATION |
|---|-------------------------------|
| According to the objective of the research strategy | Descriptive |
| | Exploratory |
| | Illustrative |
| | Explanatory |
| With regard to the number of cases that make up a study | Single case |
| | Multiple or comparative cases |
| Depending on the paradigm the researcher uses | With the positivist approach |
| | With interpretive approach |

Source: Yin, 1994

In this exploratory and descriptive study we intend to use a qualitative methodology based on case study. This allows us to achieve the objective to understand in depth the process by which certain events occur (*Rialp, 1998*). With this study we aim to describe the current situation around CSR in the tourism sector, and to explore the research questions that have been formulated. The qualitative methodology allows achieving these objectives and provides a comprehensive approach to this issue.

The main features of the research are included in the Summary of study (see *Figure III.2*). Eisenhardt (1989) defines the qualitative methodology based on case study as a research strategy aimed at understanding the dynamics in particular contexts. In addition, this author highlights the applicability of the methodology of the case study when there is little knowledge about a particular phenomenon. This is in the early stages of research on a particular topic, or when existing theories have little justifications.

Moreover, Yin (1989) refers to case study as a methodology to investigate a phenomenon and its real context, when the boundaries between phenomenon and context are not clearly evident. In this sense, research on corporate social responsibility (*being a multidisciplinary thematic and clearly contextual*) could be

considered as a singular phenomenon. The same author (Yin, 1994) indicates that there are different classifications of case study. We can describe our research with a descriptive orientation because it analyzes an organizational phenomenon (*corporate social responsibility*) in its real context; and exploratory orientation because it seeks to contrast two theories (*Sustainable development and Stakeholders Theories*) in relation to the raised research questions. On the other hand, considering the number of cases under review (*five cases*) this study is configured as a multiple analysis.

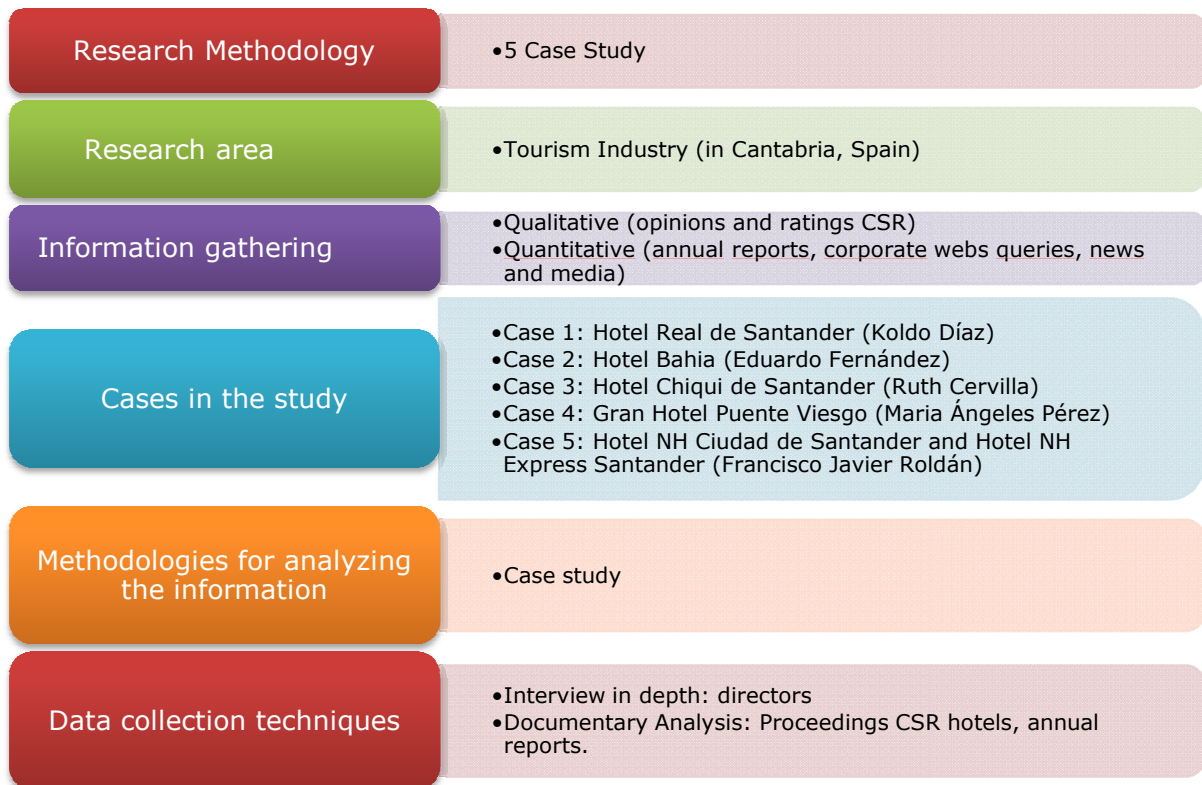
Given the complexity of the phenomenon to be studied and the diversity of factors that influence it, the methodology used in this research project has two phases: an initial qualitative phase, where we did semi-structured interviews with experts and, a later stage consisting of a content analysis of information obtained in these interviews.

To select the case studies, I searched for hotels in Cantabria where people responsible for CSR were available for the interviews, usually the directors of the hotel. A close source to the researcher was used to get the appointments fixed, allowing easy access to these directors. Hotels surveyed are listed in Figure III.2.

The selection of respondents was conducted in several stages. The interviews were taken from hotel establishments in Cantabria (*within and outside national and international hotel chains*) based on non-probability sampling (*convenience sample*).

This research was established as an initial exploratory study of which the purpose is to describe the situation around Corporate Social Responsibility in the tourism sector of *Cantabria* today, and draw conclusions for companies in the sector.

Figure III.2. Research Factsheet



Source: *Own*

10 CASE STUDY DESIGN

10.1 PROBLEM STATEMENT, RESEARCH QUESTIONS AND OBJECTIVES

10.1.1 Background

To know the prior circumstances and related events, we conducted a search of secondary information through various sources such as: World Travel & Tourism Council, Exceltur, or Business and Society Foundation, among others, as well as through the consultation of numerous research papers in international journals (*University of Cantabria database*).

Analyzing these sources, we can see that there have been various initiatives on sustainable tourism related to social and environmental action in the tourism sector. The Tourism sector has been implementing social and environmental actions in the field of business, but largely on a decentralized basis. Similarly, tourism is very sensitive to the social dynamics because there is a growing demand from society for conducting this kind of activities.

In the late 80's and early 90's the Spanish tourism company led the management objectives to improve the quality of tourism production and the search of Certifications and Continuous Improvement Programs. In the mid-90 the environmental sustainability was recognized as another key element of quality, measured not only in relation to aspects of internal production, but also of external production. The final report of Exceltur in 2009 about Social Action in Tourism Business shows that the perception of Spanish consumers about social action by the company is not in very advanced phases. We can see a link between social action and corporate image and public relations, but CSR is not perceived as a real factor of internal and external competitiveness yet. To achieve sustainable tourism in line with social and environmental actions, consumers and local governments should be involved. They should make the activities and they must be more aware of these actions.

