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## Corporate Social Responsibility in Hospitality Industry: A Humanistic Perspective

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# 1 Introduction

The relationship between business and society, otherwise known as Corporate Social Responsibility (CSR), is a controversial topic that has been a subject of debate notably since Friedman's formulation of profit maximization as the only responsibility of businesses (Friedman, 1970). Research has shown that contemporary conversation on CSR has moved away from Friedman's postulation as can be found in the suggestions of scholars who have argued that the social responsibilities of businesses are much wider than maximizing profit or that businesses need to reimagine and reorder their social responsibility (Latapí et al., 2019). While it is necessary for a business to make profit and sustain itself, it is reasonable to think that it should not be at the expense of the well-being of other stakeholders. Businesses in the hospitality industry are not left out in this. Like every responsible (corporate) citizen of the society, businesses such as hotels, restaurants, recreational, transportation, and other related services have a duty to fulfill their responsibility to society as part of the social contract.

To be clear, it is far from settled in CSR scholarship whether there is an objective judgment of where CSR starts and ends. Nevertheless, it is reasonable to think that businesses are not required to arbitrarily expend their resources trying to intervene in all social needs. Some CSR scholars believe that economic objectives are a business's primary responsibility and thus should take priority over and above other social responsibilities and expectations (Carroll, 2008). This reinforces the cliché—the goal of business is to make a profit. This belief will require some clarification. Suffice to say that this clarification revolves around the objective of a business. For the sake of convenience, we will not delve into the depth of conceptual analysis but rather, we will underline the arguments therein and propose a few questions to guide reflections. A good place to start is to ask: why do businesses exist? Is the purpose of business to serve the interest of shareholders or to serve the interest of society?

Those who choose the former consider the responsibility of business limited to maximizing shareholders' benefit. It has been argued that shareholders bear the ultimate risk of the business and are deserving of the maximum economic benefits from the business. Hence, there are

no special obligations to the society beyond compliance with laws that govern business practice which it is believed would invariably lead to social justice (Friedman, 1970). For those who choose the latter, the responsibility of businesses is to create value, not just for profit but to serve the needs of society. In other words, the responsibility of businesses is primarily to humanity and then economic benefits as a fair exchange. Other important questions to pose at this point are: why is humanity and not exclusively profit the object of business? Should businesses prioritize only their economic obligations over the well-being of humanity? Are these obligations mutually exclusive, or are they interconnected? Could there be tensions between fulfilling both obligations? Is it not the case that businesses must first be profitable before they can be able to fulfill their social obligations effectively? Come to think of it, is it not also the case that businesses do not exist in a vacuum and need society to exist in the first place?

As we reflect on the above questions, it is important to say that the emphasis in this chapter is limited to the attempt to make a case for the notion that society is best served by an economic system that creates value over and above profit and recognizes the well-being of humanity as its ultimate end. In what follows, we will be identifying the scope of what truly counts as CSR in hospitality as it will aid in understanding the different framings of the concept in relation to hospitality practice.

Much of the literatures addressing CSR are reluctant to assign a universal meaning to the concept of CSR. They often point to the lack of consensus in literature and CSR practice as justification for the difficulty in articulating a unifying theory or practice (Marrewijk, 2003). Reinhardt et al. (2008) point out this frustration when they insisted that one of the challenges of examining the concept of CSR is simply identifying a consistent and sensible definition from among a bewildering range of concepts and definitions that have been proposed in literature. Despite the obvious difficulty in making generalizations, the concept is not without meaning. To begin with, many scholars in CSR studies situate the development of the concept in its contemporary form in the 1950s with Bowen's 1953 publication *Social Responsibilities of a Businessman*. Bowen had reflected on the role of American businessmen in society and concluded that businessmen have a significant influence on

society over and beyond the immediate private concerns of the business. This, therefore, suggests that businesses constitute sites of power.

