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Doing good to do well? Corporate Social Responsibility Reasons, Practices and Impacts in Small and Medium Accommodation Enterprises

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Abstract

Corporate social responsibility practices have been mostly analyzed in the large manufacturing business context, with little attention paid to the service sector and even less to small and medium-sized tourism enterprises. This study aims to fill this gap through analyzing how these enterprises take responsibility. A survey of nearly 400 enterprises showed that the main reason for acting responsibly is altruistic, arising from the managers and owners' values and lifestyle. Sustainability measures have a positive impact on the financial performance and vice versa. The resource-based view of the enterprise is validated through the impact of environmental cost-savings in financial performance, although other advanced social and economic sustainable actions also benefit financial wealth. Finally we conclude that further implementation of these practices is necessary to achieve new competitive advantages, and that the role of public administrations will be crucial to support and encourage these.

Key Words: Corporate Social Responsibility, Corporate Financial Performance, Small and Medium Accommodation Enterprises, Developed countries, Mature Destinations.

Introduction

This study analyses the main reasons for Small and Medium Accommodation Enterprises (from now SMAE) in a developed tourist destination to accept responsibility towards sustainable management, and whether this impacts on their financial performance. The literature has reviewed this relationship extensively for large manufacturing enterprises, comparing Corporate Social Responsibility (CSR) with Corporate Financial Performance (CFP), yet there is little evidence from the service sector and even less for small enterprises. In Western countries, these SMAE represent a large percentage of the accommodation and tourism sector, so is especially important to have more information about these processes if we really want to know if any transformation towards sustainability is taking place.

The structure of this paper is as follows. First, we review the literature that has analyzed the impact of CSR in CFP, moving on to the analytical evidence of this relationship for tourism enterprises and SMAE. Next we present our instrument design and methodology. This is followed by the quantitative results, discussed against the main theories from the literature on the reasons for enterprises to engage in sustainability actions, drawing lessons on how applicable these are for SMAE. Finally, we present our main conclusions, limitations and proposals for future research.

1. Corporate Social Responsibility and its impact on Corporate Financial Performance

CSR is a complex term broadly defined as the active and (sometimes) voluntary contribution of enterprise to environmental, social and economic improvement. The concept has evolved largely with the historical development of the notion of what an enterprise is in relation to society. As a result of this constant change and the complex and dynamic nature of the enterprise-society relationship, it is better not to take a prescriptive and fixed approach and better to take a "principles" approach (Wood, 1991) which could have validity for different scenarios. This approach is based on a gradual conception of responsibility from the institution, passing through its organization and finishing in individual action. One of its main consequences is to consider the role and influence of social stakeholders (shareholders but also employees, customers, public administration and many other actors) in enterprise activity. This point of view overcomes the traditional liberal conception (Friedman, 1970) of a corporation having responsibility only for towards its shareholders, but having to go beyond to include instead stakeholders who are impacted by the enterprise (Esty, 2007; González-Benito & González-Benito, 2006b; Swift, 2001). Enterprises are therefore at the service of and accountable to society, beyond and independent of economic results. However, as CSR is an evolving concept and therefore a moving target, enterprises are likely to prioritize actions that fulfill their CSR obligations that have a positive financial impact. Academia has also given much attention to identifying the business case for CSR in measuring the sign and the direction of causality in the relationship between CSR and CFP.

Academic data is however inconclusive in explaining the relationship and direction of causality between CSR and CFP, reporting positive, neutral and even negative associations (Griffin & Mahon, 1997; Roman, Hayibor, & Agle, 1999). While there is no consensus, two approaches stand out. The “slack resources approach” (Seifert, Morris, & Bartkus, 2004) argues that better CFP results are attributable to the availability of slack resources available to implement CSR, while the “good management approach” (Garriga & Melé, 2004) argues that CSR improves CFP when it is one more element of a well managed enterprise. Margolis (2001) has produced the most comprehensive review of results to date, producing a systematic database detailing the content 95 studies, supporting a positive CSR-CFP relationship explained by primarily the slack resources but also the good management approaches, if we consider CFP as the independent variable. Margolis does highlight the need to treat these results with caution due to the different methodological approaches and the diversity of measures. De Bakker (2005) considered that most CSR research is descriptive and repetitive, without looking at the underlying factors affecting the CSR-CFP relationship. Therefore the research question should not be whether CSR and CFP are related, but how, and what the nature of that relationship is.

Wood’s (1991) principles approach is helpful in that sense by focusing on the reasons for CSR engagement within organizations and the stakeholder impacts caused. Stakeholder theory was put forward in the 1980s to explain the interaction of the enterprise with different stakeholder’s groups with two arguments, legal (explicit compliances with some stakeholders) and economic (implicit compliances) (Freeman & Reed, 1983). Wood (1991) added that responsibilities stretch beyond the legal and economic, to include the ethical and discretionary responsibilities. The main reasons driving companies to implement CSR will implicitly tell us which stakeholder interests are these companies responding to. By honoring contracts with some stakeholder groups, they implicitly make choices that influence their CFP. Academics have developed two explanations for this decision-making. The “Resource-based” view of the enterprise (Barney, 2001; Branco & Rodrigues, 2006), suggests sustainable competitive advantage can be gained from implementing CSR practices that cannot be imitated by competitors. Alternatively, “Transaction Cost Economics” (Aragón-Correa, Hurtado-Torres, Sharma, & García-Morales, 2008; Williamson, 2005) argues CSR implementation makes business sense because it avoids higher costs from more formalized contractual compliance mechanisms.