10.1.2 Involved groups

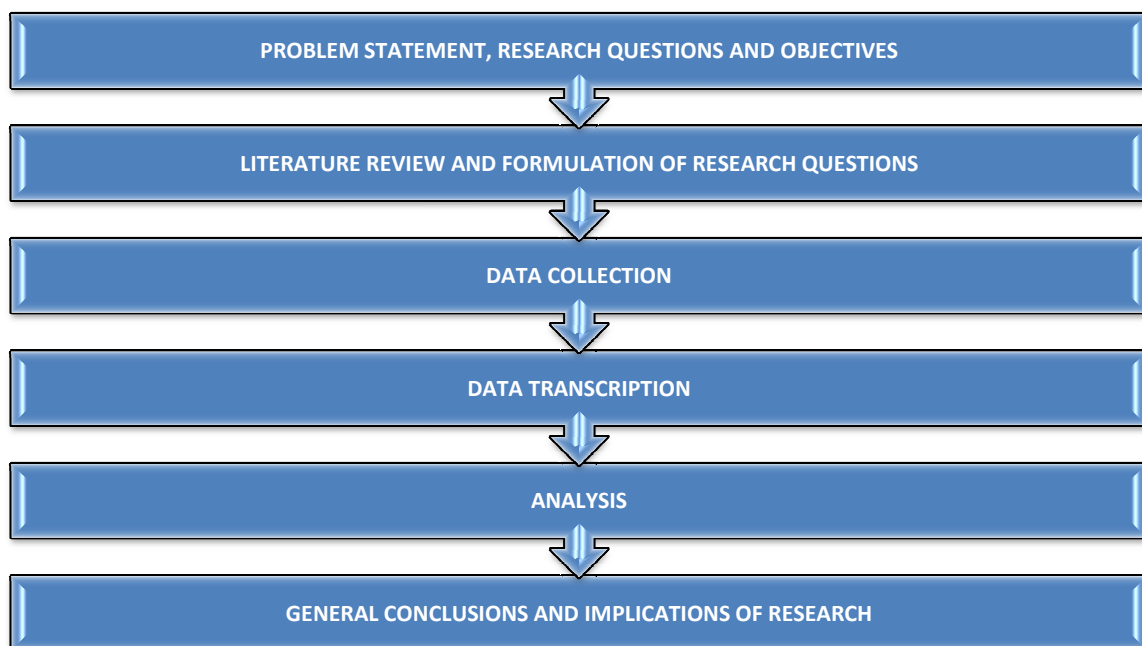
To achieve a sustainable tourism in line with social demands, companies, consumers and local governments should be involved.

The development of a case study research (*in-depth interviews*) is based on the tourism industry, specifically in the accommodation subsector. In our case we have focused on the hotels in Cantabria. In this sense, the case selection was performed using a non-probability sampling, specifically through a convenience sample (*Trespacios, Vazquez and Bello, 2005*), but looking for a strong argument for comparing findings. The variable chosen was the membership or not membership of a hotel chain (*See point 10.2.1 Data selection*).

10.1.3 Structure

The structure of the methodology is:

Figure III.3. Research Method Process



Source: *Based on Shaw (1999)*

10.1.4 Topics

The overall objective of this research project is identify the activities currently being undertaken in the field of Social and Environmental Action (*Stakeholders influences, barriers, CSR activities...*) in the tourism sector of Cantabria. In a second step, we also study how CSR activities affect the investigated Hotels. This requires obtaining information on key elements; these key elements relate to the following topics:

- a) Activities related to environmental and social issues that are taking place in a selection of Hotels in Cantabria.
- b) Objectives of the Hotel with respect to CSR.
- c) Reasons for carrying out environmental and social activities.
- d) CSR Implications for the Hotels.
- e) Influence of stakeholders (*customers, employees, etc...*).
- f) Co-operation with other companies or institutions in CSR activities.
- g) External and internal communication of CSR by hotels
- h) Barriers that may exist at the time of carrying out CSR activities.
- i) CSR influence on customer loyalty.
- j) Measures of satisfaction.
- k) Suggestions of hotel directors.

10.1.5 Research questions

For all these requirements, I have made a series of questions concerning all these points of CSR (*topics*) for further analysis and final conclusions. All these questions are addressed in the interview which was used in the meetings with directors of each hotel (*Annex I*).

We have set up several interview questions to get information that allow us to test the research questions and for a later analysis of the main issue (*CSR and Sustainable development in tourism companies*). All these interview questions have been based on the **4** initial research questions about the activities, stakeholders, satisfaction and loyalty involved on CSR.

RQ1. *Do tourism companies respect the three dimensions of CSR and to what extent they do?*

RQ2. *Which stakeholders do tourist companies take into account?*

RQ3. *Are there indications of a positive effect of CSR on customer satisfaction?*

RQ4. *Are there indications of a positive effect of CSR on customer loyalty?*

The research questions serve as a reference or starting point for the collection of data from different levels of analysis. Research questions contain the constructs (*concepts, dimensions, factors or variables*) for which information is needed.

Therefore, we should proceed to present the way in which to collect information related to the constructs, and then derive the logic linking of the data to these research questions. Finally we will present the results of the research through a series of conclusions that lead to the strengthening of the theories or approaches embedded in the theoretical framework of research.

In this sense, it is useful to highlight the difference between theoretical research questions (*formulated in a case study*) and the study hypotheses (*formulated in quantitative studies*). The theoretical research questions are built from general factors (*which contain a number of variables or dimensions*) while the study hypotheses are formulated for each of the variables or dimensions that are part of a factor.

10.2 DATA PROCESS

10.2.1 Data Selection

Before starting the phase of obtaining empirical data, we should specify the main tasks to be performed (*Shaw, 1999*), i.e.

- ❑ Define the mechanisms to get access to organizations and key informants.
- ❑ Establish adequate tools to respond to unforeseen situations that may arise in the field.

- ❑ Have a plan and a schedule of activities to be performed during the search for of evidence.
- ❑ Be prepared to respond to unforeseen situations.

In this research project, we carried out a study of the information obtained in the preliminary stage of research, i.e., semi-structured interviews with experts, which were recorded for a later detailed review. As it will be discussed in point of validity and reliability, methodological triangulation was used to ensure compliance (*see point 10.3 validity and reliability*).

Besides, in data gathering point (*See point b*) it is explained how we used different sources of information to ensure internal validity of research.

The following points are the aspects related to the selection of the cases that we used:

a) Case Selection

As mentioned above, the case study does not entail a representative sample of a population but a theoretical sample. Thus, "*the goal of theoretical sampling is to choose cases that are likely to replicate or extend emergent theory ... should be added the number of cases to the saturation of the theory*" (*Eisenhardt, 1989*).

Eisenhardt (*1991*) argues that the appropriate number of cases depends on the existing knowledge of the subject and the information that can be obtained through the incorporation of additional cases.

Thus, we believe that many cases are a powerful tool to create theory because they permit replication and extension of the individual case. In this sense, replication is the use of individual cases to corroborate the specific proposals; and the extension is the use of multiple cases to develop the theory.

For his part, Glaser & Strauss (1967) recommend that the issues and areas in which the researcher is concerned are “*saturated*”, no additional cases should be added and the process of gathering information should be stopped.

According to this, Perry (1998) indicates that there is no precise guidance on the number of cases to be included, “*this decision is left to the investigator...*” quoted in Romano (1989). Similarly, Patton (1990) does not provide an exact number or range of cases that could serve as a guide to researchers, and states “*no rules*” for the sample size in qualitative research.

However, some authors, taking into account the need to provide guidance to researchers interested in this type of methodology. They recommend a range in which the number of cases of any investigation could fall. For example, Eisenhardt (1989) suggests between four and ten cases and says: “*There is no ideal number of cases, ranging between four and ten cases works well. With less than four cases, it is difficult to generate theory with much complexity*”.

