

Chapter 1

Corporate Social Responsibility in Hotel Industry: Issues and Challenges

Rajesh Jhamb

Government Polytechnic for Women, India

Gurjit Singh

DGSE Punjab, India

ABSTRACT

Corporate Social Responsibility (CSR) is basically, what an organization does over and above the statutory requirement for the benefits of all the stakeholders of the society. In recent years, there has been a significant perception shift in the use of hotels. Hotels are being used for socializing, relaxation, business and so many other reasons. The hotel industry has to adapt themselves with the rapid social changes and creative relations and also face challenges of modern style and technology, green features and sustainability etc. The issues like garbage disposal, quality services to the customers, maintaining the flora and fauna of the area, culture heritages, respect the sentiments of the local areas residents' community, social environment issues, etc. and are the main issues and challenges for the hotel industry in these days. This paper will take in account the above mentioned issues and challenges of hotel industries in the today's eras of liberalization, Privatization and Globalization and their impact on the growth of economic development in India.

INTRODUCTION

The past few years have seen a steady growth in the adoption and endorsement of the principles of sustainable tourism as a development approach which has led to the creation of many initiatives to address concerns such as environmental conservation and protection. Social issues were brought to the forefront more recently, particularly since Kofi Annans 10-point Millennium Challenges, and include fair trade,

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poverty reduction local and community economic development. Initiatives include codes of conduct, specific guidelines and certification schemes and accreditation.

Hostel is a part of hospitality industry which is a broad term for variety of services industries. Hostel is often referred as a “Home away from Home”.

Cambridge Dictionary, define hotel is a building where you pay to have a room to sleep in and where you can eat meals. There are basically two categories of hotels based on functions or by star rating.

Due to economic slowdown in the world, the hotel industry faced many difficulties in its operation. To overcome this, hoteliers cut down the cost, which impact on customer satisfaction as well as often services to the various stakeholders of the company.

The hotel industry has been one of tourism’s largest drivers of economic growth, providing about 25 million jobs in 2011, according to the World Travel and Tourism Council (WTTC). In fact, there are many different lesser-known ways in which hotels are working to initiate positive global change and betterment.

Hyatt Hotels Corporation launched a new corporate philanthropy program called Ready to Thrive, which focuses on investments in education in its efforts to create economic opportunities that will in turn lead to healthier communities and improved lives.

According to United Nations Educational, Scientific and Cultural Organization (UNESCO), more than 793 million people around the world are illiterate. Additionally, more than 60 million children worldwide do not have access to education and will likely never learn to read or write.

Hyatt’s Ready to Thrive invests in community organizations and programs that are devoted to improving and education for children worldwide. In this vein, Hyatt has worked with the Pearson Foundation’s we give books and room to read, donating over 50,000 books to children in need.

Roberts (2007) defined CSR is certain expectations from the organization to demonstrate responsible business conduct that does not any harm or exploitation of market place, workplace, the state holders of the community and the natural environment.

Social responsibility indicates personal obligation of people, as they act in their own interest to ensure that the rights and legitimate interests of others are not sacrificed by their behaviour and action. Corporate responsibility towards different section of society like: employees, owners, consumers, government, shareholders and community. The company law can also make a provision to make it obligatory for units having investment beyond a certain limit to spend a part of their profits on social welfare activities. The company should also show in their balance sheets the amount they have spent on social obligations.

Corporate social responsibility is a form of corporate self regulation integrated into a business model. CSR policy functions as a self regulatory mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards and international norms.

Redford (2005) emphasized that CSR meaning is different for the different stakeholders as there is not such universal definition of CSR, but most of definitions has one thing common i.e. Business having a positive impact on the community and on the stakeholders of the business.

Afiya, (2005) emphasized that CSR programme is not only improve the company reputation in the society on the hand but also raise morala and improve profits of the company on the other hand.

Cotterill (2007) explained that organizational commitment to CSR is becoming an important issue for prospective employees, and good CSR track record may be necessary to recruit top levels candidates, because people prefer working companies that care.

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