CSR-CFP literature reports primarily studies in large manufacturing enterprises. The next section reviews the academic contributions in tourism and hospitality small enterprises- the motivations, CSR-CFP relation, and reasons behind it.

2. CSR reasons, practices and impacts in the tourism sector

Tourism literature is scarce (Bohdanowicz, 2006), with fewer studies focusing on SMAE (Tzschentke, Kirk, & Lynch, 2008b). Tourism academics analyze the reasons for CSR at the same two levels as in other industries: personal or individual and organizational (El Dief & Font, 2010). On the one hand, according to the “Human Cognitive Process” approaches (Ayuso, 2006) the personal or individual level explains that CSR engagement is sometimes driven by managers’ environmental paradigms or belief systems. On the other hand, the organizational level research aims to explain engagement through organization-wide espoused environmental values (less has been written on socio-economic or ethical values in tourism). The potential orientations of environmental responsibility (competitiveness, legitimacy and altruism) used to explain tourism business behavior correspond to those in the broader literature.

Competitiveness, related with the “Resource-based” view, aims to explain firm environmental behavior as a result of believing that environmental protection may favor the development of some valuable capabilities, such as stakeholder integration, continuous innovation or higher-order learning. This is the most widely quoted argument for business engagement, aligned with the classic objective of maximizing returns and obtaining competitive advantages through cost reduction, sales increases, new market opportunities and enhanced company image. Different studies identify competitive advantages as reasons behind the adoption of sustainable practices in tourism businesses (Branco & Rodrigues, 2006; Forsyth, 1996; Knowles, Macmillan, Palmer, Grabowski, & Hashimoto, 1999; Middleton & Hawkins, 1993; Stabler, 1997). The legitimacy approach to explaining environmental and CSR engagement is close to institutional and stakeholder theories, viewing CSR as a manner of compliance with social norms and values to maintain reputation among the stakeholders affected by the enterprise activity (Bramwell & Alletorp, 2001; Brown, 1996; Cheyne & Barnett, 2001; Ian, 1996; Kirk, 1998). And finally, altruism aims to explain enterprise behavior as the “doing good” option (Ayuso, 2006; Rivera, 2004; Rivera & de Leon, 2005; Tzschentke, Kirk, & Lynch, 2004). El Dief & Font (2010)

found that organizational altruism was the main reason for environmental engagement in developing countries given the lack of pressure from stakeholders (especially government). However, their results explain that the management values and organizational competitiveness in Egyptian hotels only explain the introduction of practices with more visible financial results.

The reasons outlined above explain the practices recorded. CSR practices in tourism are classified as well organizational and operational activities (El Dief & Font, 2010), and the latter fall under the traditional three environmental, social and economic dimensions (Holcomb, Upchurch, & Okumus, 2007; Inoue & Lee, 2010). Organizational practices are relevant to the development and implementation of a CSR management system that helps companies identify and manage responsibility issues and consequences related to their operations in a holistic and consistent way (Hooghiemstra, 2000). Management systems do not reduce impacts in themselves but they introduce mechanisms to improve the environmental performance through a structured and systematic process. There is evidence of tourism firms struggling with environmental strategic planning and management systems even in EMAS certified tourism businesses, requiring a higher than usual level of organizational practices (Bonilla-Priego, Najera, & Font, 2011). Operational practices involve modifications in both the production and operations systems and are industry-specific (Alvarez Gil, Burgos Jiménez, & Céspedes Lorente, 2001; Carmona-Moreno, Céspedes-Lorente, & De Burgos-Jimenez, 2004). Operational practices in tourism-related enterprises is broad and sometimes ambiguous, as in other industries (e.g. environmental management, community involvement, customer relations, employee relation), yet dominated by environmental actions that will cut operating costs, minimize resource consumption and introduce green procurement (Ayuso, 2006; Bohdanowicz, 2006; A. Kasim, 2007; Tzschentke et al., 2004).

Several tourism academics propose that CSR can have a positive correlation with CFP and is a source of competitiveness, reporting how CSR positively affects various aspects of enterprise performance, such as reputation, consumer satisfaction, attractiveness of an enterprise as an employer, and employee commitment to the organization. The CSR actions reported in the literature are however limited to environmental measures, most of which have a positive business efficiency impact. These advantages can be improvements in efficiency, enhanced product quality, increased market share, reduced responsibilities, access to new markets, motivation and employee satisfaction, improved relationships community, access to financial assistance, welfare benefits resulting from competition or legislation, as outlined below.

