

# Managing CSR in Croatian Hospitality: The Case of Luxury Boutique Hotels

**Vanja Gnjidic,**

Doctoral Candidate,  
International University of Monaco;  
Entrepreneur at G. R. M., Rijeka, Croatia

**Roberta Kurti Vukovic,** *LLM univ. spec. oec*

Senior Advisor for EU Affairs and  
International Relations, Croatian Public  
Service, Zagreb, Croatia

## ABSTRACT

*Despite the vast research in the field of Corporate Social Responsibility (CSR), little has been done to analyze luxury hospitality. The overall image that emerges from literature is negative, presuming that hotels use CSR often as greenwashing or marketing tool. This study is not about its procedures, it goes one step further, putting participants in the spotlight. Both guests and hotel workers are involved in the research through interviews (group interviews and in-depth interviews with hotel managers). One of the authors was involved as participant observant and interviewer/moderator. The analysis of field work conducted in a couple of boutique luxury hotels in Croatian coastline shows diametrically opposite results. Having regard that this is an exploratory study, the intent was not to generalize but to provide an insight into better understanding of how guests' expectations change the hospitality industry and managerial challenges during that process. This project will contribute as a relevant starting point for future researchers in the area of sustainability in luxury hospitality.*

**Keywords:** *Corporate social responsibility (CSR), luxury hospitality, managerial challenges, boutique hotels.*

## Introduction:

Croatia's identity is world widely perceived among the hottest European tourist destinations, and not only as an ex-Yugoslav republic. Creating a brand of Croatia as a touristic destination was wisely built through clever marketing strategy based on natural beauties, cultural heritage and tradition of Croatia, export of national brands and PR influence through celebrities and sports. The "discovery" of Croatia as hidden touristic germ also influences numbers of national economy. According to 2018 annual report Economic Impact 2018 Croatia provided by the World Travel & Tourism Council, the total contribution of Travel & Tourism to GDP was 25,0% of GDP in 2017, and is forecast to rise by 3,3% in 2018, and to rise by 4,1% pa to 31,7% of GDP in 2028. The latter implies that the tourism industry is the most significant and fastest growing sector in Croatia's national economy. Is touristic rise a result of a well-planned strategy or instabilities caused by terrorism in Mediterranean countries like Tunisia, France, Spain, Turkey, and Egypt? Or both? With such an immense contribution of tourism in GDP, one cannot be completely serene

the national macro economy will maintain its stability in a long run. Hence, influence of foreign policies' games should not be a boost for tourism. It should, in fact, emerge as a result of a detailed procedures created on a national and entrepreneurial levels. In that case, the tourism industry would be less vulnerable to consequences of possible downturns rocking in cycles. Corporate social responsibility (hereinafter: CSR) steps in as a main tool for guests to identify a country as an attractive destination even in moments of crisis and to help the latter to overcome it due to their loyalty. It may seem superficial and utopian but we believe that the transfer of qualitative CSR procedures from luxury to lower category hotels and the idea of branding the destination as sustainability friendly would contribute to creating a firm base for overcoming crisis situations. The risk would, therefore, be lower from a macroeconomic point of view, although impossible to avoid it. Being a country of (almost) the size of Sri Lanka with 4 million inhabitants, Croatia cannot fully compete with other significant players in the industry in the Mediterranean area, such as France, Spain or Italy.

The key to a successful diversification is to provide a unique product or service which would lead to sustainable mass tourism. It is just as important to introduce new ideas, be creative, think green and act responsibly. Nowadays, doing business necessarily includes various forms of CSR activities.

There is no universal definition of a CSR accepted by scholars. However, most of them support the definition of CSR put forward by the European Commission in the document EU strategy 2011-14 for Corporate Social Responsibility as “the responsibility of enterprises for their impacts on society”. On the other hand, we believe CSR is a subjective concept of conducting responsible business strongly influenced by cultural features, but which can also be susceptible to alternations, or better to say improvements, due to the impact of customer satisfaction and their feedbacks. Despite the significance of this industry in Croatian economy and the important role held by CSR, only a few studies explored CSR in Croatian hospitality.

The focus of this study was to explore awareness, policies and implementation of CSR in a very specific field of hotel industry: luxury boutique hotels in Croatia. Also, we were interested in examining the range of activities and practices they performed and reactions of their customers to them. We also wanted to get an idea if local managements’ concept of CSR is similar or different to the one perceived and defined by hotel guests’. To this end, the research concentrated on two boutique hotels which, as we assessed, possessed a diametrically opposite level of CSR performance delivered and expected by their foreign guests.