The power of businesses finds expression in the relations between business decisions or actions and the well-being of society. The businessman's decisions and actions affect their stakeholders, directly impacting society's quality of life as a whole (Bowen, 1953). For example, consider the situation around the globe in the second quarter of 2020 due to the spread of Covid-19. At the time, the isolated health emergency in China began to emerge as a global health concern. As a result, social and economic activities slowed down and, in some cases, came to a halt. Businesses had to decide individually or collectively on the kind of products or services to make available and how they were to be distributed, whether to hike or keep the price stable, whether to stay open or close, whether to retrench staff or offer pay-cuts, etcetera.

By extension, these decisions determined the economic state of nations and their ability to fund national budgets. It also determined the livelihood of millions of employees and their families and the affordability of essential commodities and services. It determined who, where, and when one can get products, including basic healthcare products and vaccines, and ultimately the continuous survival, and in many important ways, the fulfillment of humanity. Considering the extensive influence of business decisions on social well-being, it has been argued that businesses be held more responsible beyond mere legal compliance. The idea here is that when such power (wielded by businesses) is placed at the service of self-interest (of profit maximization), it does not always coincide with the well-being of society. This, therefore, creates an obligation for businesses to pursue decisions and actions which meet the objectives and values of society (Bowen, 1953). This view is a clear departure from the classical economic assumption of Adam Smith relying on the operations of a perfect market (*the invisible hand*) to suggest that society is best served by an economic system based on self-interest (Smith, 1759).

Now, let us clarify briefly the sense in which the term hospitality has and will be used throughout this chapter. Hospitality practice is one of the oldest service industries in the world. However, studies in hospitality are relatively new. As an industry, there are a diverse group of businesses that fall under hospitality, and unlike other industries, there

is no one clear product. It includes a broad category of businesses that provide specialized facilities for comfort and leisure for guests (travelers, visitors, and tourists' etcetera) and includes hotels, restaurants, transportation, and other related services. We will adopt here a broad but relevant description of hospitality. We take hospitality to mean the act of arranging means in view of providing customers a personalized and fulfilling experience of a product or service. Going by this description, we will apply the term in two different but consistent ways. First as a process and, then as an end. As a process, it underlines deliberate and systematic sets of actions that go beyond the value due to the customer as a fair exchange and in furtherance of the customer's positive experience of the product or service. As an end, it points to that positive emotional response of fulfillment elicited in the customer and sustained while a product or service is being delivered.

To go deeper into the subject matter, we will follow three steps: First, we will explore Archie Carroll's CSR pyramid. This popular CSR model provides a four-part framework for thinking about the different obligations of business to society. Second, within the context of the model, we will then look at some challenges of implementing CSR in hospitality practice, especially from a developing country perspective. Finally, the work concludes by drawing on the limitations of Carroll's CSR framework to make a case for a humanistic CSR practice. By humanistic CSR, we refer to any CSR model that goes beyond wealth creation and contributes to the well-being of society by recognizing and prioritizing the dignity and humanity of all business actors in the course of defining and carrying out business activities.

## 2 Carroll's CSR Model

This section explores one of the most influential CSR models and arguably the most inclusive CSR framework. Carroll (1979) put forward a four-aspect CSR definition which he represented graphically in a pyramid (Visser, 2006). Carroll had explained that the different aspects of social responsibility of business involve society's expectations about business in the economic, legal, ethical, and philanthropic aspects at



**Fig. 1** Carroll's social responsibility framework (1979)

some point in time. These four categories delineate the four responsibilities of business to society and are arranged in their relative order of importance. As we discuss Carroll's pyramid, one thing to remember is that it is not necessarily a model you apply in making decisions about CSR, but a framework for thinking about CSR. In what will follow, we will explore each of the four categories of Carroll's Pyramid, starting from the base of the pyramid or, if you like, what he had considered the most fundamental requirement of business to the least in that specific order (Fig. 1).