Early studies reported how UK hotel environmental policies and activities responded to direct financial rewards (e.g., energy and waste management) and governmental requirements (Kirk, 1995). Álvarez, Burgos, & Céspedes (2001) concluded that age of facilities, size, chain affiliation, stakeholder environmental pressures and the use of operations management techniques exert a lasting influence on the degree of implementation of environmental management practices by hotel firms and also they showed a positive relationship between environmental management practices and enterprises financial performance. More recently Carmona-Moreno et al. (2004) analyzed the environmental strategies of 268 Spanish hotels, comparing their environmental protection activities and how these are used as an argument for competition, and they suggested that firms in the groups with more developed environmental strategies are associated with a higher level of environmental performance but not necessarily with economic performance. Claver et al. (2007) reported that the degree of environmental proactivity of hotels does not strongly impact on their organizational performance, although they found that performance levels increased alongside environmental proactivity. Meanwhile (2007) found a positive relationship between hotel companies' CSR and return on assets, and Nicolau (2008) concluded that CSR is considered value-added to hotel group share prices.

There is a developing tourism literature studying the CSR-CFP relationship explicitly (Inoue & Lee, 2010; Kang, Lee, & Huh, 2010; Lee & Park, 2009), with inconclusive or at least insufficient results as found in the management studies literature. Lee & Park (2009) used an aggregate CSR measure that combined different aspects of CSR to investigate the CSR-CFP relationship among hotel and casino companies, finding a positive relationship between CSR and CFP in the hotels and no relationship in casinos. Kang et al. (2010) examined the effects of positive (proactive) and negative (reactive) CSR activities on CFP for tourism-related industries (airline, casino, hotel, and restaurant) and for hotels and restaurants they found a positive impact of positive CSR activities (and no significant impact of negative CSR activities) on firm value, but no significant impact of positive and negative CSR on profitability. Finally, Inoue & Lee (2010) disaggregated CSR into five dimensions based on corporate

voluntary activities for five primary stakeholder issues and examined how each dimension would affect financial performance among firms within four tourism-related industries (airline, casino, hotel, and restaurant). While all CSR dimensions were proposed to have positive financial effects, results revealed that each dimension had a differential effect on both short-term and future profitability and that such financial impacts varied across the four industries.

3. CSR reasons, practices and impacts in the small and medium accommodation enterprises

The study of CSR practices in SMAE is limited to pro-environmental behavior and therefore broader small firms' (SME from now) literature is used to complement this section. As Tzschentke et al. (2008b) indicate, few studies have considered their distinctive features, namely lack of structured decision-making and information control, financial instability, greater risk exposure mixed with a strong need for independence and also a great importance of owners' values and a strong identification between owners and their enterprise.

Early studies of CSR engagement in SMAE identified the introduction of simple measures, usually related to cost savings, which not needed a system of innovation and environmental management. These report implementing environmental actions ad hoc, with pioneering examples of CSR management systems or policies. Different authors (Donovan & McElligott, 2000; Kirk, 1995; Knowles et al., 1999) report eco-savings driven environmental actions while Tzschentke et al. (2004) report the importance of ethical and social reasons alongside economic ones, agreeing that cost savings is not a motivation for SMEs in the long term (Petts, 1998; Revell, Stokes, & Chen, 2010). They continue reporting that the scarcity of resources or the pursuit of competitive advantage played a role in their decisions, while legislative measures (particularly green tax incentives or subsidies) influenced developing new policies or practices (Bonilla-Priego et al., 2011). Both Tzschentke et al. (2004) and Sampaio (2009) found substantial savings made in energy, recycling and water management, that most (environmentally certified) respondents were not aware or able to identify because they did not have methods of monitoring or because they were introduced for altruistic reasons. And yet when restaurants were confronted with potential business benefits from sustainable change, they were reluctant to accept that the benefits promoted would be achievable (Revell & Blackburn, 2007). In a subsequent study, Tzschentke et al. (2008b) report that the decision to become environmentally was a value-driven journey, influenced primarily by the development of environmental consciousness and personal, socio-cultural and situational factors of the individual business-owners. The fact that the values and beliefs were a powerful motivator to implement CSR meant that if the most frequent barriers (usually budget) were largely eliminated affirmative action was likely. Sampaio (2009) also found that owners' worldviews, higher self-efficacy beliefs and mastery goal orientation were critical in guiding the level and type of environmental practices chosen for adoption. Finally, Revel and Blackburn's (2007) study shows how it would be these worldviews and values, and not a business case, that changes behavior.

Generally positive environmental attitudes rarely translate into concrete actions (McKeiver & Gadenne, 2005; Schaper, 2002; Tilley, 2000), with owner-managers that are less financially oriented found less willing to adopt innovations (as those related with CSR), whereas those willing to introduce CSR also had financial expectations from adopting them (Sampaio, 2009). Kasim (2009) studied explicit CSR - CFP relationships, also finding that managers did not go beyond the basic common sense of cutting their water and energy costs, indicating a lack of clear and adequate knowledge about environmental management, and their tendency to be "politically correct" in relation to CSR issues. Some studies have also shown that enterprise size affects the proactiveness of environmental strategies and that small and medium enterprises' lack of resources prevents them from implementing proactive CSR practices because they can reduce their profitability (e.g. Russo & Fouts (1997)), with cost savings being a less valid argument for small companies than for large corporations (Hillary, 2000; Revell & Blackburn, 2007). It may therefore lead to the assumption that the 'resource-based view of the enterprise' (Hart, 1995) may not be a useful explanatory model to understand SMAE.