The goal was not only to analyze two hotels as separate cases, but to provide distinction in methodology from other authors who mostly (9.5 out of 10 articles in the discipline) use quantitative data collection techniques. We believe that all the time invested in observing and listening people having different interests and roles in our case study was very fruitful. The results of it might be taken into consideration not only by top hotel management in Croatia, but in other luxury boutique hotels worldwide.

### Statement of the problem:

“Businesses that wish to prosper in the emerging experience economy should first get their act together by mass customizing their goods and services. It is not an easy task. ...When we measure satisfaction what we are really measuring is the difference between what a customer expects and what the customer perceives he gets.” (Pine and Gilmore, 1999) Until recently, for the guests to be satisfied they needed full experience. Nowadays, as the guests are becoming more demanding, they are looking for enchantment. When successfully implemented to the expectations of

the customers, CSR can result in satisfaction (ChungAh et al., 2015) CSR procedures are useful for the society and should be cause for themselves. It would be surely productive in various ways for the luxury boutique hotels to use existing CSR for reaching so wanted delight in satisfied guests’ eye, and to use it for reaching that something special that makes you never forget that stay. On the other hand, all the procedures become just ink on the paper if there is no standardization in delivering to the final user. We would go even further; they become useless if they are not communicated sophisticatedly over and over again throughout the whole stay of the guest, and even after the stay.

### The purpose and aims of the study:

This study explores current level of implementation of CSR procedures in a couple of boutique hotels in Croatia. All findings are expected to be helpful to managers’ better performance so they can identify and enforce means of a better communication, both existing and new CSR procedures. Socially responsible companies have higher productivity due to employees’ satisfaction and lower employee fluctuation costs. According to (Stanisavljević 2017), CSR positively affects customers only if its activities are persuasive and customers consider the company to have sincere intentions. It can increase trust and build relationships between the company and its customers.

### Aims of the study are:

1. To critically review literature focusing on development and implementation of CSR in luxury boutiques hotels.
2. To identify and analyze challenges in successful running of CSR procedures, whose positive outcome leads to a win-win situation of developing guests’ delight and making the business more successful in Croatian luxury hospitality.
3. To provide recommendations to managers in order to improve their performances by understanding and using the potential of CSR as an imminent tool for exceeding the excellence.

### Content Review:

#### CSR in hospitality industry:

Social and environmental issues are increasingly important throughout the economy, especially so in the tourism industry as, among others, practitioners in the US travel industry indicate (Calveras, 2015). Hotels located in natural areas, such as mountains or beaches, are especially dependent on the ‘healthiness’ of their sites (Schubert et al. 2010).

According to (ChungAh et al. 2015), strategic CSR relates business objectives to CSR practices by adopting proactive strategies since different business sectors have various objectives with different

sustainable development strategies. More specifically in the lodging industry, CSR can be regarded as the 'hotel's consideration of, and response to, issues beyond the narrow economic, technical and legal requirements of the hotel so as to accomplish social benefits, along with the traditional economic gains that the hotel seeks' (Knowles et al., 1999). The hospitality industry is not an exception in integrating CSR into its activities to expand its business and increase profits (Kucukusta et al., 2013). However, there is a dearth of research on CSR in the hospitality industry despite the recent growth in research on CSR in general (Inoue and Lee 2011). To date, most studies on CSR examine the effect of CSR on corporate financial performance (CFP) in several types of industries (Garay and Font, 2012). Previous studies of CSR in the hospitality industry also mainly examine the effects of CSR on a firm's overall performance with external customers' perceptions and secondary data of the company's CSR activities (Kong, 2012). (Lee et al. 2012) find that the good reputation of CSR can stimulate employees' positive perceptions of their companies, encourage more solid organizational attachment and commitment to their companies, indirectly increase job satisfaction, and thus reduce employee turnover rate (Tamajon and Aulet, 2013).

