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# CORPORATE SOCIAL RESPONSIBILITY IN VENEZUELAN HOTELS

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#### Abstract:

This paper analyzes the role of Corporate Social Responsibility (CSR) in the hotel sector of Mérida State (Venezuela) and its contribution to the sociocultural dimension of local development. A theoretical framework is presented that supports the subsequent empirical analysis. Summary is made of the public policies related to CSR and the tourism sector, and the characteristics of the State of Merida where the tourism activity that is going to be analyzed is carried out. Next, the empirical part is developed. The managers of the hotels were surveyed, using a questionnaire adapted from indicators of the ETHOS Institute. Average values of the different items are obtained by dimensions, themes and indicators and a logistic regression model is applied. The Governance and Management dimension has high compliance with anti-corruption practices. In the Social dimension, three indicators are highly valued (relationship with consumers, monitoring the impact on human rights and relations with employees) and three less valued (support for the development of suppliers, commitment to the community and professional development). Additionally, three aspects of CSR contribute to the sociocultural dimension (vision and strategy, human rights and sustainable use of resources) and represent 58% of the larger hotels, with most category, and longest seniority.

**Key words:** corporate social responsibility, local development, hotels, sociocultural dimension, Venezuela

#### 1. Introduction

The local ambit is the space where participates in the collective action, local administrations are closer to the problems and citizens to act more immediately and effectively and is a carrier of cultural and historical wealth that gives local production a specific character (Boisier, 2003). Companies are another agent of the framework that

promotes local development; his performance is based on three paradigms (Kliksberg, 2006): 1) narcissistic, focused on purely economic aspects, 2) philanthropic, focused on punctual financial aid events but without broad and sustained commitments over time and 3) socially responsible, incorporating socio-environmental factors into their objectives and collaborating with different stakeholders. In this last paradigm is the Corporate Social Responsibility (CSR) as a business strategy that contributes to sustainable development and generates shared value for the company and society (Aguinis & Glavas, 2012).

In the tourism sector, CSR is an organizational management model that allows the company to develop its activity by integrating interests and needs of customers, suppliers, public administrations and the community into the business strategy (Moscardo & Benckendorff, 2015; Mowforth & Munt, 2015). The tourism sector helps local development because it has a growth rate that exceeds five times that of the global economy as a whole (UNWTO, 2020) and has an impact on poverty reduction because (UNDP-UNEP, 2015): 1) is a dynamic sector that contributes to the development of other economic activities through its diversified supply chain, 2) develops other sectors, 3) influences the design of infrastructures, urban and architectural spaces with respect to the environment that points towards the quality of life of tourists and residents, and 4) tourist movements in less developed countries grow faster than in the developed world because their assets have enormous value to the tourism sector (culture, traditions, landscape).

Hotels are key players in the tourism sector with a great impact when it comes to materializing CSR actions, they generate a significant part of employment and incomes, have a relevant socio-economic effect, and environmental impact (WTTC, 2019). Rodríguez et al. (2013) consider that the hotel chains, due to their size and visibility, are the ones that have most committed to CSR actions, although mostly of an environmental nature, seeking to save costs and cover new market segments.

The hotels begin to consider the sociocultural dimension as a key element of their CSR policy because it complements the attractiveness of traditional tourist destinations, improving their competitiveness and positioning in the market (Cuccia & Rizzo, 2011; Liu & Lin, 2011). While environmental practices seem to be motivated to obtain a competitive advantage that reduces costs, sociocultural practices are an important long-term investment that is recovered through the ethical reputation of the hotel company (Garay & Font, 2013). Socially responsible behaviour in the sociocultural sphere is also reflected in the rehabilitation and conservation of monuments, buildings and historical sites and in the protection of traditions, crafts and folklore. Such is its importance that tourism planning should also be considered socioculturally sustainable.