The case selection was performed using a non-probability sampling, specifically through a convenience sample (Trespacios, Vazquez and Bello, 2005), but looking for a strong argument for comparing findings. The variable chosen was the membership or not membership of a hotel chain. This variable was used in previous research in the tourism sector (García, Varela, Del Río and Otero, 2010). Following this argument we chose five hotel companies in the region of Cantabria to approach the research from a broad perspective. We chose hotel companies with 3 stars (*case two and five*), 4 stars (*case three and four*) and 5 stars (*case one*). Some of them belong to hotel chains and others to independent management. In particular, cases one and five belong to international chains, case four to a regional chain, and cases two and three are from independent

management. The information collected was qualitative through interviews (*opinions and ratings on corporate social responsibility*), and quantitative through reports and websites (*corporate social responsibility reports, annual reports, corporate Web queries, news and media*).

b) Data gathering

Yin (1989) recommends the use of multiple sources of data to ensure internal validity of research.

Consequently, the researcher may use different sources of information: databases, Internet, interviews with researchers in the area, public or private organizations, and documents and statistics related to the phenomenon addressed in the investigation. As secondary sources we used websites as World Travel & Tourism Council, Exceltur, or Business and Society Foundation, among others, as well as consultation of numerous research papers in international journals as "*Journal of Business Ethics, Journal of Marketing Research, Business Ethics Quarterly, Journal of Consumer Psychology...*", (University of Cantabria database).

Similarly, these sources require the application of different data collection instruments, such as structured personal interviews, direct observation, structured and unstructured direct observation, document review and statistical data related to the phenomenon being studied, among others. As Shaw (1999) states that "*the conducted research within the qualitative paradigm is characterized by a commitment to collect data from the context in which social phenomena naturally occur and to generate an understanding that is based on the prospects of the researcher*".

At this stage of the investigation, the investigator should record the interviews. With these recorders the investigator is able to transcribe, combine and check them with mental notes and field notes, to proceed to examination.

10.2.2 Data Transcription

After the interviews and observations, the next step is the transcription of the data. In this case it is advisable to make both reading and rereading the transcripts and field notes collected, in order to familiarize the researcher with the data. Then we have to start the process of structuring and organizing them within their respective dimensions, variables and categories, which lead to an understanding of the research questions (*Strauss & Corbin, 1990*).

In qualitative research, the main thing is to generate an understanding of the research problem, rather than force the data in a deductive logic derived of categories or assumptions (*Jones, 1985*). Therefore, it is important that the data are analyzed with the literature inscribed in the framework of the research.

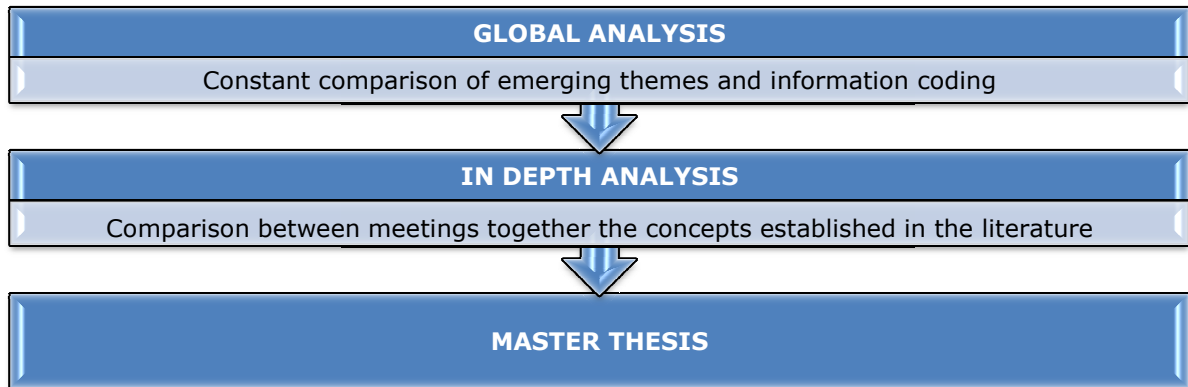
Although there is no formula regarded as the best way or correct way of performing the inductive analysis of qualitative data (*Yin, 1994*), some authors suggest a number of recommendations. They see these recommendations as a way of contributing to the qualitative paradigm and to provide guidance to interested researchers in implementing this methodology.

In this context a series of recommendations arise regarding the inductive analysis of qualitative data (*Strauss & Corbin, 1990*):

- ❑ Reading and rereading the transcripts and field notes
- ❑ The organization of the data collected through the use of codes
- ❑ The constant comparison of codes and categories that emerge with subsequent data collected and the concepts suggested by the literature.
- ❑ The search for relationships between the categories that emerge from the data.

Thus, Shaw (*1999*) recommends the process presented in the following figure:

Figure III.4. In depth Analysis Process



Source: *Shaw (1999)*

-Global analysis

At this stage, the researcher focuses on areas of interest that lead to the understanding of the research problem. This is done through the concentration of the collected data and constant comparison with previously established codes to determine the differences and similarities with existing literature on the subject. This is why this stage is called: constant comparative method (*Glaser & Strauss, 1967*).

-In depth analysis

Once developed the previous stage, we should make a thorough analysis of the information. We should make it in order to interpret the relations found between the established categories based on the theoretical framework (*codes*) and the data. We should also try to explain why relationships exist. All this leads to the understanding of the studied phenomenon (*conceptualization*).

-Writing process

Finally, the researcher is able to produce a paper which will provide a valid understanding of the research problem presented (*Shaw, 1997*). In-depth results and conclusions of this research are written down in chapter IV.

10.3 VALIDITY AND RELIABILITY

Reliability is necessary (*but insufficient*) for validity. It is said that an analysis of content is reliable when different analytical schemes can reach the same conclusions. In other words, we say that an analysis is reliable when the conclusions reached by chance or errors have had no impact on the analysis.

Another premise of reliability is the exact obedience to the rules of procedure by the encoders (*as in all methods of data collection*).

Along with the reliability it is essential to know the validity of content analysis. As noted by Weber (1980): "*Problems arise from the ambiguity of the word meaning or the set of defined variables*".

Different authors discuss about various tests of validity. According to the opinion of Ruiz Olabuenaga (1996), two are really useful:

a) Pragmatic Validity: The validity of an investigation may be known by comparing the results with the results obtained in other research on the subject. In this regard, a content analysis is valid if obtained conclusions and inferences are maintained when we compare them with the obtained results through other research. In our case the results were compared with several reports and case study made by: Exceltur 2009 report, in collaboration with the "*Fundación Empresa y Sociedad*" report, confirming to some of the conclusions drawn from these reports. (<http://www.empresaysociedad.org/> and <http://www.exceltur.org>)

b) Content validity: Content validity means to show that the used registration units are a good sample of all possible registration units. It is noteworthy that the content validity is achieved in most cases using the frequencies. That is selecting those reporting units that most often appear in the texts to be analyzed.

While some authors indicate that it makes no sense to talk about reliability and validity with qualitative techniques, they prefer to talk about quality control (*Ruiz Olabuenaga, 1996*).

In this sense, although qualitative techniques do not allow us to know precisely the reliability of the research, we can take a series of measures to improve it.

Specifically, those that have been carried out during the interviews were:

- ❑ Ask questions and present issues in a clear form and without ambiguities.
- ❑ Avoid biases that the interviewer may have introduced. That is, avoid reactive effects of the researcher (*tone of voice, attitude when you ask questions or present issues, etc...*).
- ❑ Avoid environments that disturb the attention of respondents.

Regarding the validity of the interview, it is related to the control of information. We cannot forget that with this technique the information is obtained by the mouth of the interviewee so we trust his good intentions, sincerity and desire to respond.