4. Instrument design

The literature has provided the background to study the reasons and motivation for SMAE to engage in CSR practices, the influences the dimensions and categories of the implemented practices, the relationship between CSR and CFP (if any), the direction of this relationship, and finally how the managers' motivations influence this relationship between CSR and CFP. An on-line survey was constructed with (among others) three main sections: (1) Enterprise characteristics and financial health, (2) CSR practices and (3) explanatory variables to interpret the relationship between the previous two, highlighting the reasons for CSR engagement. Enterprise characteristics include issues that previous

studies have shown to impact on ability and willingness to engage in CSR. Management variables are gender (Deng, Walker, & Swinnerton, 2006; Egri & Herman, 2000), age (Fryxell & Lo, 2003; Rivera & de Leon, 2005) and educational level (Ewert & Baker, 2001; Rivera & de Leon, 2005). Enterprise variables are establishment antiquity (Shrivastava, 1995b), affiliation of the company to a brand or chain (Alvarez Gil et al., 2001; Ayuso, 2006; Bohdanowicz, 2006), family-ownership (Getz & Petersen, 2005; Tzschentke et al., 2008b), category (Alvarez Gil et al., 2001; Rivera, 2002) and size (Aragón-Correa et al., 2008; González-Benito & González-Benito, 2006a; Henriques & Sadorsky, 1999; Stabler, 1997).

The survey included variables on quality and environmental certification (Chan & Wong, 2006; El Dief & Font, 2010; Font, Epler-Wood, Black, & Crabtree, 2007) even though only a small proportion of the population to be studied was certified. This was followed by questions on the financial performance of the enterprise, using as proxies the number of months in high season, the average prices in low and high seasons (Logar, 2010), the financial situation of the establishment and the managers level of satisfaction with the current financial situation (Alvarez Gil et al., 2001; Carmona-Moreno et al., 2004; Claver-Cortés, Molina-Azorín, Pereira-Moliner, & López-Gamero, 2007; Inoue & Lee, 2010; Kang et al., 2010; Lee & Park, 2009; Nicolau, 2008; Rodríguez & Armas, 2007). For the CSR practices section both organizational and operational variables were included (El Dief & Font, 2010), the latter as a battery of environmental, social and economic variables (Holcomb et al., 2007; Inoue & Lee, 2010; Kang et al., 2010).

The final part of the survey reviewed the altruistic, economic and legitimization reasons for implementing CSR. Altruistic reasons included environmental protection (Morrow & Rondinelli, 2002; Nordlund & Garvill, 2002) and personal values and lifestyle (Ayuso, 2006; Rivera & de Leon, 2005; Sampaio, 2009; Tzschentke et al., 2004; Tzschentke et al., 2008b). Economic motivations were cost-reduction (Porter & van der Linde, 1995; Shrivastava, 1995a) and marketing/image strategy (Aragón-Correa et al., 2008; Carmona-Moreno et al., 2004; Nicolau, 2008; Porter & van der Linde, 1995; Shrivastava, 1995a). Legitimization reasons were legal compliance (Chan & Wong, 2006; González-Benito & González-Benito, 2006a; A. Kasim, 2007; Porter & van der Linde, 1995) and stakeholder pressure (Alvarez Gil et al., 2001; Ayuso, 2007; Bramwell & Alletorp, 2001; Cheyne & Barnett, 2001; El Dief & Font, 2010; Font, Tapper, Schwartz, & Kornilaki, 2008; Henriques & Sadorsky, 1996, 1999; Ian, 1996; Kirk, 1998). The final questions on reasons to implement CSR related to the capacities and abilities of managers to implement them (Sampaio, 2009) and the barriers or obstacles to CSR engagement (Tzschentke, Kirk, & Lynch, 2008a).

5. Methodology

Our empirical research was conducted in Catalonia, a traditional developed tourist destination in Spain. Tourism is a key economic driver in the region, with 11% of GDP and about 200,000 people employed in this sector (Idescat, 2010), mostly in small and medium sized companies. Catalan SMAE (with 10 or less employees) are around 90% of the enterprises in tourism (INE, 2003-2010), in keeping with the European average (EU, 2004).

6.1. Sample and data collection

A self completion questionnaire was distributed to all accommodation managers (all ratings of hotels, self catering, pensions, campsites and rural tourism suppliers) regardless of their current level of CSR engagement, as previously done by (2001) and Revell et al. (2010). The survey was tested with in depth interviews and mailing tourism academics, CSR experts and hoteliers to strengthening the content validity of the study (Johnson & Onwuegbuzie, 2004). Academics helped to adjust questions to the literature and the CSR experts pointed at different shortcomings in the study, as for example the need to incorporate different levels of agreement/disagreement in the answers about the entrepreneur's ability to introduce responsible measures, to introduce questions about local identity and other socio-cultural issues and also to consider customer feedback. The refined questionnaire was subjected to further testing this time with two accommodation managers (one specialized in small rural tourism enterprises and another with large chain hotels). They identified shortcomings in measuring financial performance and working conditions that they suggested managers would not respond to in their current format. As a result, questions perceived to be potentially problematic were left optional, although 95% reported their academic level and 77% the financial situation of the enterprise or managers' satisfaction with CFP. The survey was distributed both in Catalan and Spanish for cultural sensitivity and to improve response rates, as suggested in the pre-testing phase.