The hotel industry depends heavily on the tourism industry, where growth is strong (UNWTO, 2007). In fact, growth and turnover in the hotel industry have never been so high (MKG Consulting, 2007). Yet, the negative impact of a hotel on the environment is significant, particularly in terms of its water and energy consumption, resources which are often insufficient for the needs of the local population (APAT, 2002). Sustainable practices, a component of CSR, have attracted attention among hotel operators and hotel guests due to the advantages of environmental protection, cost savings, and social identity gained from the eco-friendly behaviors (Kang et al., 2010). Furthermore, a growing number of clients choose to stay in a hotel for the purpose of indulging in an experience of well-being (Robinot et al. 2009). Knowing that the hotel selected is actively protecting its environment contributes to this well-being (Manaktola and Jauhari, 2007). As a result, many hotel owners, particularly independent hotel owners, have recognized the value of adopting a strategy based on the principles of sustainable development (Tzschentke et al., 2008). As the social responsibility has a growing importance within their business, an increasing number of hotel companies adopted codes of conduct and reporting standards that take into consideration also the social and environmental results, not only the financial ones, and that adhered to various certification and accreditation schemes mentioned before (Grigorias et al. 2015).

The subject "environmental consciousness in the hotel industry" is, by nature, "abstract formed", not only in

terms of attitude but also through the diversity of individual interpretations that it is likely to generate from one individual to another. A tourist and an executive on a business trip staying in the same hotel experience their visit differently. It is therefore likely that the way they interpret the expression "environmental consciousness in the hotel industry" will also differ (Robinot and Giannelloni 2009).

Corporate social responsibility encompasses a wide array of business practices. (Calveras 2015) considers that two constructs for the degree of CSR of each hotel establishment are built. Both constructs include data regarding social aspects of a firm's activities, and other related to HR practices of the firm. A research conducted by (Calveras 2015) showed that for hotels in the Balearic Islands, one of the main tourism destinations in the Mediterranean, CSR strategy by hotel establishments is also influenced by the distribution of a tour operators, by its size and by its governance mode, that is, whether the manager is also the owner. The governance mode of a firm is also a determinant of how much CSR the firm adopts.

A few significant case studies, related to companies such as Scandic and Hyatt Regency, have demonstrated the success of 'green' practices in these hotels with regards to cost reductions, resource savings, customer retention, loyalty and improved employee morale (Goodman, 2000); (Enz and Siguaw, 1999), as cited in (Schubert et al. 2010). Hotel operators' attitudes towards, and adoption of, environmentally responsible practices has been the focus of some studies, with a common conclusion that a barrier to further adoption is the lack of hoteliers' awareness and market research about consumer attitudes and behavior towards 'green' practices (for example, Bohdanowicz, 2008).

(Holcomb et al. 2007) report that only 40 % of hospitality companies mention CSR issues in their vision or mission statements. Most of the research conducted on CSR in hospitality covers mainly ecological concerns, although they should embrace triple bottom line of CSR (economic prosperity, environmental quality and social justice)(WCED, 1987) as cited in (Dodds and Kuehnel, 2010). Additionally, (Sufi and Lyons 2003) identified the elements that hospitality firms include in their mission statements; only four categories mentioned any ethical, social, or environmental principle, and thus, over half of all mission statements failed to include CSR issues. However, in a recent case study from the hospitality sector, it was reported that by adopting a responsible organizational identity, hotels could project and reflect a responsible image, which in turn, could be a source of competitive advantage (Heikkurinen, 2011).

(Bohdanowicz et al. 2008) say that is almost unthinkable today for a big international corporation to be without a CSR policy. This, of course, also holds

true increasingly for the tourism and hospitality industry. (Dodds and Kuehnel 2010) use the terms CSR and corporate sustainability as synonyms. In tourism and hospitality it is known as corporate sustainability Dow Jones Sustainability Index (2005) as cited in (Holcomb et al., 2007). Corporate sustainability can be driven by regulations, by profit, or community and synergy driven (Woerd and Brink, 2004). CSR can also be motivated by faith, and even though it is very sensitive and value based topic, honoring God, neighbors and creations can help people understand that running after profit without conscience might bring unwanted consequences (Teck Hui, 2008). Hence, it is very important that managers in hospitality services understand that it is important to lead and serve at the same time. Furthermore, investors are more and more opting for socially responsible investments like mission investing, triple bottom line investing, ethical investing, sustainable investing, or green investing (Wildes, 2008). Is it possible to introduce and adopt sustainability ideas in the business and still remain competitive (Quinn and Dalton, 2009)?

(Leszczynska 2010) states that the managers from developed countries have higher awareness of the growing need for sustainability, both within the company and on the operational level. The consumers are considered to be the most ignorant, governments are slightly more provocative and the non-profit organizations are the most provocative stakeholders (Steger, Ionescu – Sommers & Salzmann, 2007). Nowadays, CSR is mainly voluntary action, in the very near future it is going to be expected and assumed as normal from both shareholders and stakeholders (Polonsky and Jevons, 2006).