Yin (*1989*) recommends the use of multiple data sources to ensure compliance with the principle of triangulation of evidence. By resorting to methodological triangulation, the information obtained from the interviews with the directors was complemented with the review of documents (*related with the hotels and the tourism sector*). In our research, the documents analyzed were diverse: reports from institutions such as World Travel & Tourism Council, Exceltur or Business and Society Foundation, articles in national and international magazines, news in specialized trade magazines, business newspapers, industry and business information in Internet, and corporate social responsibility company reports.

Through this triangulation of information the internal validity of the research, which refers to the research objectivity, is ensured. The external validity refers to the capacity of generalization in the case study conclusions. The typological

representativeness gathered during the research allows extending the opinions of the tourism companies, so external validity is confirmed (Yin, 1989).

Finally Yin (1989) states the reliability as the criterion to show that data collection procedures can be repeated with the same results. Therefore, the objective is to minimize errors and biases in the study. As far as this research is concerned, we stress the protocol followed during this investigation, indicating the steps followed in preparing the same, and the development of a database with all information gathered (Bonache, 1999).

All the steps followed are described in *Figure III.3 (Research Method Process)*. Regarding to the database, this took the form of an excel file format, with eight different data fields (*Objectives, CSR activities, Reasons, Implications, Stakeholders Influences, Cooperation, Communication, Barriers, Satisfaction, Loyalty, Suggestions*).

10.4 SUMMARY

The case study method is a research strategy that is useful in the generation of results that enable the enhancement, growth and development of existing theories or the emergence of new paradigms. That is why the case study method becomes suitable for the development of research at any level and in any field, even appropriate for the preparation of a master thesis.

Rialp (1998) makes the following recommendations as a conclusion:

- ❑ Choose a significant issue within the existing literature knowledge and the investigator experience, opportunities and resources for research, and applicable methods, among others.
- ❑ Ensure that the study is both a theoretical and empirical, comprehensive and consistent approach in relating to different parts of the process. In fact, the intimate connection with the offered reality by this method enables the theoretical development.
- ❑ Consider alternative perspectives or rival explanations when interpreting the data. Even in the case of purely descriptive or exploratory studies.

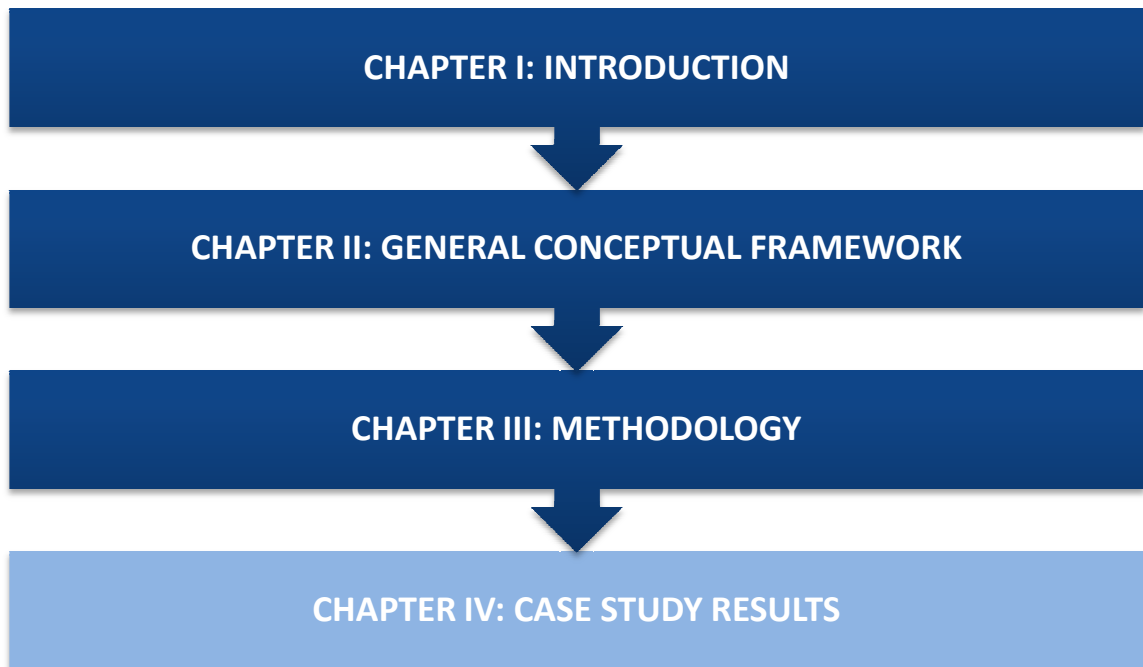
- ❑ Provide a level of evidence in order to enable the reader to get the same conclusions reached in the final report.

In this sense, we have chosen the methodology of a contemporary case study, starting from selecting the topics, the research problem and the research questions. I have followed a number of steps to build the Master thesis. They are summarized in the following:

- ❑ Problem statement, research questions and objectives
- ❑ Literature review and formulation of research questions
- ❑ Data collection
- ❑ Data transcription
- ❑ Analysis
 - ❑ Global analysis
 - ❑ In depth analysis
- ❑ General conclusions and implications of research
- ❑ Writing process (Master Thesis)

CHAPTER IV

CASE STUDY RESULTS



11. RESULTS

In this research project we have studied the CSR activities (environmental, social, and economic) in the tourism sector of Cantabria to describe the current situation and draw conclusions of Hotels in this sector.

To make this research we have used the case study as methodology. For this we have chosen 5 cases with different attributes (*in terms of large-small, chain-not chain, luxury class, etc...*) in order to compare results:

Table IV.1. Cases

| | Name | Stars | Chain |
|---------------|---|--------------|--------------|
| Case 1 | Hotel Real de Santander | 5*Luxury | Husa |
| Case 2 | Hotel Bahia | 4* | - |
| Case 3 | Hotel Chiqui de Santander | 3* | - |
| Case 4 | Gran Hotel Puente Viesgo | 4* | Rhin |
| Case 5 | Hotel NH Ciudad de Santander and Hotel NH Express Santander | 3* | NH |

Source: *Own*

The main results about the management of CSR in tourism sector are set out below. They are structured by the 4 initial research questions:

- RQ1. *Do tourism companies respect the three dimensions of CSR and to what extent they do?*
- RQ2. *Which stakeholders do tourist companies take into account?*
- RQ3. *Are there indications of a positive association of CSR on customer satisfaction?*
- RQ4. *Are there indications of a positive association of CSR on customer loyalty?*

11.1 RESEARCH QUESTION 1

- ❑ **RQ1. Do tourism companies respect the three dimensions of CSR and to what extent they do?**

With respect to the first research question (RQ1), a first important result is noted. It is the adoption of the sustainable development theory by hotels when they design and implement their social responsibility policies. We can see how managers understand that their companies have responsibilities to the society and to the environment where they conduct their activities. It is supported by ideas of authors like Panwar, Rinne, Hansen and Juslin (2006) and Henderson (2007). That is why they perform socially responsible activities, both within the economic, social and environmental dimensions of sustainable development (see Table IV.2).

This supports the scale proposed by the "Triple Bottom Line" theory (Elkington, 1998), and the Linnanen and Panapanaan (2002); Panwar, Rinne, Hansen and Juslin (2006) models. This practice coincides with the theoretical approaches of the main researchers in the CSR field of the tourist sector.