Ghaderi et al. (2019) support the argument that CSR has direct and positive consequences (social, economic, legal, ethical and environmental) for hotel performance. CSR studies in developing countries, with emerging international destinations, are limited therefore the work of these authors offers original ideas about attitudes towards CSR and its impacts, which contribute to helping governments in decision making.

Hughes & Scheyvens (2018) conclude that where engagement between hotels and destination communities stems from a focus on prioritising relationships and recognising local knowledge and development capabilities, there is scope for new forms of development conversations to occur and for development alternatives to flourish.

Ertuna et al. (2019) focus their attention on the way in which sustainability and CSR discourses and practices emerge in the collaboration of multinational companies with the local hotels in developing country contexts. Local affiliate hotels seek to acquire local legitimacy in their host environment, despite a standard format imposed by their headquarters. Local necessities and priorities translate themselves into such initiatives in a very limited way in hotel chains. Similar approach has also been observed in the case of the local hotel which is part of a family business group. Family's values and family business headquarter shape the CSR and sustainability strategy and the logics reflecting the local component.

Wojtarowski Leal et al. (2016) understand that localities with a tourist vocation or with an economy already built around tourism, and where large international chains are not yet the dominant actors, have opportunities for building sustainable local development. In areas where the tourist offer is mainly formed by small and medium-sized companies, they may have the conditions to achieve a more socio-environmentally responsible type of tourism, which integrates other companies and productive chains of the tourism sector in synergy towards CSR practices. On this local scale, the coalition of productive companies can acquire enough power to establish local political negotiations that orient local development towards sustainability, participating in and strengthening environmental governance.

Policies and legal environment Global level Technological change Complex Adaptive Intermediate **Smart Tourism** System **Business Ecosystem** Other Tesearch Universities SELF Extended professional **ORGANIZATION** enterprise Touristis Core Business (tourism suppliers, Subsystems Competition Co-opetition core organization, Complementors Excursionists distribution channels) INTERACTION Other industry suppliers Investors and Other Individuals stakeholders Social environment

Figure 1.Smart Tourism Business Ecosystem

Source: Perfetto et al. (2016)

Perfetto et al. (2016) consider that the tourist destination is a business system with an increasing level of complexity. These authors present the concept of Smart Tourism Business Ecosystem, integrating three originally isolated theoretical approaches: Business Ecosystem Theory, Complexity Theory and Smart Tourism. Figure 1 schematizes this concept and allows us to understand the reason why CSR should be the most appropriate business strategy for the hotel sector.

Therefore, the objective of this paper is to assess the contribution of the CSR of the Venezuelan hotel sector to local development. The second section contains the aspects that contribute to the sociocultural dimension. The third section describes the research context with reference to the legal framework of public policies in Venezuela on local development, CSR and tourism activity. The fourth section includes the hypothesis and methodology of the study, the fifth analyzes the results and the sixth summarizes the conclusions.

# 2. Contribution of CSR to the sociocultural dimension of Local Development

The sociocultural dimension of local development constitutes a network of business-culture-territory relations that support the economic, social, political and legal activities that determine the functioning of local economies. It is based on education, culture, traditions, innovative culture and lifestyles of a society and can favor or hinder development processes or the existence of a local entrepreneurial culture, associative practices and common projects (Boisier, 2005).

This dimension integrates values and norms of behavior and coexistence of the population in the territory and is related to attitudes, beliefs, customs and qualifications that define the identity of a society and allows it to distinguish itself from others. It also integrates the moral and ethical assessment of work and the rights of workers, solidarity, entrepreneurial attitude and the assessment of the environment, in addition to sharing the historical past, the present that identifies and differentiates them, and the future project (Albertos Puebla, 2002; CNCA, 2013). According to Madoery (2001), social capital is important because it strengthens trust, norms of coexistence, relationships, agreements and shared values in favor of transforming citizens into social actors for local development. Kliksberg (2006) asserts that any policy that marginalizes social and cultural aspects has profound limitations for development.