(Perez and Rodríguez del Bosque 2015) consider that, first and on the basis of the results of previous scholars, hospitality companies should try to improve the organization and presentation of their sustainability reporting, as it is currently scattered through several documents and online information and, sometimes, relevant information is not clearly presented (Holcomb, 2007). On the basis of their research finding, (Mahadi et al. 2017) propose effective implementation of green practices in hotels, keeping in mind the environmental performance evaluation which is the key formal control mechanism used together with informal control, i.e., the employees' socialization process and leadership commitment to green practices. This requires looking carefully into the reasons behind the still high fluctuations in management, and searching for ways to retain successful and dedicated leaders, in order to achieve such independence.

### Methodology:

Reasons supporting the choice of case study strategy point that it useful in a research as it enables

researchers to examine data at the micro level. Case studies can be a practical solution when a big sample population is difficult to obtain (Zainal, 2007).

In this study, multi-method will be in use. According to (Tashakkori and Teddlie 2003), they provide better opportunities for answering research questions and whether they allow better evaluating the extent to which research findings can be trusted and inferences made from them. A multi-method qualitative study will be employed aiming to collect qualitative data using interviews, in-depth interviews and structured observations, analyzing these data using qualitative, non-numerical procedures.

In this research, all hotel guests and workers participated voluntarily and their involvement was consensual. Authors guaranteed them anonymity in the course of the research, data discussion with the participants and in the paper content intended for publication.

For all non-probability sampling techniques the issue of sample size is ambiguous and there is no rule. Sample size is dependent on research questions and objectives – in particular, what needs to be found out, what is useful or will have credibility (Patton, 2002). This research includes two luxury boutiques in Croatia; one in Dubrovnik and the other one located in Opatija. Both destinations are very popular and they are known as pearls of Croatia's tourism. By using a non-probability sampling, purposive homogenous sampling was used to choose hotels; self-selection sampling applied to hotel workers and convenience sampling to hotel guests present in the hotel at the time when the research was conducted.

Techniques used for primary data collection were focus groups with guests, workers and department managers; in-depth interviews with general manager and owner of the hotels and, finally, participant observation. (Brenner 2016) openly supports focus group as a research methodology for several reasons. The researcher is able to ask follow up questions to probe the reasons why people give the answers they do. Talking "live" with consumers gives the researcher an opportunity not only to listen to what the consumers are saying, but also to notice the level of engagement behind the consumers' comments and to read their body language. (Berry 1999) finds how in-depth interviewing is now widely used in educational research and is generally regarded as a powerful tool in extracting data, in particular qualitative in nature. (Marshall and Rossman 1989) define observation as "the systematic description of events, behaviors, and artifacts in the social setting chosen for study".

### Findings:

#### In-depth interviews with the member of the owner's board and general manager:

The interview with the general manager in Dubrovnik included the presence of the owner's representative.



We talked about the challenges they face with new trends, especially since the hotel was proclaimed the best small hotel in the country over the past years.

Having regarded that it was an in-depth interview, the conversation was opened by a spontaneous discussion concerning the lack of Dubrovnik's destination management. The local government should assure that all shops and attraction points are opened all year round. Concerning CSR procedures, the local mentality constitutes an obstacle to introduction of new measures and the management does not want to make it sound like green washing. According to owner's representative, the Croatian Labor regulation causes problems to investors who argue that it is not possible to run a capitalist country with a strong socialist law as a reminder of the old communist system.

The general manager, who is the owner of the hotel in Opatija mentioned the overall importance of the use of CSR in life, especially through embracing a healthier lifestyle and a better connection with the nature. As regards the hotel, he insists on communicating with guests the possibility the hotel introduced to reduce water consumption by reuse of sheets and towels. He also believed the use of CSR procedures should help the hotel perform better. However, he added his concern of the level of guests' awareness. Organic material and food are quite expensive, he stated. According to him, the state should give subsidies as stimulation if a hotel decides to go green, like they do with purchase of electric cars. When talking about motivation of his staff for introduction of more CSR activities, he underlined difficulties of implementing it.

#### **Separate focus groups with managers and workers:**

In Dubrovnik, the focus group with managers and workers included members from all departments in the hotel: the reception, sales office, housekeeping, food and beverage, wine bar, restaurant, guest relations and kitchen.