Table IV.2. CSR activities undertaken by the surveyed companies

| | Environmental Dimension | Social Dimension | Economic Dimension |
|---------------|--|---|---|
| Case 1 | Energy, water and other consumption saving. Energy audits, recycling, waste management, environmental criteria in selecting suppliers. Renewable Energy and ISO Standards. | HR Policy, services with special prices to NGOs. Services on special terms to people with disabilities. Social benefits for employees. Hire people with disabilities. Work with Integration Companies. Financial and material donations. Social project collaboration with other organizations. | Get the maximum profit (<i>providing the highest quality</i>). |
| Case 2 | Energy and water consumption saving. Recycling and waste management. | HR Policy. Partnerships with other organizations in social projects. Economic and material donations. | Profit (<i>Selling</i>). |

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| | | | |
|---------------|--|---|---|
| Case 3 | Energy, water and other consumption savings. Waste management. | HR Policy. Partnerships with other organizations in social projects. Economic and material donations. | Profit. |
| Case 4 | Energy, water and other consumption saving. Energy audits, recycling and waste management. | HR Policy. Partnerships with other organizations in social projects. Economic donations. | Profit (<i>Making money</i>). |
| Case 5 | Energy, water and other consumption savings. Emissions control, energy audits, recycling, and waste management. Environmental criteria in choosing suppliers, renewable energy use, collaboration with other organizations (<i>sponsoring</i>), Social Investment and ISO Standards. | HR policy. Services with special prices to NGOs. Hiring services or purchase products of Integration Companies. Provide social benefits for employees. Financial and material donations. Collaboration in social projects with other organizations. Initiatives in collaboration with clients. | Wealth creation and expansion of the brand. |

Source: *Own*

So we can conclude that:

-First, the environmental dimension of corporate social responsibility undertaken by companies is focused on energy and water consumption saving, waste management, and recycling. All analyzed establishments are sustaining the initiative created by the Ministry of Environment (*Government of Cantabria*), "*Water Savings Club of Cantabria*". This initiative helps companies to participate in concrete actions for saving water, access to information on water saving programs developed in Cantabria, share grants released by the Ministry of Environment, and transmit an image linked to corporate social responsibility.

With respect to saving energy consumption, most establishments have low energy light bulbs and motion cells. There is also a tendency on the redesign of the amenities (*small personal hygiene items that are placed in the bathrooms of*

the hotels). It eliminates the use of plastic or non-biodegradable items. This tends toward the recycling of paper and efficient waste management, particularly oils, glass and plastics. In some of the analyzed hotels (*case 1 and 5*), energy audits are carried out. And there are consumption controls on the hotels (*case 3 and 4*) as well.

The environmental dimension is seen as predominant. It is observed that the respondents attach greater importance to the actions undertaken in the environmental field than in the social one. Moreover, the criteria for environmental actions (*resulting from the impact of tourist on the environment*) are much more clear than the reasons for social action.

-Second, the social dimension is based primarily on: the development of a hiring and promoting policy on a fair and nondiscriminatory basis; training of workers; recruiting people with disabilities to work within the organization or the contracting of services in certain integration companies (*companies that hire people at risk of social exclusion*) and financial and material donations to various foundations or NGOs in the region.

One aspect to highlight is the non-existence (*absence*) of a clear selection criterion for this type of activity. In general, the choice of the analyzed hotels about foundations and nonprofit organizations is based on criteria of transparency in the financing (*funding*) and on criteria of good practices of the foundations or NGOs, but there aren't clear selection criteria in the analyzed hotels. In other words, to improve the climate of trust is important for the hotels to know the means by which the NGO is financed, what entities are providing funds for its activities, and all the activities that the NGO is carrying out.

In some cases, it is noteworthy that the first contact with the hotels is done by the foundation or NGO which seeks financial support for its social projects. With respect to the other activities, they are not integrated into structured and systematic programs. Current efforts are sporadic and short-term. In the opinion of one of the interviewed managers (*case 1*) "*This may not convey a serious commitment to the consumer by the company*".

We don't observe the existence of any own foundations for social projects in the analyzed hotels, because they always work with nonprofit organizations outside the hotel. We neither see examples of collaboration programs in the social or environmental field between several companies of tourist sector.

A striking fact is the low number of social initiatives in which customers are involved. With the exception of NH, through its "*NH Bono Amigo Solidario*" (*where every time a customer uses a voucher, a certain amount is donated to social projects*) or social bonus², no other organization involves its customers in these proceedings.

With respect to employees there are some specific initiatives in this area, these initiatives are based on economic or material donations. In some cases the social benefits for employees are done at important dates such as Christmas (*extra pay, vacation...*) , or after any natural catastrophe, as well as delivering information to employees to be involved in these projects as personal. As I mentioned before, the most important point of the Social Action of hotels (*respect to employees*) is the development of a fair human resources policy to ensure equality in hiring and in promotion and training of workers in the field of CSR, so the social action with employees is certainly present.

There are some activities related to consumption and saving by consumers and employees. However, in the field of Social Action the interest of consumers and employees is much lower, except in matters relating to the development of a fair and equitable Human Resources policy. In this case employees are much more proactive, even through the Company Committee.

² Social Bonus: Employees of NH Hotels, its friends, and family can enjoy the hotel chain with very special rates ("*Employee Price*"). They give the opportunity for new professional experiences in other countries by the Shuttle Program and International Assignments.

NH Bono Amigo Solidario: They give 2 Euros to social and charity projects each time the customer uses a bonus.

-Third, the economic dimension in most hotels is based on obtaining profit, wealth creation, and providing quality of service as a basis for ensuring the economic activity of the company in the long-term.

-Another point to highlight about these 3 dimensions is that, there are no differences by category of hotel on the scope of action in the CSR policy. All studied categories (*3, 4 and 5 stars*) do activities in each dimension, i.e., the category of hotels are not indicative of the quantity and quality. However, we can observe an uneven application of the practices in relation to the hotel management. It is true that the level of commitment to the hotel and to its environmental strategy of CSR varies depending on its size and on the budget for such activities. Hotels belonging to international chains (*case 1 and 5*) have a better integration of corporate social responsibility activities in their business strategy. On the other hand, in hotels with independent management (*cases 2, 3 and 4*) not all dimensions (*environmental, social and economic*) have equal weight in managing corporate social responsibility actions. One explanation for this phenomenon could be due to the fact that the large hotel chains base their success and prestige on the expansion of its brand outside national borders.

11.2 RESEARCH QUESTION 2

RQ2. Which stakeholders do tourist companies take into account?

In the second research question (*RQ2*) we can see that all hotels focus their activities towards sustainable development, taking into account various interest groups (*see Table IV.3*). Thus, the most relevant stakeholders are: shareholders or owners, employees, customers, society and environment.

The companies understand that the responsibility is not only to their shareholders, but there are other interest groups that can claim this kind of activities.

However, some of the hotels identify more stakeholders such as the media, suppliers and partners. Similarly, all analyzed establishments refer to stakeholders as a homogeneous group, without distinguishing between them. We

can see how the classification of these groups is in line with the suggestion of authors such as Freeman and Reed (1983); Post, Preston and Sachs (2002); and Bazin and Ballet (2004). Thus, we can see that, not only the owners and shareholders of the company are the most important ones, but also other groups of stakeholders.

Table IV.3. Identified Stakeholders

| | Case 1 | Case 2 | Case 3 | Case 4 | Case 5 |
|--------------|--|---|--|--|--|
| Stakeholders | Shareholders, employees, customers, environment and society. | Owners, employees, customers and society. | Owners, employees, customers, and society. | Owners, employees, customers, partners, society and environment. | Shareholders, employees, customers, media, suppliers, society and environment. |

Source: *Own*

In this sense, the relationship between sustainable development and stakeholders is evident because most of the actions developed benefit all these groups, and not only the shareholders of the company. The analyzed hotels understand that there are other interest groups, and they can demand various activities within an approach socially responsible.