## 2.1 Economic Responsibility

As the diagram illustrates, Carroll placed economic responsibility at the base of his CSR pyramid and assigned precedence over other responsibilities. In fact, he refers to economic responsibilities as the foundation of the responsibility of business. Carroll goes on to explain that businesses do have a responsibility to sustain themselves. This means that a business must be profitable first before undertaking other responsibilities such as philanthropic and ethical responsibilities. He shows that profit is important because it serves as an incentive and compensation to investors and business owners who have borne the ultimate risk to ensure business continuity. Profit maximization makes it possible for business investors to reinvest and grow the business to stay competitively strong.

This profit-oriented approach has encouraged the understanding of CSR mainly in terms of how it adds or subtracts from profit. Hence, CSR has been interpreted to mean any or all of the following: *cost*, *profit-sacrificing*, *public relations tool*, and *investment for more profit*. These interpretations raise some concerns. By implying that profit comes before legal and ethical responsibilities, a good business decision is as good as that decision that makes the most profit first before committing to other responsibilities. This is an odd conclusion. To fully appreciate the implications of this profit-oriented approach, consider these hypothetical situations:

- (a) A restaurant owner has to decide whether or not to invest in replacing kitchen equipment following several employees saying that they suffer cramped hand muscles because of the design of the equipment. He contacts an expert and was informed that procuring better-designed equipment would significantly reduce the discomfort experienced by his employees, but the cost of getting new equipment is quite significant, and output would not be affected by the change to a new equipment.
- (b) If a hotel manager puts out a notice for rooms at a cheaper rate, offering a 30% discount off the original price of its executive rooms to customers willing to spend more than a night in the facility but lowered the standard of the rooms by using inferior supplies. For example, using poor quality toiletries, substituting the specialty sheets and pillows, and using the cheapest sheets and pillows they can find, or instead of cleaning the sheets, they simply tuck them back in between for customers to use as long as the sheets still look clean. This lets the hotel charge customers a little less for rooms, while misleading guests to believe they are getting same value as those who paid prediscount rates.

The restaurant owner and hotel manager above can be said to have satisfied the profit responsibility, but we can observe that there is something

odd in these situations. To take a profit-oriented decision in the situations above will be for the business to ignore its social responsibility and to disrespect the humanity of both the employees and the customer who deserves to be treated with dignity. We shall draw other implications of this profit-oriented approach later in this work. In the meantime, let us consider legal responsibility.

## 2.2 Legal Responsibility

Carroll places legal responsibility as the most basic responsibility of business after economic responsibility. This hierarchy has been contested by some scholars (Nalband & Al Kelabi, 2014) who argue that legal and not economic responsibility is the primary responsibility of business. For businesses to start, they must first comply with the law of the country. The law must be able to address and redress the neglect or social irresponsibility of businesses so as to make society a better place. Carroll points out that business must fulfill the responsibility to obey the law. This includes a wide range of laws and regulations that businesses need to comply with. These laws govern business practices such as health and safety, competition, employment and contract, procurement and consumer rights, etc.

Although laws help regulate business, we can find examples that suggest that this is barely enough (see scenarios a and b above). There are always gaps in these laws or regulations to be exploited by businesses, even in the more developed societies with strong institutions. Moreover, the ever-changing nature and scope of business operations driven by technology and globalization have made many laws inadequate. This is due to the twin challenge of weak law enforcement and judicial systems, especially in developing nations. To appreciate this point, consider this hypothetical situation:

A hotel agreed to an offer of 100 million nairas from a major political party as rent to use the hotel's facility for their upcoming national convention. The hotel manager is excited that the deal would give the business an after-tax profit of about 35 million nairas. In his report to executive management, the manager points out that the major challenge



in organizing the event is the parking space for guests. The hotel's car park can only accommodate 40% of delegates expected at the event. Since the hotel is located along a major motorway, the foreseeable consequence is that the event will exponentially increase traffic on the road. The overflow of parked vehicles from the hotel into adjoining streets would significantly harm other road users and neighbors. To minimize harm to other road users, management approved that a car park proximate to the hotel be rented at 12% of the expected profit from the deal.