The participants mentioned on several occasions their willingness to help the hotel to be eco-friendly in order for their guests to be more satisfied. Some of them indicated that actions offered by the hotel could be more sustainable. They also argue that if more members of the staff would be employed on a permanent basis, it would be much easier to maintain the high level of recommendation of hotel services and actions to the guests. No education was planned for them and most of it relies on their random awareness.

The level of CSR implemented in the hotel in Opatija is mostly based on staff's good behavior previously adopted from parents.

In Dubrovnik, it was mostly mentioned that the guests primary pay attention to the quality of service or product; how the guests will appreciate a fair trade

product only if it is of same quality as regular. Managers from several departments brought up the high rise of CSR awareness with customers, that many of them do not want to take the bill (save the tree), or that they want the food to be organic and/or locally grown. With CSR introduced, they all concluded that the hotel would instantly perform better and also benefitted financially in the long run. Different managers expressed difficulties to satisfy procedures for food, plastic and glass recycling in the old town of Dubrovnik, as the town does not have recycling place. There was a period when cleaning ladies used organic detergents but the result was not as effective as with the traditional ones. Some guests complained about the particular smell of the bio detergents which led to a decision to reinstall the use of traditional cleansers.

The participants think that workers who show extra effort involving in CSR activities should be rewarded accordingly. One participant emphasized education and exchange of experience as a potential stimulation for behavior modification. Unlike managers, workers immediately agreed that the money would be the best attention and will generator. Then, after reflecting the other possibilities, they added that an additional engagement of one worker per department would be a great help. Two participants mentioned that they would prefer to be employed on a permanent basis. As regards the financial stimulation, they all agreed that they would even prefer to have a fixed basis salary and a bonus on top of that depending on a turnover.

In the hotel in Opatija, when asked if implementation of increased CSR policies would help the hotel perform better financially, they all agreed on the answer: no. The thoughts were that this would probably increase the costs and that people staying in the property would not appreciate the effort or be ready to pay more. They stated guests' need for personalized service and that the value for money is the most expected service which makes them decide to stay in this hotel. Many guests expect luxury on every level which, in fact, they do not get due to owner's stinginess, according to workers. The participants also mentioned that the best possible stimulation for their thrower involvement in CSR suggestions and procedures would be visiting other properties where they could see and learn from others experiences. As for the motivation for the better CSR implementation among the workers, the money was mentioned only by one participant (the waiter) while others preferred recognition of the work they accomplished.

#### **Focus groups with guests:**

According to the front desk managers, most of the guests staying in the hotel come for two or three nights stay. Their schedule is usually tight and it includes lots of sightseeing; very rarely the stay is longer. For that reasons, it was quite challenging to find guests that would like be a part of this research.

This was also the case with the guests participating in this group interview. There were guests from Australia, from United Kingdom, Czech Republic and Slovenia. All of them were talkative well-travelled.

All guests preferred small property and made reservations for their trip through booking channels on the Internet. To them, CSR in hospitality was about minimizing the impact on the environment, supporting local community, water preservation. Most of the comments were about finding the balance; not leaving carbon footprint or marking behind and that one does not use more resources than needed. The same guest mentioned the case in India where linen and towels are changed every day even if one was against that policy. He also insisted that one can do a lot with education, specifically explaining why a higher participation can be achieved. In that way, an individual can become a part of the solution, which is more engaging. Another guest said that the behavior depends a lot of the education and cultural background and that in the UK people have high awareness level; it is a part of children's education not to be wasteful. They all talked about better communicating to the guests the CSR actions that the hotel management introduced. They agreed that it should be incorporated in the check-in process and also suggested it would be smart to put it on the web page.

When we mentioned the Dubrovnik hotel staff visits an institution for disabled people and people with special needs twice a year, but that the general manager wanted to make it discreetly, the reactions were different. Some said that it has more value when it is not advertised. Other comment was that it depended on how it was communicated with the public. The same person said that she would feel better about this hotel making a world a little bit better place. However, this fact would not have changed the guest's feeling about booking of this hotel if the comments on the booking engine were not as great as they are. This guest advised rather to skip an action if it is a burden. Another comment referred to food. The guest meant it in the sense that it is better to skip vast menus; to give less choice, but to eat organic, locally and excellent.. Another guest would have appreciated to know that the cleaning products are eco-products. They would be prepared even to pay more if they knew this property is doing extra work and having extra cost for CSR activities.

### Discussion:

It is interesting how both hotels showed diametrically opposite levels of CSR practices, staff behavior, and general managers' attitudes.