As several authors argue, it is emphasized the need to adopt the concepts of sustainable development and the importance of stakeholders, beyond the owners (*Schmidhein, Chase and De Simone, 1997; Freeman, 2000; Post, Preston and Sachs, 2002; Wheeler, Colbert and Freeman, 2003*).

Moreover, we can also relate the practices carried out to the domains of corporate social responsibility according to the theory of sustainable development and identify the stakeholders to whom these activities are directed (*see Table IV.4*).

Thus, our research confirms the complementary nature of sustainable development theory and the theory of stakeholders. This is in support of a business model that focuses on the value creation in economic, social and environmental considerations, accepting the concepts of CSR, sustainable development, and the stakeholder approach (*Wheeler, Colbert and Freeman, 2003*). If we follow the proposed classification, we identify which practices are relevant to each group allowing to properly contextualize the company through the proposed dimensions for the CSR.

Table IV.4. Corporate social responsibility practices

| Examples of CSR practices | Dimension of sustainable development theory | Stakeholders |
|--|---|--|
| Donations | Social | Society, customers and media. |
| Sponsorship, Cause related Marketing | Social / Environmental | Society, customers and media. |
| Caring for the environment (recycling / saving consumption), Employee Programs, Health and safety at work, Community development (hiring people with disabilities, integration companies), Integrity in the supply chain (environmental requirements), Social investment, ISO Standards. | Social / Environmental | Employees, environment, society, trade unions, suppliers and partners. |
| Internal Audit Energy Audit | Economic / Environmental | Shareholders, owners, customers, partners. |

Source: Own

11.3 RESEARCH QUESTION 3

RQ3. Are there indications of a positive effect of CSR on customer satisfaction?

Through this research question (RQ3), we want to find out whether CSR activities have a positive impact on customer satisfaction. The success of the companies is to build a unique, stable, recognizable and positive identity. That is, to build a brand identity that constitutes a source of satisfaction of personal needs by consumers (Bigné and Currás, 2008).

The relationships between business and consumers have traditionally relied on customer satisfaction. Satisfaction is normally examined by the use of repurchase intentions, and word of mouth communication as the two sub domains of loyalty (Selnes, 1993).

Several studies demonstrate empirically a direct and positive relationship between tourist satisfaction and intentions to return to the destination (Kozak, 2001), or between satisfaction and intentions to recommend it to others (Kozak and Rimmington, 2000; Bigné, Sánchez and Sánchez, 2001).

In the following table (table IV.5.) we can see the results on satisfaction measures, and the relation between satisfaction and CSR over analyzed hotels.

Table IV.5. Satisfaction measures and CSR relation

| | SATISFACTION | |
|---------------|--|--|
| | SATISFACTION MEASURES | CSR RELATION |
| Case 1 | Customer surveys of satisfaction with any questions about CSR. | No relation between satisfaction and CSR |
| Case 2 | Customer surveys of satisfaction, referring to CSR but in a very basic level (<i>only in environment level</i>). | No relation between satisfaction and CSR |
| Case 3 | No surveys of satisfaction. | There is a relation between satisfaction and |

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| | | CSR |
|---------------|---|--|
| Case 4 | Customer surveys of satisfaction at the end of the provided services, but CSR questions are not included in the survey. | No relation between satisfaction and CSR |
| Case 5 | Customer, employees and suppliers surveys of satisfaction (<i>satisfaction, quality and CSR questions</i>). For them it is very important to know the viewpoint of each stakeholder. | Some relation between satisfaction and CSR |

Source: *Own*

From the previous table, it appears that all hotels conduct customer surveys (*with exception of case 3*) and only in one case (*case 5*) surveys with more stakeholders (*suppliers, customers, and employees*) are conducted. But referring to the CSR field or CSR activities, analyzed hotels only have some questions about CSR in their surveys, and they are only about the environmental dimension. In case 5, CSR is an important factor to consider in relation to each stakeholder.

In one of the cases (*case 1*) the hotel uses the information of the customer satisfaction surveys for future implementations of CSR (*as information tool to know how the CSR would affect customers*). It is important to mention that after the interview of one hotel (*case 4*) the director appreciated adding CSR questions in the future surveys of satisfaction.

With respect to the CSR and its relation to satisfaction, only in one case (*case 3*) and somewhat in other (*case 5*) we can observe that the practice of CSR activities is a factor related to customer satisfaction. But generally, activities in the area of CSR strategy do not have clear impact on customer satisfaction.

11.4 RESEARCH QUESTION 4

RQ4. Are there indications of a positive effect of CSR on customer loyalty?

Through this research question (RQ4), we want to find out whether CSR activities have a positive impact on customer loyalty. In recent decades several definitions of loyalty have been developed from a marketing perspective. The first attempts are made by Day (1969) who criticizes the use of loyalty measures based solely on consumer behavior, because they do not distinguish between true loyalty and false loyalty. Then Jacoby and Kyner (1973) suggest that customer loyalty can be defined based on two different perspectives, attitudinal and behavioral. In this sense, Jacoby and Chesnut (1978), state that customer loyalty is the behavioral outcome of customer preferences towards a particular brand in a period of time. Similarly these authors believe that the beliefs, attitudes, and structure of the customers to the brand should be examined to understand the brand loyalty.

The study of loyalty in the fields of tourism, hospitality, recreation and leisure is a more recent phenomenon (Oppermann, 2000; Fyall, Callod and Edwards, 2003). Numerous contributions in marketing research support a positive relationship between satisfaction and customer loyalty, demonstrating that a customer is more loyal when he/she is more satisfied (Selnes, 1993; Baker and Crompton, 2000; Brady and Robertson, 2001).

Table IV.6. Loyalty and CSR relation

| | LOYALTY |
|---------------|---|
| Case 1 | Customers are not loyal because of the CSR activities. |
| Case 2 | CSR for this hotel is not a factor of loyalty (<i>They prefer to focus on other services to achieve customer loyalty</i>). |
| Case 3 | CSR for this hotel is one of the factors of loyalty. CSR=customers satisfaction=Loyalty. In medium categories CSR is taken more into consideration by clients. |

| | |
|---------------|--|
| Case 4 | CSR is very important but it is not a big loyalty factor. |
| Case 5 | Only one specific consumer profile (<i>businessmen</i>) is more loyal as a consequence of CSR (3 dimensions). For the rest of the customers only the environmental level is a factor of loyalty. |

Source: *Own*

On the basis of results in the above table, it appears that CSR activities are not important factors for customer loyalty. Only in cases 3 and 5, a relation between CSR and customer loyalty is indicated.

In the other cases, CSR activities are very important for the image brand and for the sustainable tourism, but not for customer loyalty. From the viewpoint of the Luxury hotels (*case 1*) CSR is not a factor of loyalty because customers don't demand this type of service. Therefore luxury customers don't create loyalty for the company. We can see, however, that in the 3 stars cases (*Cases 3 and 5*) customers are loyal because of CSR activities.

11.5 OTHER IMPORTANT POINTS

11.5.1 Cooperation

As far as cooperation is concerned, hotels that belong to chains cooperate with foundations or NGOs by imposition. At regional level all cooperate: with Red Cross (*case 2 and 3*), in the cultural field (*case 4*), and with several NGOs (*case 1 and 5*).

In some of the hotels, the selection of the cooperation is done because the stakeholders ask for it (*employees and suppliers*), or because the NGOs go to the hotel to get some donations (*material and economic*).