The above scenario shows that the business does not breach the law if it decides not to take any ameliorative action to avert harm to other road users. However, there is a responsibility to avoid harm by introducing some ameliorative interventions in its planning. This type of responsibility is categorized as an ethical responsibility. Many argue that there are no compelling incentives to take this kind of action that can cut back on profit (in the case above, about 12%). To highlight this, also imagine an alternative scenario where it is proven that there is an actual legal infraction. Let us say, for example, that the business and not the individual car owners who park on the streets are at risk of being charged for a traffic offense. The slow grind of judicial processes and the vulnerability of law enforcement institutions to corruption, especially in developing countries, often serve as a disincentive to comply with the law. Business commitments to ethical responsibility can be especially helpful in this circumstance. The more individuals and businesses act because they recognize that it is the right thing to do and not just for mere legal compliance, the better the common good is promoted.

### **2.3 Ethical Responsibility**

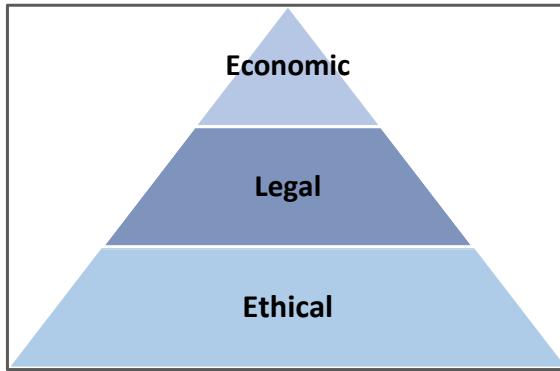
After arguing for the economic and legal responsibilities, Carroll introduces the ethical responsibility of business. Here, Carroll talks about the responsibility of businesses to do the right thing, to act morally. This goes beyond the narrow limits or minimum of what the law often requires from businesses and moves to demand more in terms of specific actions. For example, how a business treats its employees and the working conditions the business offers or how it relates to consumers, suppliers, etc.

Carroll had assumed that profit and compliance to laws are the only true basic business requirements while ethical and philanthropic responsibilities are mere society's expectations from businesses. Since philanthropy involves voluntary and charitable disposition towards others, it may amount to a genuine expectation. Carroll's description is valid, but there seems to be a far more than a semantic problem. An expectation does not equate to a responsibility. Responsibility is more obligatory and can be demanded or need to be accounted for. Ethics is not a mere social expectation but a responsibility and, importantly, a basic business requirement.

It has been argued that ethics and business are inseparable. Evidence shows that ethical irresponsibility in business is more likely to lead to unpleasant results for the business and society, such as disregard for human dignity and fulfillment, consumer boycotts, and even loss of profitability. The need for ethics in business becomes clearer when profit-oriented decisions start negatively impacting society and the environment. The argument that ethics have no business with business (Friedman, 1970) is increasingly unpopular. To think that businesses have no ethical responsibility beyond obeying the law is unreasonable considering the far-reaching implications of business decisions on humanity. Businesses should not be thought of strictly as separate from society nor should business actors be considered separate from humanity. It is an exercise in contradiction if one is willing to agree that the decisions and actions of individual citizens are subject to ethical consideration while the decisions and activities of businesses should not.

## 2.4 Philanthropic Responsibility

Carroll believes that after the economic, legal, and ethical responsibilities, the next layer of responsibility is what he calls philanthropic. This is where business goes beyond acting legally or ethically to start giving back to society. For example, business owners fund community or charitable projects such as sponsorship of scholarships or local sports teams, giving staff time off work to support community initiatives, etc. As already argued, philanthropy is a social expectation and as such should come



**Fig. 2** Humanistic CSR model

after a business must have satisfied its responsibilities; ethical, legal, and economic responsibilities in that specific order (Fig. 2).