The difference between these two hotels, one situated in the north of Adriatic, the other one in the very south, is in the approach to leading business. The general manager in Dubrovnik is a professional with *carte blanche* for taking decisions, enjoying full

confidence and support of the board members. Talking to him during the stay and conducting an in-depth interview gave me an impression he was very opened to embracing new ideas and CSR procedures which could be beneficial for the hotel's performance, higher guests satisfaction and local community. We learned from a general manager, a Croatian national, and the representative of the owner, a Turkish national, that the biggest obstacle for introducing new procedures is the rigid labor law. Most of the workers employed on a permanent basis are fearless of losing the job. The annual turnover of workers is quite low. In a way, it indicates satisfaction of workers to work within a hotel. On the other hand, it could reflect the 'difficultness' of firing bad workers and moving onto setting of a new and fresh team. With a more flexible labor regulation, it would be easier to replace a worker who did not satisfy management's expectations. Also, the workers would be more cautious towards new procedures and the details while treating the guests in a luxury setting. One more challenge arises for managers; the fact that since Croatia became member of European Union many Croats left the country to work in other Member States. Italy and Spain face same problems of labor force shortage in tourism. Their situation is different to an extent because of higher immigration. Croatia, on the other side, has absolutely no immigration. For 2018 the government allowed the quota for import of foreign workers of only 5000 permits for tourism and the industry's requirements are five times that number.

The same issue was brought up by a general manager and the owner of the hotel in Opatija. Everybody in hospitality is struggling with the lack of inadequate work force. Guests staying in luxury boutique hotels appreciate personalized service and very often there is no time for an intensive training of external workers with all the details about the country and destination. Furthermore, most guests expect to interact with local stuff and providing that expectation is a challenge for the hotel and its opportunity to encourage cultural connection and interaction. To add, no alien can learn to share love and passion for the country like the locals do. All of these challenges make managers' life and work more difficult.

When they have to think about covering the basics, it is hard to expect them to search for new levels of excellence through CSR. The manager from Dubrovnik highlighted that his inspiration is a prone to new dares. The hotel won a prize for the best small hotel in Croatia for three consecutive years. Staying on the top is his internal motivation. On the other side of Adriatic, in Opatija the hotel faces financial difficulties. According to authors' opinion, the nonexistence of professional leadership of this property is the main issue, with the owner/manager who acts as if well furnished rooms were enough to apply for exclusivity. We have never encountered so

frustrated workers whose only wish was for the owner not to interfere with their work. We find it would be essential for the hotel in Opatija to restart with a new name, being led by professional management company.

The most important point we could emphasize is the issue with the work force. Again it was pointed out that people are a company's most important asset. Bottom line is how to make managers and lower level workers more actively engaged in delivering company's CSR policy. In authors' opinion, whatever stimulates them is good enough. For some it may be the money, for others recognition for success in high performance, possibility of exchanging experiences with other hotels of the same scale, paid education in the field of interest and so on. The cocktail of proposed benefits would be the best to implement on managers of different type. The lower level workers would appreciate the most to see results of their extra hard work reflecting on their salary, which is a short way for quick satisfaction. This is a strong boost especially when long days occur reminding them their effort is for a cause.

Guests are becoming more aware of the fact how their traveling, either for business or leisure, increases their carbon footprint. They are expecting the management to have activities and procedures which help the world become a better place. Their expectations change a lot depending of their country of origin, but can a serious property's CSR policy count on that? Or should one opt for the peaks, producing positive side effects on the whole business performance?

### Recommendations for Practice:

Authors think that showing care from the management side first, both the workers and the guests would react positively on the initiative. The workers perform better and the guests are more satisfied. Immediately, the management gets great feedback and workers become more persistent when reaching for high goals set by the management. Long term results would yield higher revenue for the hotel and more loyal guests. All the stakeholders would enter in a positive repetitive circle.

Oppositely, if the management shows no voluntary implementation of CSR actions on workers, it is hard for them to communicate repetitively other CSR actions which the hotel might have in procedure to other stakeholders (guests, local community, and care for environment). Consequently, the guests do not feel extra job done by that property in comparison with the others on the market and punish the hotel with lower grades on booking engines or simply not visiting again. The management feels quickly the reflection of a poor behavior on even poorer performances and does not find the way out of the negative repetitive circle.

### Recommendations for future research:

The authors propose longitudinal action research study, as a recommendation for future research, with the possibility of generalization or at least transferability to other entities. It could be organized and conducted either by the government as a pilot project or by a consultancy firm.