Table IV.7. Cooperation

| Case 1 | Case 2 | Case 3 | Case 4 | Case 5 |
|---|-----------|----------------------------|---------------------------------|--|
| ONCE, FLISA, Down Syndrome Foundation | Red Cross | Red Cross, Firefighters | CADAH, Palacio de Festivales | Fundación Lealtad, Fundación Menudos corazones |

Source: *Own*

11.5.2 Communication

Despite the fact that managers understand that the communication of CSR is an important point for managing, clients are not informed about the projects developed by the company, especially in social issues. However there is communication about the developed environmental action in the hotel's premises. But there is almost no communication on social projects.

The current lack of communication of CSR makes a necessary identification of the most appropriate communication channels that reach out to society the activities of CSR by firms in the tourist sector. It is significant that there is less attention to external communication in most of the analyzed hotels. This attention is aimed at customers and society in general, and internal communication is aimed at employees (*news letters or panels in the workplace*).

Although there are communication campaigns in hotels, mostly information is showed in the rooms and bathrooms with messages on saving energy and water consumption.

Similarly, there is an evident absence of communication in the premises of the hotel about social action. According to the interviewed, these activities would require a greater awareness and responsibility by all involved stakeholders (*industry and the local administration*).

There is a need for greater communication of social and environmental activities carried out of hotels in Cantabria. Not only to improve the external image of the company or as an instrument of positive publicity but to transmit the values of the organization as several authors suggest (*Bigné and Currás, 2008*).

11.5.3 Image

Generally, the participation in social projects is not used as a “*trade gun*”. This can be explained by a fear of a wrong reaction of the community, and to avoid an opportunism perceived by the consumers when companies perform this kind of activities.

In the opinion of the directors, they carry out these activities for their own benefit, not only for the benefit of society or the environment. As argued Varadarajan and Menon (1988), the biggest risk to the company by joining in a social cause is to be seen as an “*operator*” of that cause, with consequent negative effects on the affective dimension of corporate image (*Mazursky and Jacoby, 1986; Drumwright, 1996; Meenaghan and Shipley, 1999; Forehand and Grier, 2003; Sen, Bhattacharya and Korschun, 2006*). One of the reasons for conducting these activities is to improve the image and corporate reputation.

In most cases, the directors answered that CSR give them a certain class, prestige and reputation. In one case (*case 2*), the environmental image is really important because the hotel is located near the sea. If there are pollution problems, the company image and reputation would be in a serious danger.

According to one director (*case 5*), “*CSR gives us a certain image and prestige. For the international level, CSR is good for internationalization of the chain. If you don't do it, it is frowned, especially in environmental issues with multinationals*”.

11.5.4 Obstacles

We have seen in the interviews that there are some obstacles to carry out these activities. The most important external obstacles are the high investments

(*especially in renewable energy*) required by the installation of clean energy and consumption saving. On the other hand, hotels demand better facilities and assistance by local government in terms of reducing bureaucracy for obtaining the government grants.

In general, the main obstacle to the development of these activities is the lack of awareness and sensitivity by the consumers and businesses.

Apart from that, as some of the interviewed explained: "*Government should support business and demonstrate that it is a real interest in these activities*" (case 1) and "*it is difficult for the company to demonstrate to customers that the interest in CSR is not purely economic*" (case 3).

12 CONCLUSIONS AND FUTURE RESEARCH

This study aims to increase the understanding about CSR in the tourist sector, by classifying the actions taken by the hotels, according to each of the dimensions of sustainable development theory and identifying their stakeholders. Also we have analyzed whether CSR activities affect customer loyalty and satisfaction. We have reduced ambiguity and confusion in the literature on the practice of CSR.

We have demonstrated the validity of the sustainable development theory and the "*Triple Bottom Line*" perspective like approaches to delineate the responsibilities of tourism enterprises in society. The obtained information suggests that directors use the management of their stakeholders as practical articulation of its CSR policy. In other words, through sustainable development theory, companies specify their responsibilities (environmental, social and economic) and through stakeholder theory, companies know to whom they are responsible, so they can respond to the demands posed by stakeholders. Thus, these two theories acquire a complementary nature, as Freeman (2000) and, Wheeler, Colbert and Freeman (2003) suggest.

Similarly, it is revealed that CSR is a vital aspect of companies in the tourist sector, but with a very uneven application in the analyzed hotels. In fact, there are important differences between the different types of hotels. There are not too many differences by category of hotel, but that there are differences depending on their management (*independent management or hotel chain*). Hotels belonging to an international hotel chain, integrate the corporate governance and management of CSR in their business strategy. They give similar weight to economic, social and environmental aspects. However, independently run hotels or those pertaining to regional chains, do not integrate these activities in systematic and structured programs. And they don't attach similar importance to each of these aspects. In fact, the environmental dimension is perceived by managers as predominant. They relegate social action to the background, so there are no clear criteria for the realization of the social action. The brunt of the

environmental aspects can be explained by the real impact of tourist pressure on the environment (*Henderson, 2007*), which makes the managers themselves give a greater priority to actions in the environmental field. All this reinforces the idea that there is still no general consensus on how to implement CSR in organizations despite the intense debate around the concept of CSR (*Matten and Moon, 2004; Whitehouse, 2006*).

This work outlines a framework for defining corporate social responsibility in hotel enterprises, so managers have distinct dimensions on which they focus their CSR policy. Similarly companies could make a greater effort to identify main issues to the different groups of stakeholders for a further CSR implementation. It would also be interesting that companies have some mechanism to collect the responses of their customers in order to evaluate their performance.

With regard to managers of independent hotels, it is necessary to give equal weight to all areas of CSR (*economic, social and environmental aspects*). Otherwise stakeholders might perceive a lack of commitment with certain groups, penalizing the company for its irresponsible behavior. This effort by firms would help to define a clear selection criterion for this type of activity. Also, a greater involvement of stakeholders, and specially customers, could be helpful in promoting CSR activities, especially customers.

During the interviews, the directors proposed some suggestions. It is not surprising that in all hotels the financial support by the government is the main suggestion. But there are interesting suggestions by the analyzed hotels. One director suggested the hiring of disabled people for the companionship and integration of the employees in society. In another case, the enhancement of a greater awareness by customer and hotels in general was suggested. The awareness in the field of environment is important for the tourism sector because if the environment of the region (*in Cantabria and in general*) is damaged, customers will not choose "*Cantabria*" as a tourist destination.

The communication between hotels was suggested too. More communication among companies in the tourism sector is important for the tourism

sustainability. If companies share information about CSR, they can observe and discuss the results. And then, they can make models or guidelines for the CSR deployment in the tourism companies. In other words, it is viewed that a better government regulation is needed in order to develop CSR policies in tourism sector.