One very clear idea that stands out in Carroll (1979) is the fact that CSR involves more than one aspect. This idea set Carroll apart from CSR studies before him. However, like those before him, Carroll insists that economic responsibility is the primary responsibility of business. This attempt to ground CSR ultimately in economic terms has influenced CSR scholarship to a relationship between corporate social responsibility and corporate financial performance, almost a cause-and-effect relationship (Arnaud & Wasieleski, 2014). To rethink Carroll's framework will be to reorder the social responsibility priority to reflect a more humanistic CSR framework. This framework considers the following priorities in their relative order of importance: Ethical requirements, legal requirements, and economic requirements.

We acknowledge that businesses are required to be profitable and self-sustaining. It also follows that a business can best fulfill its responsibility when it is profitable. However, businesses do not also exist in isolation or in a vacuum. Businesses are not separate from the community. A business is like any other citizen with rights and duties. Communities are founded to promote the common good. Hence, businesses cannot pursue their objective of profit maximization without considering the well-being of others. To ensure that the profit objective of businesses does not harm the community, social responsibility needs to be grounded in ethics. It is not

enough to have laws, and it often only covers the minimum. As stated earlier, the judicial system in many parts of the world is less than efficient considering the delays and financial requirements to prosecute a case. Even in societies with efficient judicial and law enforcement systems, the recompense often awarded for social irresponsibility is usually incommensurate to the harm inflicted on society. Another point to note is that some laws are quite unjust and objectionable and socially irresponsible businesses easily take advantage of such situation.

### **3 CSR in Hospitality Practice**

We can infer from our foregoing discussions on Carroll's four-part framework that businesses have a responsibility to take care of their shareholders, customers, employees, the larger society, and the environment. This recognizes the three main bottom-line of business-care for people, the physical environment, and profit. To begin with, we recognize that businesses in the hospitality space have contributed significantly to society in areas such as job creation, development of new facilities for leisure, travel and connectivity, and the appreciation of local industry and craft.

However, the activities of some of these businesses also create some unpleasant experiences and cause intentional and unintentional harm such as polluting the surroundings, processing food in an unhealthy and unsafe environment, or exploiting employees with low wages and long work hours. Studies have shown that some businesses have taken up initiatives to minimize the negative impacts of business activities on people and the physical environment.

These initiatives often include social initiatives such as ensuring safe and dignified work conditions, fair and timely payment of wages, encouraging workforce diversity, and other progressive work conditions. As a result, customers are becoming more interested in the social performance of the businesses. They like to patronize a business that commits to basic ethical principles regarding their relationship with their employees and society. Even in situations where customers do not particularly care about how the business treats its employees, they surely care

about meeting cheerful and motivated rather than fatigued and long-faced employees. This shows that when businesses simply treat employees as cost and fail to recognize their humanity, they significantly harm their fulfillment as persons. Unfortunately, the customer often also bears the brunt of that indifference.

Employees are neither tools nor assets of the business. Unlike tools and assets, which serve as a means to an end and whose worth is defined by its relative utility, employees are radically different because they are ends in themselves. In outlining his categorical imperative, Immanuel Kant speaks to this basic character of humanity as an end in itself. Humans are required never to treat others merely as a means to an end but always as ends in themselves (1785). That is, as valuable business partners whose relationship with the business is that of cooperation for mutual benefits. The main point here is that there is a relationship between getting employees happy and fulfilled and getting customers who come to the business happy and fulfilled.

There are also some attempts to minimize the negative impacts of business activities on the environment through practices such as the reduction of water and food waste in restaurants, commitment to clean energy and energy conservation in hotels, increase in fuel efficiency in airlines, and elimination of noise pollution from loud music in open pubs. Contrary to widely held claims which suggest that the more a business invests in environment management and sustainability systems, the greater the cost. It has been argued that over time, businesses that invest in such systems improve operational efficiency by reducing waste production and water usage, increasing energy efficiency, recycling, and so on. These are specific means businesses can reduce its cost. The point here is that the well-being of man depends directly or indirectly on the protection of the environment. This places on businesses the moral responsibility to protect the environment. The foundation of this responsibility is strictly in the interest of man. Therefore, in trying to assess environmental responsibility and how it impacts interest pulling at the other end, such as profit, the ultimate standard is the well-being of the human person, directly or indirectly; affected now or in the future.