The population for this study was the entire accommodation sector in Catalonia, composed by 5,906 establishments in 2009 (Idescat, 2010). The sampling frame was a database with tourist accommodation enterprises (including emails) provided by the Catalan regional government (DIUE, 2010) with 3,838 establishments, of which 3,225 had valid accommodation emails (excluding those that did not work and also instances where one email was used for several linked properties). The survey began with a *soft* release to 150 enterprises as a further test. When the survey method was further validated, three rounds of data collection including two reminders were used to gather responses over a 6 week period, in September-October 2010.

The response rate of 12% (394 establishments) provided valid and reliable results with a sampling error of 5% (Scheuren, 2005), a confidence level higher than 95% (Fischer, 1956) and a level of heterogeneity of 50% considering the traditional assumptions of a normal distribution. The Cronbach's Alpha Statistics for the main CSR variables resulted in α 's positive and near 1, suggesting that differences between non-participant and participant enterprises were not statistically significant. The sample and population have similar percentages of family enterprises (Guinjoan, Murillo, & Pons, 2004) and number of employees (INE, 2003-2010). This cautiously suggests generalizability within the constraints of working from a sampling frame of businesses with emails, and directing the survey to the enterprise manager reduces the participation of enterprises where the person receiving the survey might not be best placed to answer.

6. Analysis

The sample received reflects closely the profile of accommodation enterprise in Catalonia: 77% of the respondents have five or fewer workers and 86% have ten or fewer. 33% have fewer than 10 bed spaces and 86% have fewer than 100. 90% of them are family enterprises, 55% have been in operation less than 10 years, and 80% are independent enterprises, not affiliated with any brand or hotel chain. 55% are rural houses mostly in the countryside, with 26% being hotels, mostly middle and lower class, many of which are located in cities and by the coast (8% are campsites and 11% pensions). Only 24% have some sort of quality certification. The average price for a double room is relatively low and there is little difference in prices between seasons (62 Euros in high and 55 Euros in low season). About 75% have less than 4 months of high season, yet only 10% said their financial situation was bad and only 15% are not satisfied with their business results in the last two years.

These managers believe customers choose their accommodations primarily for their quality (30%) and location (24%), while price is perceived to not be very important (5%). 52% of the customers used the Internet as the primary means of find the accommodation provider, followed by word of mouth (20%) and repeat customers (13%), while advertisements in traditional media, travel agencies and tour operators are almost negligible market sources. The main markets are regional (67% of customers are from within Catalonia), international (19.5%) and other Spanish regions (13.5%). The profile is family groups (40%) and couples (22%) staying two to three days (78%) arriving by car (90%).

7.1. Sustainability actions

Most of these companies claim that they are introducing environmental measures that go beyond initial assumptions that only simple eco-savings measures would take place. While the widespread environmental responsibility measures reported are waste recycling (88%) and energy and water savings (77%), between 30 and 45% of enterprises report environmental accountability, use of alternative energy sources and ecological products, environmental promotional initiatives among customers and also working with responsible suppliers. Social responsibility measures reported suggest support of local development and heritage conservation (68%), promotion of the regional language (66%), promotion of civic attitudes among customers (65%) and gender equality (56%). Between 30 and 45% of enterprises report cooperating in social projects, installing infrastructure suitable for disabled customers or work-life balance measures. Economic responsibility measures reported were promoting the consumption of local products (80%), recruitment of workers from the same locality where the establishment is located (59%), choosing providers that promote local development (56%) and payment of a salary higher than the sector average (54%). Respondents believe that customers occasionally value these measures (almost 70%), that 22% value them positively and that only 8% see them negatively. Sustainability actions are communicated mostly informally (61%) and less often on the enterprise website (17%).

(Insert table 1 here)

7.2. CSR-CFP relationship

The analysis provided interesting correlations between sustainability measures and financial health of the establishments (see table 1). Environmentally, eco-saving measures correlate positively, albeit slightly, with the financial situation of the enterprise (Pearson .161, sig. 005) and the financial expectations of managers (Pearson .141, sig. 009). Environmental impact assessment has also a positive correlation (Pearson .109, sig. 045) with CFP satisfaction. In analyzing social measures, there is a positive correlation between social impact assessments and managers' CFP satisfaction (Pearson .146, sig. 007). In Economic measures, fair wages correlates positively with CFP (Pearson .120, sig. 037). Another interesting finding is in the direction of the CSR-CFP correlation. We have found that there is a bidirectional relationship between some CSR practices and CFP and what is more, that this is stronger if the CFP is the dependent variable, as is shown in the tables 2, 3 and 4. These models have a slow R^2 because CFP is explained by many more variables, yet these results are interesting because they show how strong the relationship is in each side. Finally, it is also worth adding that there are significant correlations between having a quality certification and the introduction of CSR measures, especially in the case of the environment, but results need to be read with caution as certified enterprises made up 25% of the total sample. Is also important to add that family businesses are more willing to introduce labor welfare, which is logical given that the workers are mostly part of the same family, and rural tourism SMAE are usually more satisfied with their financial performance. It is finally worth pointing out that those companies believing their main limitation to introduce CSR to be the lack of budget correlates negatively with CFP satisfaction (Pearson $-.127$, sig. 019).