Likewise, the sociocultural dimension is a productive factor that generates wealth, dinamizes socioeconomic activity, influences production processes, job creation and technological innovation (Elizalde, 2003). Innovative dynamism, technological diffusion and its management will depend on the sociocultural characteristics of the territory, when the participation of companies, government, universities and technology parks is promoted.

Varela and Mataix (2012) argue that a short vision of the company limits the business culture linked to development and moves away from its contribution to the sociocultural dimension when it does not give relevance to the CSR approach in its objectives. The company's contribution to this dimension focuses on respect for creation of decent and quality jobs, development of employee training, ethics, links with entrepreneurs

local and business partners, relations with the community, cultivating social capital, concern for the environment and their commitment to consider the impact of their activities and decisions on society (Eccles et al., 2011; Herrera et al., 2013).

In this study, the company's contribution to the sociocultural dimension of local development is measured from three aspects: 1) Social capital; 2) Moral and ethical assessment of work; and 3) Education and training, following the recommendations of the sustainable development goals (European Commission, 2019):

- 1) Social capital influences articulation, coexistence and social organization through transparent and equitable relationships. According to Guédez (2010), social capital is an asset of the CSR that manifests itself through: a) cultural social capital composed of concepts, attitudes, values, beliefs of people and groups; b) relational social capital represented in the networks by common interests; and c) structural social capital based on normative and functional decisions and formalities. CSR allows strengthening social capital inside and outside the organization, and being aware of the importance of interest groups in coexistence and social organization. In the framework of relationships with consumers, workers, business partners open channels for community development are promoted that allow listening and identifying their social problems (education, culture, vulnerable groups, and technologies to solve social problems). Likewise, CSR fosters relationships and support for indigenous peoples in the environment, also promoting their traditions and protecting their cultural heritage.
- 2) Moral and ethical assessment of work. The company is based on respect for human rights and working conditions, respect for the religious customs and cultural traditions of its workers, as well as the health and safety in the workplace and social protection for families, participation in decisions that affect their lives and equal opportunities and treatment for women and men, instilling it in its members, in the groups with which it relates and in its environment of influence. These behavior patterns will make the organization more capable of dealing, ethically and legally, with compromising and conflicting situations, political instability, poverty, health problems or activities that affect natural resources or vulnerable groups (European Commission, 2001; ILO, 2020).
- 3) Education and training that drives innovation and key skills for employability, as well as guarantees the supply of specialized labor that benefits the territory, also allows it possible to obtain decent salaries that can attract and maintain quality staff (OECD, 2019).

#### 3. Context of the investigation

#### 3.1 Public Policies on Local Development and CSR in Venezuela

The local development of Venezuela is the *Modelo de desarrollo endógeno* soberano, based on the needs and capacities of own resources and considering the economic, sociocultural and political dimensions of development. It proposes the involvement of the community in the planning of the economy, the use of appropriate

technologies and the consolidation of productive networks. With these lines of action is expected to improve the distribution of wealth, reduce social exclusion and adopt new lifestyles based on values of cooperation, solidarity and reward for productive work. Some legislative contents that contribute to CSR are:

- Ley Orgánica de Precios Justos 2015. This law is a tool of economic regulation (controls prices and business benefits) and competition regulation (illicit behaviour, boycott, manipulation of the offer, or unfair competition).
- Ley Orgánica de Ciencia, Tecnología e Innovación 2014. This law stimulates the
  participation of the private sector and strengthen the capacities of companies and
  their competitiveness channeling investment towards innovative activities.
- Ley Orgánica de Prevención, Condiciones y Medio Ambiente de Trabajo 2012.
   This law proposes three systems: health, social security, and housing and habitat.
   Try to generate quality of employment, employee satisfaction, greater commitment and productivity.
- Ley Fomento y Desarrollo de la Economía Popular 2008. This law creates social
  production companies to generate goods/services that meet the essential needs of
  the community, generating work for disadvantaged groups of the labor market and
  privileging values of cooperation, complementarity, equity and sustainability.