Some businesses have also focused more on philanthropic initiatives such as donations to schools and hospitals and funding scholarship and feeding programs for the poor, just to mention a few. Although these philanthropic initiatives are voluntary, studies have identified some countries implementing mandatory CSR for businesses (Cheruvalath, 2017). Mandatory philanthropy is no longer philanthropy because it moves from social expectation to a business requirement. This effectively collapses philanthropy into a legal responsibility. However, there is strong evidence to show that there are benefits for businesses that take philanthropic initiatives seriously. For example, the involvement of the Nigerian airline business, Air Peace, in the free evacuation of Nigerians back to Nigeria from South Africa during the infamous xenophobic killings by indigenous South Africans in 2019.

This effort gained not only favorable media attention but it also led to a positive brand image and awareness. For instance, the CEO of the business, Mr. Allen Onyema, received both local and international commendation for the decision of Air Peace Airline to prioritize humanity over economic considerations. Consequently, many Nigerians, including senior government officials and Federal Lawmakers, vowed to give the first priority to Air Peace when flying to any part of the country (Adepegba, 2019).

Hilton Hotels & Resorts provides another relevant example. On 6th April 2020, Hilton Hotels & Resorts announced a donation of one million free hotel room nights for health care workers fighting against the coronavirus pandemic in the United States of America. Many frontline workers at that time were advised not to return to their homes due to the risk of exposing their loved ones to the virus. The clear alternative was for health workers on duty to sleep in office spaces, benches and make-shift tents after several hours of attending to health emergencies. It is important to note that Hilton Hotels & Resort's decision came at a time when hotel businesses were experiencing precipitous declines in occupancy and loss of profit (Hilton ESG Report, 2020). This human-centric business decision contributed significantly to sustain the fight against Covid-19 and also demonstrates the priority of the well-being of the healthcare workers and the common good.

Soon after Hilton Hotels & Resorts made its announcement, Marriot International announced on 9th of April 2020 that it would support frontline healthcare workers with accommodations, essential protective equipment, food, and other essential resources. The reputational capital derivable from such social initiatives as discussed above is significant and often translates to public goodwill. Customers are, in turn, more willing to identify with and even pay premium prices patronizing such businesses. The point here is that philanthropic initiatives are meaningful when a business has first satisfied its basic responsibility to its employees, customers, shareholders, suppliers, the environment, and other relevant stakeholders. For example, it would be unreasonable for a restaurant that offers its waiters undignified wages and an unsafe and unhealthy environment to initiate and fund a school feeding program.

CSR practices can also encourage customer loyalty due to a positive perception of service, and this goes a long way to improve the brand. This is particularly true in the hospitality industry, where products are non-material, and customers typically directly experience the products and not through a third party. A highly competitive industry that provides substitutable services like hotel rooms creates product differentiation and can be a significant competitive advantage. Also, studies have shown those social and environmentally conscious consumers and their (consumers) emerging appetites that need to be satisfied have created a unique demand, especially in the travel, restaurant, and hotel space. Many green environment-complaint hotels take advantage of the demand for green hotels, an emerging market that considers sustainability when making hotel decision choices. Finally, evidence suggests that businesses that prioritize social responsibility have better employee satisfaction and motivation records. This shows that employees stake pride in and want to work for a business with a reputation for doing what is good. This will typically lead to reduced employee turnover, which is a long-standing problem in hospitality business.