(Insert tables 2, 3, and 4 about here)

7.3. Reasons and barriers for engaging in sustainability

The reasons reported for accepting responsibility for sustainability are varied. Respondents were asked to choose four reasons out of twelve. Altruistic reasons related to environmental protection (85%), lifestyle (64%) and social commitment (61%) are the three top reasons reported. Economic and competitive reasons are important, but remain in secondary and only in relation to reduction of costs (56%) and the need to differentiate the enterprise image (40%). Legitimization to public sector and private sector stakeholders (tour operators and hotel chains) are less importance, with legislation compliance (29%) being the only significant response. The main reported for preventing SMAE from taking more sustainability measures is the lack of budget (76%), implicitly assuming that being sustainable means increasing costs, or at least making investments without short repayment periods. Most respondents believe they could improve their CSR accountability (6.6 out of 10), overcome CSR implementation challenges (6.5), find useful information (6.4), share experiences with other enterprises (6.6), seek advice from public bodies (5.9), and identify enterprise activities harmful to the environment (7.3) and people (6.9). Managers were questioned also on their capacity to perform new tasks, showing a significant correlation between the preference for tasks that require learning new things and being satisfied with their financial situation (Pearson .127, sig. 020), and undertaking most environmental, social and economic accountability measures. We interpret this to potentially be reflecting a substantial percentage of owners oriented to entrepreneurship (74%).

7.4. CSR engagement and the relationship between CSR measures and CFP

The next step was to assess the influence of sustainability engagement (CSR) on financial results (CFP). For the largest group of companies whose main motivation was environmental protection for its sake (85%), there is a correlation between self reported healthy enterprise performance with managing energy and water consumption (Pearson .138, sig. 0.25). However, the 15% of the enterprises said to not implement CSR activities for altruistic reasons show a considerably higher correlation between a good financial situation and eco-saving actions (Pearson .329, sig. 038), use of alternative energy (Pearson .334, sig. 035) and specially waste recycling (Pearson .444, sig. 004). The same type of relationship (stronger correlation among respondents without altruistic motivations) is found in the social impact assessment variable. Finally, in economic measures, we only found a strong relationship between CFP and fair wages (Pearson .468, sig. 002) for those 15% who do not have an altruistic environmental motivation.

Among the group of companies whose main motivation was lifestyle (64%) we have found a significant correlation between their own CFP satisfaction against measures for water and energy savings (Pearson .176, sig. 008). It is worth highlighting that the relationship is not against enterprise

performance, but their satisfaction against their own expectations. The 35% that did not engage in sustainability for lifestyle reasons have a much greater correlation with engaging in eco-savings (Pearson .224, sig. 025). This latter group and the implementation of social responsibility measures, there are also positive correlations with the satisfaction of financial performance on two of them, environmental impact assessment (Pearson .159, sig. 017) and collaboration with social projects (Pearson .133, sig. 046) and no correlations within economic CSR and CFP.

A third variable suggesting altruistic reasons was that of social commitment (61%). In this case there is a slight correlation between the environmental impact evaluation and financial performance (Pearson .145, sig. 045) and financial satisfaction (Pearson .148 sig. 032) but again there is a stronger correlation between the introduction of eco-savings and financial performance (Pearson .271, sig. 004) and financial satisfaction (Pearson .298, sig. 001) for those who don't have this motivation. Social and economic measures have only weak positive correlations between CFP and social impact assessment, introduction of gender equality measures and the implementation of fair wages.

Two reported economic reasons were analyzed, engaging in CSR for cost savings (56% of the sample) and image differentiation (40%). There is a significant CSR-CFP correlation for respondents not engaging in CSR for cost saving reasons (Pearson .204 and .185 between financial satisfaction and eco-saving measures and alternative energy sources), while the correlation is lower for those that engage for cost savings (Pearson .159 between financial performance and eco-savings implementation). The correlation is between CSR and the CFP measure of satisfaction with the enterprise outcomes in the last two years and not actual financial performance, suggesting that profit maximization is not the main driver. Social and economic CSR and CFP measures did not correlate to the same extent in this group. There is a positive correlation between the promotion of gender equality and financial performance (Pearson .178, sig. 021), between social assessment and financial satisfaction (Pearson .171, sig. 018) and between the establishment of fair wages and financial results (Pearson .165, sig. 032).

The companies seeking image and marketing differentiation benefits behind their CSR engagement show more interesting results. Both CFP variables (financial performance and managers' satisfaction with it) are correlated with eco-savings measures (Pearson .242, sig. 006 and .214, sig. 012) and there is also a slight correlation between financial performance and the promotion of ecological products. Among the social measures only highlights the correlation between the CFP and social impact evaluation for those who do not have this motivation and between economic measures there is no significant correlation.