### References:

- APAT (2002). *Waste Report*, Higher Institute for Environmental Protection and Research.
- Berry, R. S. Y., (1999). Collecting data by in-depth interviewing, Paper presented at the British Educational Research Association Annual Conference, University of Sussex at Brighton, September 2 - 5 1999.
- Bohdanowicz, P. & Zientara P. (2008). Hotel companies' contribution to improving the quality of life of local communities and the well-being of their employees. *Tourism and Hospitality Research*, Vol. 9, 147–158.
- Brenner, M. L. (2016). Focus Groups 101: The Brand Marketer's Guide to the 5 Stages of Focus Group Research, *Amazon Digital Services LLC*.
- Calveras, A. (2015). Corporate Social Responsibility Strategy in the Hotel Industry: Evidence from the Balearic Islands, *International Journal of Tourism Research*, vol. 17, issue 4, 399–408.
- ChungAh Kim, Sang Hyuck Kim & Keon Hee Lee (2015). A Comparison Study of Multinational Chain Hotel Employees' Perceptions of Corporate Social Responsibility in China and Korea, *Emerging Markets Finance and Trade*, 51:2, 364-376.
- Dodds, R., Kuehnelt, J. (2010). CSR among Canadian mass tour operators: good awareness but little action. *International Journal of Contemporary Hospitality Management*, Vol. 22 Issue: 2, 221-244.
- Enz, C. A., & Siguaw, J. A. (1999). Best hotel environmental practices [Electronic version]. *Cornell Hotel and Restaurant Administration Quarterly*, 40(5), 72-77. Retrieved [insert date], from Cornell University, School of Hospitality Administration site: <http://scholarship.sha.cornell.edu/articles/488/>
- EU strategy 2011-14 for Corporate Social Responsibility, COM (2011). 681 final, Brussels. Retrieved from: <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0681:FIN:en:PDF>
- Garay, L. and Font, X. (2012). Doing good to do well? Corporate social responsibility reasons, practices and impacts in small and medium accommodation enterprises. *International*