In practice, public good is often taken to imply philanthropy. This usually includes the support businesses provide for social initiatives like donations for building hospitals, a public library, funding scholarships, and other social welfare initiatives we have pointed out in the preceding discussion. While it is true that support for a social project is a worthy

cause, it is not all there is to CSR. For example, there is the moral responsibility of business not to cause intentional harm, to be just, and so on. In fact, there are conditions under which donations by businesses in support of social initiatives are controversial and arguably will not be considered as CSR. Take the following two as an example: (1) Support for social initiative primarily with marketing or reputational objective and (2) support for social initiative to make up for intentional harm caused by the activities of the business (Elegido, 2009).

For example, given the growing number of social and environmentally conscious consumers and their (consumers) emerging appetites that need to be satisfied, some businesses have collapsed CSR into a marketing strategy to meet their economic objectives. Although some scholars have emphasized the relationship between CSR and Corporate financial performance, it is important to keep in mind the need to maintain balance. That is, to de-emphasize the idea that economic objective is the ultimate end of the business. The clear implication of undertaking CSR as one more marketing tool is that it becomes a means to an end—profit maximization. The assumption here is that there is a chance that this approach will lead to a win–win situation. That is, serve the interest of both the business and the society.

The problem here is that CSR collapsed into a marketing portfolio, forms one more line item in the budget. The budget for marketing promotions typically hits the cost center and is built into the product's price, which the customer will ultimately bear. This then invalidates the assumption that CSR involves some form of profit-sacrificing or hinders profit maximization. The second challenge with this approach is that it is often taken for granted that CSR is about choosing social or environmental initiatives to pursue. Often CSR can be a dilemma. That is, trying to resolve tensions between competing responsibilities. Recall the example of the restaurant owner who has to decide whether to invest in replacing kitchen equipment following employees' complaints. This illustrates the point made earlier, a situation where the interest of shareholders and the interest of society are pulling in two different directions. The third but associated problem with this approach is the fact that it erodes sustainable CSR initiatives. This is because businesses with this approach in mind will tend only to support community initiatives that are good for the business and not what the community needs. Again,



support for the social initiative in order to make up for the harm caused by the activity of the business will not pass as CSR no matter how generous it is. It is true that business ultimately involves different levels of risks which often may result in unintended harm. This is significantly different from harm caused due to neglect or indifference to humanity and the common good.

## 4 Why Humanistic CSR

CSR has evolved in the last two to three decades from just being an expectation to a requirement for remaining in business. Some decades ago, it was fine for a business to publish financial reports detailing margins of profit increase or cost-saving and showing that it could run efficiently. Today, the market is more social responsibility-conscious and wants to know more; that is, the business is not making decisions or acting in such a way that does not harm the need and objectives of other stakeholders. As a result, businesses now create CSR reports as well as financial reports. Just as financial reports show how a business has performed over a specific period of time, many businesses also now publish CSR reports showing how it has operated within a given period in terms of meeting its social responsibility obligations. This suggests that while a business aims to attain its economic objectives, people also want businesses to create greater value than just financial value, which is to better humanity.

This shift of social accountability from economic to ethics emphasizes the new social expectation of stakeholders. One outstanding approach that businesses have come to adopt in order to create value that will better humanity is the humanistic management approach. The humanistic approach is rooted in the principle of the common good and involves cooperation to promote those conditions in business that allow for human flourishing. Notice that we speak of the following: (1) cooperation and not a strict war-like competition; (2) the good of all and not self-interest and (3) human fulfillment and not maximizing economic gain. Humanistic CSR, therefore, refers to any CSR model that goes beyond wealth creation and contributes to the well-being of society by

recognizing and prioritizing the dignity and humanity of all business actors in the course of defining and carrying out business activities.