Finally, the stakeholder legitimization motivation of legal compliance, reported by 29% of the sample, shows a relatively strong correlation with both CFP variables (financial performance and managers' satisfaction with it) and eco-savings measures (Pearson .302, sig. 008 and .279, sig. 008), but no significant correlation between CFP and social or economic measures.

8. Discussion

This study shows two clearly different groups of enterprises related along the lines of their reasons for CSR engagement. The largest group is driven by environmental and societal altruistic and lifestyle reasons, consistent with Tzschentke et al. (2008a), Greenback (2000), Carlsen et al., (2001) and Vernon, Essex, Pinder, & Curry (2003); they include love or passion for an area, which brings entrepreneurs to make decisions unrelated to business profits (Shane, Locke, & Collins, 2003). "Human Cognitive Process" approaches suggest CSR engagement in this group of respondents is mostly driven by managers' environmental paradigms or belief systems (Ayuso, 2006). The second typology of respondent is motivated by economic and competitiveness issues, especially cost-reduction and image differentiation. Legitimization reasons ranked as a low third, and many altruistic reasons could be implicitly understood as societal stakeholder reasons. It is logical that enterprises implementing CSR actions for non-altruistic reasons report a better CSR-CFP result.

The holy grail of the CSR-CFP literature is to prove that enterprises do well by doing good. This literature has been developed mainly using manufacturing corporations which was here adapted to SMAE to seek exploratory relationships between CSR and CFP. The results coincide with previous studies that cutting operating costs and minimizing resource consumption are the most environmental common CSR practices (Ayuso, 2006; Bohdanowicz, 2006; Kasim, 2007; Kirk, 1995; Tzschentke et al., 2004). The CSR-CFP relationship is bi-directional, but it seems that it is the introduction of CSR practices (in this case environmental but also economic ones) that most benefits CFP. The relation can

be best explained by the “Resource-based” view of the enterprise, with most CFP improvements arising from cutting operational costs related with environmental issues and so gaining a competitive advantage. Although both “good management” and “slack resources” approaches could be accepted, the first has more explanatory power as CSR implementation results from improved management skills that also increase CFP (Aragón-Correa et al., 2008). The stronger CSR-CFP correlations relating with economic (image/marketing differentiation) motivations can also directly related with “resource-based” approaches and the need to gain competitive advantages. The CSR-CFP relation for enterprises acting as legal requirement (compliance with public sector norms) can be interpreted through a “transaction cost economics” perspective, arguing that enterprises implementing CSR may do so to avoid higher costs from more formalized contractual compliance mechanisms.

Yet this study goes further in reporting relevant social and economic practices such as local development and heritage conservation, promotion of identity, civic attitudes and consumption of local products, recruitment of local workers, fair wages and gender equality. This is relevant because most literature has focused on environmental issues, but also because these socio-economic activities are not influenced by the same eco-savings “Resource-Based” mentality that has dominated much of the rhetoric being the business case for sustainability. Because both CSR practices and reasons for them are self reported, one needs to be cautious before drawing conclusions without further research. Furthermore what is not clear from this data is up to which extent the CSR practices reported are explicitly taken for moral reasons, habit and convenience, or other unexplained variables. However we should not dismiss the results because they do not fit well with some earlier thinking- there is increasing evidence of “business case” CSR proactivity in SMEs (Revell, Stokes and Chen, 2010) that goes well beyond the reported apathy from ten years earlier (Hillary, 2000; Tilley, 2000) suggesting that the awareness-value-action gap is closing.

This study also reveals a previously unreported positive correlation between CSR social measures (social impact assessment) and economic measures (paying fair wages) and CFP that supports the “good management” argument in keeping with the findings that motivating staff in meeting the objectives of the enterprise also results in better CFP (Holcomb et al., 2007; Inoue & Lee, 2010). These results can be interpreted as a form of CSR driven by (staff) stakeholder legitimization, or they can also be partially explained by the large proportion of family firms surveyed who may not have staff other than family members. Either way, the data corroborates the assumption of Aragón-Correa et al. (2008) that it is possible for small enterprises to adopt proactive CSR practices and that these practices lead to superior CFP via specific capabilities like closer communication and interaction, owner’s vision, management flexibility or different external relationships. The entrepreneurial orientation was also one of the most important SMEs capabilities, as also we have seen in this study.

It is worth re-emphasizing that the data shows how sustainability is explained as a value-driven journey, influenced primarily by the development of environmental consciousness and personal, socio-cultural and situational factors of the individual business-owners. Following Sampaio (2009) in this study we have seen that SMAE managers are basing their CSR decisions mostly in their worldviews and that most of them seem to be confident with their self-efficacy and goal orientation, but probably these managers need also more knowledge and orientation about responsibility and its related trade-offs (Tzschentke et al., 2008b) (Revell, Stokes and Chen, 2010).