- Journal of Hospitality Management*, Vol. 31, No. 2, 329-337.
- Gilmore, B. J. (1999). *The Experience Economy: Work is theatre and every business a stage*. Boston, Massachussets, USA: Harvard business School Press.
- Goodman, A. (2000). Implementing Sustainability in Service Operations at Scandic Hotels, *Interfaces*, 30(3), 202-214.
- Grigoras, L.-M. & Abu, R.-G. (2015). Study on the involvement of tourism companies into CSR actions, *Bulletin of the Transilvania University of Brasov*, Vol. 8 , No.2, 175-184.
- Heikkurinen, P. (2011). Strategic Corporate Responsibility in the Food Chain, *Corporate Social Responsibility and Environmental Management*, Vol.18, Issue 5, 306 - 316.
- Holcomb, J. L., Upchurch, R. S. and Okumus, F. (2007). Corporate Social Responsibility: What Are Top Hotel Companies reporting? *International Journal of Contemporary Hospitality Management*, Vol. 19, No.6, 461-475.
- Inoue, Y. and Lee, S. (2011). Effects of different dimensions of corporate social responsibility on corporate financial performance in tourism - related industries. *Tourism Management*, Vol. 32, 790-804.
- Kang, K., Lee, S., Huh, C. (2010). Impacts of positive and negative corporate social responsibility activities on company performance in the hospitality industry. *International Journal of Hospitality Management*, Vol. 29, 72 - 82.
- Knowles, T., Macmillan, S., Palmer, J., Grabowski, P. and Hashimoto A. (1999). The development of environmental initiatives in tourism: responses from the London hotel sector. *International Journal of tourism research*, Vol. 1, No. 4, pp. 255-265.
- Kong, D. (2012). Does corporate social responsibility matter in the food industry? Evidence from a nature experiment in China. *Food Policy*, 37, 323-334.
- Kucukusta, D., Mak, A., Chan, X., (2013). Corporate social responsibility practices in four and five-star hotels: Perspectives from Hong Kong visitors. *International Journal of Hospitality Management*, 34 (0), 19-30.
- Lee, E.M., Park, S.Y., Rapert, M.I., Newman, C.L., (2012). Does perceived consumer fit matter in corporate social responsibility issues?. *Journal of Business Research*, Volume 65, Issue 11, 1558-1564.
- Leszczynska, A. (2010). Manager's attitude toward environment. *Industrial Management & Data Systems*, Vol. 110 Issue: 8, 1234-1250.
- Mahadi, R., Khalid, S. N.A. & Stocker, K. (2017). The Realisation of Green Ideals into Management Practice: The Use of Management Control System in a Hospitality Setting, *Jurnal Pengurusan*, Vol. 51, 125-134.
- Manaktola, K., Jauhari, V. (2007). "Exploring consumer attitude and behaviour towards green practices in the lodging industry in India". *International Journal of Contemporary Hospitality Management*, Vol. 19 Issue: 5, 364-377.
- Marshall, C., and Rossman, G.B. (1989). *Designing qualitative research*. Newbury Park, CA: Sage.
- MKG Consulting (2007). *The Official 2007 Ranking of Groups and Hotel Brands Worldwide. MKG Hospitality*.
- Patton, M.Q., (2002). *Qualitative Research & Evaluation Methods*, SAGE, 2002
- Pérez Ruiz, A. & Rodríguez del Bosque, I. (2015). An Integrative Framework to Understand How CSR Affects Customer Loyalty through Identification, Emotions and Satisfaction, *Journal of Business Ethics*, Vol. 129, Issue 3, 571-584.
- Pine, B. J., and Gilmore, J.H., (1999). Welcome to the Experience Economy. *Harvard Business Review*, Volume 76, Issue 4, 97-105.
- Polonsky M. J., Jevons C., (2006). Understanding issue complexity when building a socially responsible brand, *European Business Review*, Vol. 18 Issue: 5, pp.340-349, <https://doi.org/10.1108/09555340610686930>
- Quinn, L., Dalton, M., (2009). Leading for sustainability: implementing the tasks of leadership. *Corporate Governance: The international journal of business in society*, Vol. 9 Issue: 1, 21-38.
- Robinot, E. and Giannelloni, J. L. (2009). Attitude toward Environmentally Friendly Hospitality Management: a Measurement Scale, *Recherche et Applications en Marketing*, Vol. 24, n° 2/2009.
- Schubert, F., Kandampully, J., Solnet & D., Kralj, A. (2010). Exploring consumer perceptions of green restaurants in the US, *Tourism and Hospitality Research* Vol. 10, Issue 4, 286–300.
- Stanisavljević, M. (2017). Does Customer Loyalty Depend on Corporate Social Responsibility? *Our Economy*, Vol. 63, No. 1, 38–46.
- Steger Ulrich, Aileen Ionescu-Somers, Oliver Salzmann, (2007). The economic foundations of corporate sustainability, *Corporate Governance: The international journal of business in society*, Vol. 7 Issue: 2, pp.162-177, <https://doi.org/10.1108/14720700710739804>



- Sufi, T. & Lyons, H. (2003). Mission statements exposed, *International Journal of Contemporary Hospitality Management*, DOI: 10.1108/09596110310482173.
- Tamajon, L.G., and Aulet, X.F. (2013). Corporate social responsibility in tourism small and medium enterprises evidence from Europe and Latin America. *Tourism Management Perspectives*, 7, 38-46.
- Tashakkori, A. & Teddlie, C. (2003). Handbook of Mixed Methods in Social & Behavioral Research. Thousand Oaks: Sage.
- Teck Hui, L. (2008). Combining faith and CSR: a paradigm of corporate sustainability. *International Journal of Social Economics*, Vol. 35 Issue: 6, 449-465.
- Tzschentke, N., Kirk, D. and LYNCH, P.A. (2008) Going Green: An Examination of Decisional Factors in Small Hospitality Operations, *International Journal of Hospitality Management*, Vol. 27, 126-133.
- UNWTO (2007). *Tourism Highlights*, 2007 Edition, Facts & Figures section at [www.unwto.org](http://www.unwto.org)
- Wildes, V.J., (2008). How can organizational leaders really lead and serve at the same time? *International Journal of Contemporary Hospitality Management*, Vol. 20 Issue: 1, 67-78.
- Woerd, F.V. and Brink, T.V., (2004). Feasibility of a Responsive Business Scorecard – a pilot study, *Journal of Business Ethics*, Volume 55, Issue 2, 173–186.
- WTTC (2018), World Travel & Tourism Council, Economic Impact 2018 Croatia, (2018). Retrieved June, 30, 2018, <https://www.wttc.org/-/media/files/reports/economic-impact-research/countries-2018/croatia2018.pdf>
- Zainal, Z. (2007). Case study as a research method, *Jurnal Kemanusiaan bil.* 9, Jun 2007

\*\*\*\*\*