Humanistic corporate responsibility also involves creating opportunities for people to work in environments where the purpose and ways of doing things are not only efficient but just. This is because not everything that is efficient is desirable. It is possible to have a socially irresponsible business and yet structured and run efficiently. In addition to the capacity of a business to sustain itself, it must be just or if you like, ethical. This includes the recognition and respect for the dignity, freedom and self-realization of all human actors involved in a business activity. In the context of freedom, individuals should be able to decide and choose freely, actions that contribute to their personal development and ultimate fulfillment. To achieve this, it is important that the foundation of the business is right from conception. What does the business want to achieve? In other words, what is the mission of the business? The mission statement should be concrete, feasible, and just. By justice, we mean that the businesses need not be reduced to the achievement of individual gain but designed to align to the promotion of common good. When the mission statement is reduced to individual gains, it takes away the possibility of cooperation and entrenches conflict (of interest). It is also common knowledge that business structures, systems, policies (including CSR), processes, and culture are all influenced by the mission of the business. Therefore, a healthy humanistic CSR begins with the mission statement.

## 5 Conclusion

This work has examined Carroll's four-part hierarchy of business responsibilities and notes that there is the need to reorder and prioritize ethics as the foundation of CSR in hospitality. Through this lens, we have seen that although philanthropy promotes public good, it is only a social expectation, and businesses need not prioritize it over its social responsibilities. Although ethical, legal, and economic responsibilities have different requirements, they are interconnected and should ultimately have as an end, the good of man. CSR can be used as a means

to increase profit, provided that the business fulfills all its responsibilities to those who work in and for the organization, to the community, and to the environment. To fulfill these responsibilities, stakeholders in the hospitality business have to understand that social responsibility is human-centric and not simply profit-oriented. It is also not about philanthropic activities as most businesses see it today. Businesses' decisions will better serve the business when it promotes not just the self-interest of its owners but the good of all humanity as the means, circumstances, and opportunities afford it.

**Action Prompts**

Take decisions that promote the good of humanity.

Prioritize ethics as the foundation of CSR.

Understand that corporate responsibility should be human-centric and not profit-focused.

**Study Questions**

1. Is the future chosen correctly for the business? Is the mission statement of the business concrete, feasible and does it support the development of the human person?
2. Does the business structure, policies, and culture create opportunities for employees and customers to make decisions and cooperate freely towards promoting the common good?
3. Does the business recognize the well-being of the human person, directly or indirectly, affected now or in the future as the standard of deciding its actions and responsibilities?

### Chapter Summary

Over the last two decades, businesses in the Nigerian hospitality industry have felt the need to rethink their commitment to Corporate Social Responsibility (CSR) due to the growing number of social and environmentally conscious consumers and their (consumers) emerging appetites that need to be satisfied. Stakeholders in the industry find it problematic reconciling emerging consumer appetites with the responsibility to stay competitively strong in the market as well as maximize profit. In other words, they seem to think that their corporate responsibility to society and their business sustainability are separate ventures. While it is clear that the responsibility of businesses goes beyond making-profit to include responsibilities to others such as: host communities, employees, and the environment within which they carry out their business activities, it is a worthwhile task to clarify which approach to CSR best creates a sustainable corporate responsibility practice that offers value, not only to the emerging market of social and environmentally conscious consumers; but also to all stakeholders in the business. Archie Carroll (1977) had proposed a four-part CSR framework that has, over time, shaped the understanding, strategy, and level of commitment of many businesses within the hospitality industry. Carroll's CSR model offers important benefits over competing models of CSR. His quadrant of economic, legal, ethical, and charity dimensions to CSR are useful in thinking about the social responsibility of businesses in the industry. However, this work argues that Carroll's idea of placing economic and legal responsibility at the heart of his CSR model is problematic when considered from a developing country perspective where enforcement of legal and regulatory frameworks are weak or almost non-existent. A strict implementation of Carroll's model can create a poor foundation for legitimate business growth. It is the position of this work that ethical responsibility is the foundation of the social responsibility of businesses and not just a social expectation. Thus, Carroll's CSR model needs to be reordered to take into account the significant role of ethics in promoting the conditions for human flourishing through a humanistic approach to CSR. This research adopts a qualitative analysis approach which involves critical analysis and conceptualization of Carroll's CSR framework to examine their adequacy to match the unique demands of the hospitality industry and human flourishing.

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