Bigio (2014) explains that the beginning of the 21st century has promoted the aggrandizement of the role of the State with a large number of laws aimed at achieving productive inclusion, reducing inequities and improving the welfare of workers, inside and outside the company, at same time that it increases the tax contributions to companies. This pressure on business significantly reduces the role of CSR. The author proposes readjustments and new dimensions for Venezuelan companies that allow contributing to the mitigation of social imbalance, link with stakeholders and have a communication gateway with state entities that point towards ethical reflection, before signs of corruption, and relational space, before the high social and political conflict in the country.

The legal framework has a highly regulatory and punitive, and minimizes the scope of CSR because (Montoto & Reina, 2014):

- The discussion and efforts focus on ideological issues and the economic model. The
  incorporation of a CSR model into a market system is not conceived as a new form of
  development and of organizing society.
- The companies that are planned in the long term incorporate CSR in their management, but the number of companies is still scarce and their objectives are focused on philanthropy, which is not enough.
- The fiscal environment has incentives and new regulations are constantly being developed, although most of them focus on punishment.
- CSR has not focused on a competitive management model that supports the development of the country's private sector and represents a contribution for the region.

In general, Venezuela is lagging behind in terms of CSR with respect to the Latin American region. According to Guijarro and Zambrano (2014), the large number of Venezuelan laws and regulations makes what should be voluntary obligatory and

increases the difficulties that affect the efficiency and productivity of the country. Venezuela requires social reinvention to modernize its structure and, from the company, can be achieved through spaces of social relationship with common objectives.

#### 3.2 Public Policies on the Venezuelan tourism activity

Venezuela has attached great importance to tourism activity within the institutional structure and the legal framework. Law Orgánica de Turismo 2014 typifies and delimits the entire Venezuelan territory as potentially tourist based on its natural, social, physical, environmental and cultural attributes. The spirit of this law denotes a clear CSR content, establishing that the tourism activity must be governed by principles that address sociocultural, environmental, and economic integrated into sustainable development (Table 1).

# Table 1.Principles governing the Venezuelan tourism

- 1. Sustainable development.
- 2. Tourism training and qualification guaranteed by the State.
- Tourist awareness that allows members of the national tourism system to value and promote the development of tourism activity in conditions of environmental and socio-economic sustainability, and preserve traditions and indigenous cultural manifestations.
- 4. Social inclusion of vulnerable social groups.
- 5. Promotion of national and foreign tourism investment that generates employment, earns foreign currency, improves the quality of life of the population and transforms tourism resources into sustainable products/services.
- 6. Decentralization and popular participation integrated by state and municipal governments and communities organized.
- 7. Optimization of the quality of tourist services to increase the attractiveness of the destination and meet national and international demand.
- 8. Development of a national tourism culture.
- 9. Strengthening of national identity, promoting the intangible heritage with participation of the populations of each locality.
- 10. Customer satisfaction through attractive, safe and higher quality tourism products.

Source: Ley Orgánica de Turismo 2014

At a more specific level, the Law of the National Strategic Tourism Plan 2015-2019 (MINTUR, 2015b) proposes to consolidate tourism as the engine of the Venezuelan economy through four objectives:

Consolidate networks, services and infrastructures touristic, strengthening
interconnection, defining areas of tourism development and promoting
tourism investment. It is expected to achieve revenues of 2,000 million
dollars per year and the incorporation of 60,000 places in the period
covered by the plan.

- Position the product Venezuela internationally, also consolidating national tourism and increasing average tourist spending. It is expected to reach 2,000,000 annual of international tourists and 22,000,000 annual of internal tourists.
- Promote socio-productive tourism inclusion, guaranteeing the democratization of the credit portfolio and the sustainability of projects from communities organized as natural managers of their tourism potential.
- Maximize the quality of tourism services from the environmental and cultural point of view, training in quality management and supervising services. It is expected to consolidate the National Tourism Quality System and raise awareness among 100% of the population about the importance of hospitality in relation to tourists.