Public administrations that focus their policies on the business case, CSR-CFP relationship will however only speak to a narrow audience, and fail to engage those businesses driven by altruistic values. Market based instruments may not be able to change SME behavior as enterprises do believe that increased costs cannot necessarily be passed on to customers. There are obvious dangers in policy makers putting too much faith on the business case for CSR as the route to changing SME behavior (Revell and Blackburn, 2007). Like most of the tourism and hospitality industry, restaurants have been found to be a sector with low stakeholder pressure (Revell and Blackburn, 2007) where actions are more likely to either result from legislation or management personal values. Emphasizing the business case may well work for some SMAE, yet this needs to be coupled with a complementary suite of push and pull actions (Revell, Stokes and Chen, 2010).

9. Conclusions

This paper contributes to the understanding of the motivations, practices and impacts of corporate social responsibility implementation in small and medium accommodation enterprises. Most literature has analyzed large manufacturing enterprise while both the tourism sector and SMEs have received less

attention. This article differs from much of the tourism literature studying CSR behavior in surveying all tourism firms, not just those having shown a pro-sustainability behavior. This paper presents how these small and medium enterprises are introducing responsibility mainly for altruistic reasons, related with the need of protect environment and personal and lifestyle values. These practices embrace all three environmental, social and economic dimensions, and they are implemented through operational and to a lesser extent organizational mechanisms.

Responsibility actions, practices and measures are becoming more and more important for small and medium enterprises. Most of these enterprises report to be already implementing new actions, but they still have a long way to go. Further research is needed analyzing the self reported practices with site-based audits, coupled with manager interviews to understand the underlying reasons for their answers. Most practices, especially the environmental ones, still remain in the early operational stages and are driven by cost-savings, although there has been progress in the economic and social dimensions. It is also found that some of these practices have a positive impact in financial performance. While small and medium enterprises have fewer skills and opportunities that larger companies to implement these measures, the entrepreneurial character and altruistic values of many of its managers and owners have facilitated the introduction of such measures. Emphasis in the future should be placed on improving the CSR planning and management and on communication and customer loyalty resulting from more real, authentic experiences.

The bi-directional correlation of taking responsibility for sustainability with financial performance is encouraging news. Most companies undertaking CSR activities did so for altruistic reasons. The research however provides evidence that CSR-CFP is stronger for enterprises motivated for reasons other than altruism, but instead competitiveness (image differentiation) and stakeholder compliance (public sector norms compliance) reasons. These are interpreted as arising from more structured CSR planning, management and a better translation to CFP improvement, and greater willingness to tackle new learning opportunities and challenges.

A variety of further studies are needed, amongst them a longitudinal study with the same population analyzing the impact of specific government interventions, sustainability learning processes by firms moving from values to actions, site audits of sampled businesses representative of the different typologies to measure the value-action gap, and comparative studies between more and less developed tourist destinations, would all provide further valuable explanations for the changing behavior of small tourism firms towards taking responsibility for being more sustainable.

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Annex

Table 1
CSR-CFP correlations in small and medium accommodation enterprises

		Environmental impact assessment	Implementing energy and/or water saving measures	Social impact assessment	The salary of its employees is not less than the industry average
Corporate Financial Performance (CFP)	Pearson Correlation	,057	,161**	,030	,120*
	Sig. (2-tailed)	,325	,005	,608	,037
	N	302	302	302	302
Satisfaction with CFP in the last two years	Pearson Correlation	,109*	,141**	,146**	,034
	Sig. (2-tailed)	,045	,009	,007	,531
	N	337	337	337	337

Significance at 1 percent level denoted *** and 5 percent denoted **. Source: Authors.

Table 2
Corporate Financial Performance as a dependent variable

	Unstandardized Coefficients	Signification level
Model 1		
Constant	2.016	.000
Implementing energy and/or water saving measures	.242	.005
Model 2		
Constant	2.127	.000
Wages are not less than the industry average	.147	.037
Model 3		
Constant	1.959	.000
Implementing energy and/or water saving measures	.225	.009
Wages are not less than the industry average	.127	.070

Source: Authors.

Table 3
Corporate Financial Performance Satisfaction as a dependent variable

	Unstandardized Coefficients	Signification level
Model 4		
Constant	2,114	,000
Environmental impact assessment	,155	,045
Model 5		
Constant	1,986	,000
Implementing energy and/or water saving measures	,226	,009
Model 6		
Constant	2,107	,000
Social impact assessment	,222	,007
Model 7		
Constant	1,966	,000
Implementing energy and/or water saving measures	,191	,029
Social impact assessment	,190	,023

Source: Authors

Table 4. Corporate Social Responsibility as a dependent variable

	Unstandarized Coefficients	Signification level
Model 1: Environmental impact assessment as dependent variable		
Constant	,154	,075
Corporate Financial Performance Satisfaction	,077	,045
Model 2: Implementing energy and/or water saving measures		
Constant	,559	,000
Corporate Financial Performance	,107	,005
Model 3: Implementing energy and/or water saving measures		
Constant	,589	,000
Corporate Financial Performance Satisfaction	,088	,009
Model 4: Wages are not less than the industry average		
Constant	,340	,340
Corporate Financial Performance	,098	,098

Source: Authors