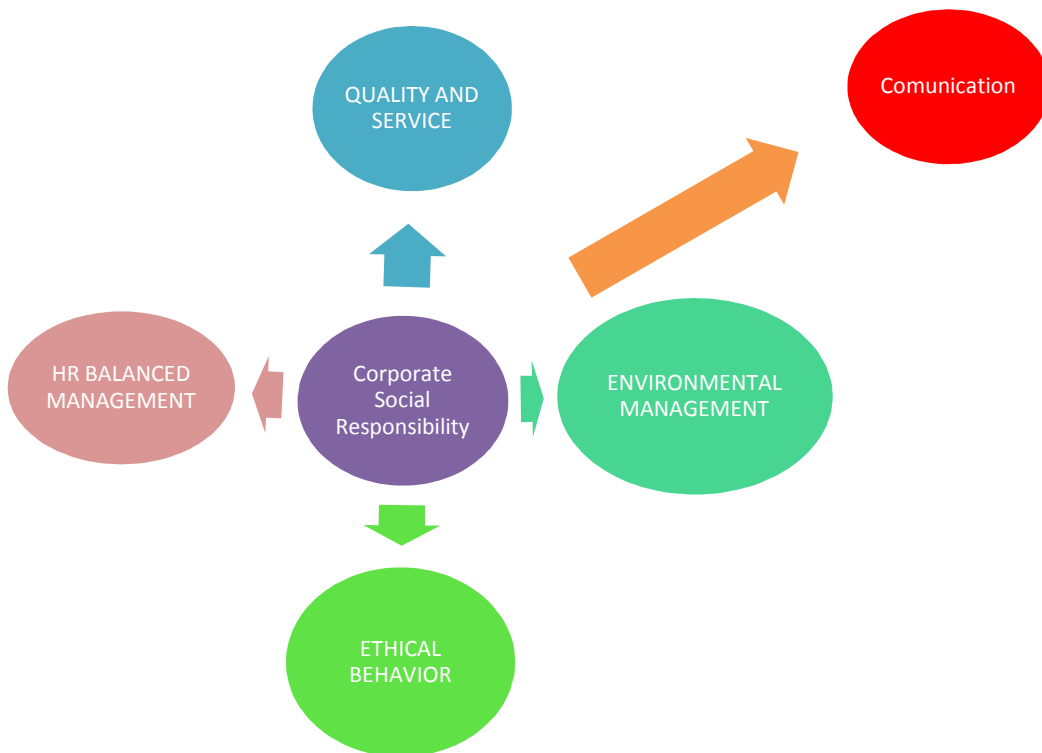
"If the government requires completing certain actions, it would be easier to implement and to educate the customer (case 5)". I think that this is an important point to take in account because if the government sets certain rights and obligations on CSR, the hotels will have no difficulties in implementing its policy of CSR. Consumers will have to adapt to those obligations imposed by the government and not by hotels.

As we can see in the interviews, CSR is a multidimensional construct formed by the economic, social and environmental dimension. With this research we can say that consumers and managers of tourist businesses (*in Cantabria*) perceive these dimensions of CSR (*from the point of Sustainable Development view*) as an integral part of it (*Ayuso and Fullana, 2002; Van Marrewijk and Werre, 2003; Panwar, Rinne, Hansen and Juslin, 2006; Elkington, 2008*).

Sustainable tourism is important for the hotels because if the environment around it disappears, they can no longer survive. Therefore, saving the environment is crucial for them.

In summary, below are the pillars on which rests the CSR in the interviewed hotels:

Figure IV.1. CSR principles of analyzed hotels



Source: *own*

As noted, the communication is not a strength of Corporate Social Responsibility in the analyzed hotels. It is recommended to intensify efforts at this point. The communication of these activities is vital for the different stakeholders of the companies to learn about socially responsible practices that are carried out.

As limitations of the study, we highlight those related to the study design. Thus, consideration of a single group of companies in the services sector (*hotels*) and in one region (*Cantabria*) restricts the general view of the data. To overcome this limitation is proposed to extend this research project to other tourism businesses (*restaurants, airlines, travel agencies...*) and in other regions.

A confirmatory analysis should be realized to demonstrate the multidimensionality of Corporate Social Responsibility and verify the three dimensions from the perspective of sustainable development.

It would be an important point to find the most appropriate communication channels that reach out to society activities in Corporate Social Responsibility by firms in the sector. Similarly, it would be useful to study how these activities are reported and how companies communicate these activities (*social and environmental actions*), in order to improve the value system of the companies, to improve their social standing through branding.

About the future research, new lines of research could include studies on the practice of CSR. For example, to analyze how each of the CSR activities affects the perception of the different stakeholders. And also what economic, social and environmental aspects have more value for each group of stakeholders.

Similarly, an exhaustive study on the identification of stakeholders in a leader company of tourist sector (*including identification of relevant issues to each group and its meaning about CSR*) would help other companies to implement a corporate social responsibility model.

Finally, a longitudinal study must be performed to analyze the development of CSR practices in the tourist industry. Or the evolution in stakeholder's perceptions would greatly benefit the corporate governance and CSR fields.

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14. APPENDICES

APPENDIX I (Interview)

Company Profile:

Business Type:

Year of establishment:

Sector:

Hotel Category:

1. Does your Hotel Develop a CSR policy? If not, why?
2. CSR objectives tend to be consistent with company policy. What are the CSR objectives that your hotel focuses on?
3. Hotels tend to perform a CSR policy, could you explain briefly what are the main reasons of your policy?
4. If your hotel carries out a CSR policy, what benefits have been obtained (*financial and non-economic benefits*)? Does the final consumer perceive that your hotel is socially responsible?
5. Which of the following stakeholders: customers, shareholders, suppliers, employees, general public, investors ... can be identified in the CSR activity of your hotel? What impacts have the stakeholders in policy of CSR (*social action and environmental action*)?
6. What activities listed below, are used in your business.

| |
|---|
| 1. ENVIRONMENTAL ACTION |
| -Energy audits |
| -Use of materials with minimal environmental impact |
| -Water-saving |
| <i>i. Water saving devices (aerators)</i> |
| <i>ii. Tank bags</i> |
| -Energy-saving |
| <i>iii. Cell movement</i> |

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| |
|--|
| <i>iv. Light bulbs</i> |
| <i>v. Climate control systems</i> |
| <i>vi. You have installed a system to create</i> |
| <i>a) Wind Energy</i> |
| <i>b) Solar Energy</i> |
| <i>c) Thermal Energy</i> |
| <i>vii. Recycling (paper, glass, cans, organic)</i> |
| <i>viii. Redesign amenities</i> |
| <i>ix. Waste management</i> |
| 2. SOCIAL ACTION |
| 1. Programs in collaboration with employees |
| <i>-Working in social projects with employees</i> |
| <i>-Program of support for volunteer workers</i> |
| <i>-Scholarships for employees' children with difficulties</i> |
| <i>-Information about their social action in internal publications</i> |
| <i>-Blood donation campaigns, collection of toys, etc...</i> |
| <i>-Promotes social-action of old workers</i> |
| <i>-Some executives involved in the management bodies of NGO's</i> |
| 2. Programs related to products and services |
| <i>-Donated products / services with special prices NGOS</i> |
| <i>-Support to NGO's from the enterprise infrastructure</i> |
| <i>-Services on special terms for disadvantaged people</i> |
| 3. Employment integration programs |
| <i>-Providing employment for disadvantaged people</i> |

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| |
|--|
| <i>-Has disabled people in workforce</i> |
| <i>-Purchase products or hire-services to SCE and IC (Special Centers for Employees and Integration Companies)</i> |
| 4. Other programs |
| <i>-Provides grants and / or finances social projects</i> |
| <i>-Social projects in collaboration with other organizations</i> |
| <i>-Used asset donated to social organizations</i> |
| <i>-Christmas Cards issued by social organizations</i> |
| <i>-Is part of socially responsible indexes</i> |
| <i>-Actively participates in discussion forums and working groups</i> |
| <i>-Own corporate foundation</i> |

7. Do you communicate these activities to all stakeholders of the company? How are done these communications (channels of communication or tools used to reach each of the stakeholders)?
8. What mechanism of social actions such as training of employees, partnerships, associations, foundations... make your hotel? Could you list?
9. Is there a special department of CSR in your company? Who makes decisions about CSR in case you do not have this department?
10. With regard to socially responsible activities carried out, Are there any obstacles or difficulties in their implementation?
11. What satisfaction measurement tools are used in your Hotel?
12. There are several factors that influence customer loyalty as: satisfaction, good service, image, reputation... Do you think that CSR can mean greater loyalty from the customer? Or the CSR is not a factor to take into account in consumer loyalty.
13. Suggestions for Achieving Sustainable Tourism: What else could we do? Who would be responsible? Who should put the resources?

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