Quintero (2005) states that the changes in tourism demand have been linked to a much slower growth in supply, both in qualitative terms and in the quantity of tourism infrastructures and services. In this way, the growth of demand has been shaping an unbalanced tourism model in supply, which is not very competitive and has difficulties to sustainably exploit the autochthonous potential of each region. Culshaw (2005) explains that this problem is due to insufficient government policies that are combined with a traditional poor public management and investor disinterest. The situation is aggravated by the low incentives of the State and the control of currencies, which results in deficient tourist infrastructure, both private and public. The airlines and the aeronautical sector have been affected by economic problems of exchange control. It also affects the shortage of products, failures in telecommunications, energy or water that seriously condition business competitiveness and makes hotels need their own power plants and tanker trucks or hire companies to provide the urban cleaning service, assuming the role of the State.

The competitiveness of the sector has been based on natural resources without generating additional value to the destinations. Still, when the country has had enough economic resources to create a support structure for tourism, no importance was given to the sustainability of the sector, focused on a short-term vision (Alcántara & Longa, 2004).

According to World Economic Forum (WEF, 2019), Venezuela had an index of competitiveness in travel and tourism of 3.1 on a score of 7 and ranked 117 out of 140 countries analyzed. Except in natural resources and price competitiveness, in the rest of the items it occupies low positions (Table 2). These indicators highlight the need to create and/or reinforce public policies that develop lines of action associated with the weaker dimensions and aspects of CSR presented by Venezuela.

Table 2.Indexes of Competitiveness in Venezuela 2019

| · · · · · · · · · · · · · · · · · · ·  |                 |             |
|--|-----------------|-------------|
| Concept                                | Position on 140 | Score (1-7) |
| Travel & Tourism Competitiveness Index | 117             | 3.1         |
| Enabling Environment                   | 130             | 3.6         |
| Business Environment                   | 140             | 2.4         |
| Safety and Security                    | 137             | 3.3         |
| Health and Hygiene                     | 86              | 5.1         |

| Human Resources and Labour Market      | 127 | 3.6 |
|--|-----|-----|
| ICT Readiness                          | 104 | 3.6 |
| T&T Policy and Enabling Conditions     | 133 | 3.6 |
| Prioritization of Travel & Tourism     | 126 | 3.4 |
| International Openness                 | 125 | 2.2 |
| Price Competitiveness                  | 96  | 5.1 |
| Environmental Sustainability           | 125 | 3.7 |
| Infrastructure                         | 117 | 2.3 |
| Air Transport Infrastructure           | 120 | 1.8 |
| Ground and Port Infrastructure         | 134 | 2.0 |
| Tourist Service Infrastructure         | 101 | 3.0 |
| Natural and Cultural Resources         | 36  | 3.1 |
| Natural Resources                      | 28  | 4.1 |
| Cultural Resources and Business Travel | 49  | 2.1 |

Source: WEF (2019)

Law Plan de la Patria 2013 includes different objectives and instruments in tourism development policies and the National Strategic Plan for Tourism (Sector Plan) 2014-2019 develops these contents (Table 3).

Table 3. Projects in Tourism, 2015

| Historical Objective_To convert Venezuela into a social, economic and political power within the great nascent power of Latin America and the Caribbean, which guarantees the creation of a zone of peace in America |   |  |  |  |  |
|--|---|--|--|--|--|
| General Objective  | Proyect   |  |  |  |  |
| Promote the sustained growth of domestic tourism increasing investment in development and improving infrastructure and services  | Consolidation of tourism statistics for decision making |  |  |  |  |
| Increase international tourism that increases the  | Promotion of tourist investment                         |  |  |  |  |
| income of foreign currency, strengthening non-traditional destinations   | Strengthening popular power                             |  |  |  |  |
|  | Strengthening national tourism destinations             |  |  |  |  |
|  | Social tourism program                                  |  |  |  |  |
| Strengthen national tourism promotion, particularly,   | Reduction of informal tourist services                  |  |  |  |  |
| depressed destinations and agro-tourism and eco-   | Development of areas of tourist interest                |  |  |  |  |
| tourism ventures   | Inspection of the quality of tourist services           |  |  |  |  |
|  | Dissemination and tourism promotion                     |  |  |  |  |
| Promote quality in services/products and tourist destinations through the National Quality System  | Conformation of the National Tourism Quality System     |  |  |  |  |
| Develop infrastructures and services to support through the strengthening of roads, ports and airports   | Improvements in public tourism infrastructure           |  |  |  |  |
| Adapt the educational system to the productive model   | University Integral Tourist Training Plan               |  |  |  |  |

Source: MINTUR (2015a)

# 3.3 Tourist Activity in the Mérida State

Mérida State is located in the middle part of the Andean region of Venezuela, between the mountains of La Culata and Nevada, where the highest peak, Bolívar (5,007 m.) and the national parks of the same name are found. The climate, fauna and vegetation are attractive sources for tourists. Its economy, based on agriculture, livestock, fishing and important timber production, the development of artisanal trade and services in its

surroundings, fine arts and nature, where the hotel offer has been created (Instituto Nacional de Estadística, 2013).

The Páramos route facilitates contact with nature (adventure tourism, agrotourism, sports) and is enriched with cultural heritage and biodiversity. An example of community-based tourism networks are *Mucuposadas*, developed by the *Fundación Andes Tropicales*. *Mucoposadas* are traditional houses, equipped to provide accommodation, managed by their owners and located in rural areas where natural beauties and culture are combined in an intimate relationship with local populations. The inhabitants of the area are offered as mountain tourist guides. These activities are inserted in the dynamics of local development of the towns in accordance with the CSR practices (Morillo Moreno et al., 2018).

The Mukumbarí Cable Car is the tallest and the second longest in the world; generates a flow of tourists of approximately 500,000 visitors per year, stimulating the growth of domestic and international tourism and foreign currency for the country. It is a work of the national government that combines technological progress with socio-environmental improvements. It is conceived as a productive nucleus of socio-economic and political transformation, around which restoration works, cultural programs and undertakings are promoted that make up a tourist space icon of the State (MINTUR, 2015a).

The evolution of the hotel sector has been unbalanced. The categorized accommodations have been displaced by not categorized, as a result of the distortion in the offer and the lack of State control that affects the quality of the infrastructures, the scarce preparation of the sector's workforce due to the scarcity of training activities and the lack of exploitation of the natural potentialities. It is perceived a sector lacking coordinated public policies and little adapted to international standards. In the hotel sector, contracts with a young and mostly female population prevail because they are more receptive to training. There is also evidence of a low capacity for management and linking of hotel management with public policies (Villasmil, 2014).

A very positive aspect is the existence of the Hotel-School University College of Los Andes Venezolanos, created in 1988 with the professional advice of the Hotel-School of The Hague. Under the philosophy of learning-by-doing, responds to the needs of professionalization for the sustainable development of the Venezuelan tourist activity, integrating values of social responsibility.

According to the Instituto de Investigaciones Económicas y Sociales (1999), the prospects for the year 2020 indicate an impulse of the as a national tourist destination. Its natural riches and its traditional academic vocation, in which the University of Los Andes stands out, make this region the largest tourist and student center in western Venezuela.

# 4. Hypothesis and Methodology

For the study of the hotel sector of the Mérida State, a questionnaire is prepared, addressed to those responsible, with indicators from the Instituto Ethos (2013) in a version of the Latin American CSR Program harmonized with the ISO 26000 guidelines and the G4 standards of *Global Reporting Initiative* (GRI, 2014). These indicators integrate four

dimensions: 1) strategic vision, 2) governance and management, 3) social, and 4) environmental, which will serve for the formulation of hypotheses.

H<sub>1</sub>. The hotels carry out CSR actions with a high degree of compliance in the four dimensions.

H<sub>2</sub>. The hotels contribute mainly to the sociocultural dimension of local development.

H<sub>3.</sub> The hotels with more seniority, category and size contribute more to the sociocultural dimension.

Table 4.Data Sheet

| Population         | 97 hotels              |
|--------------------|------------------------|
| Sampling technique | simple random sampling |
| Sample             | 80 hotels              |
| Confidence level   | 95%                    |
| Sample error       | ±4.6%                  |
| Reference period   | year 2015              |

The population is composed of 97 hotel establishments registered in the Registro Nacional de Turismo of CORMETUR (2014). Table 4 contains the technical data sheet.

The questionnaire is structured in two parts: characteristics of the hotel, and 96 questions about the four dimensions of CSR mentioned above. Each dimension contains themes, and these, in turn, indicators (Table 5).

Table 5.Structure of the questionnaire

| Characteristic  | s                                      |  |  |  |  |
|---|--|--|--|--|--|
| Seniority   | Years: <5, 5-10, >10                   |  |  |  |  |
| Category  | Stars: 1, 2, 3, 4, 5, without category |  |  |  |  |
| Size Workers Venezuelan classification: 1-4 (micro), 5-20 (small), 21-100 (medium), ≥101 (big). |  |  |  |  |  |
| CSR Dimensi   | ons (Likert scale 5 options)           |  |  |  |  |

#### VISION AND STRATEGY

Theme→Vision and Strategy

Indicator 1.Sustainability strategies to achieve competitive advantage, adapting resources and capabilities to the environment, to meet the needs of customers and stakeholders.

#### **GOVERNANCE AND MANAGEMENT**

Theme→Organizational Governance

Indicator 2.Codes of conduct to guide administrators and employees in their professional conduct.

Indicator 3.Enhancement of cooperation with stakeholders.

Theme→Operations and management practices

Indicator 4.Anti-corruption practices and mechanisms.

Social

Theme→Human Rights

Indicator 5. Monitoring the impact on human rights.

Indicator 6.Control mechanisms in the supply chain to eradicate the exploitation of child labor.

Indicator 7. Control mechanisms to eradicate forced labor with severe deprivation.

Indicator 8.Promotion of diversity and equity by ensuring the development of talent in equal opportunities.

Theme→Work practices

Indicator 9. Adoption of criteria that guide the relationship with employees.

Indicator 10.Remuneration and Benefits. Programs that value the skills of their workers through transparent career management.

Indicator 11. Commitment to professional development.

Indicator 12.Behaviour in relation to dismissals and employability.

Indicator 13.Employee health and safety programs.

Indicator 14. Working conditions and quality of life.

Theme→Consumer issues

Indicator 15.Attention to the consumers, before, during and after the sale/rendering of the service and improvement of the efficiency and security of products/services.

Indicator 16.Identification and mitigation of potential impacts of its products/services on the health and safety of consumers.

Theme→Participation in the community

Indicator 17. Management of the impacts of the company in the community.

Indicator 18. Commitment to the development of the community (social actions).

Indicator 19.Networking with local entrepreneurs to support the provider that benefits the community and helps ensure a stable economy with an efficient supply.

#### **ENVIRONMENTAL**

Theme→Environmental management system

Indicator 20.Environmental management system defining planning, implementation and evaluation stages.

Theme→*Contamination* 

Indicator 21.Environmental behaviour. Identify sources of contamination, measure and mitigate their impacts, comply with the law, invest in clean technology, educate and raise awareness among workers, consumers and chain of value.

Theme→Sustainable use of resources

Indicator 22.Materials.

Indicator 23.Water.

Indicator 24.Energy.

Source: Instituto Ethos (2013)

To demonstrate the contribution of CSR to the sociocultural dimension of local development, a logistic regression model is applied.

$$P(Y = 1) = \frac{1}{1 + e^{\beta_0 - \beta_1 X_1 - \beta_2 X_2 - \dots - \beta_k X_k}}$$

Y=dependet variable

Xj=independent variables

β<sub>i</sub>=regression coefficients of independent variables

e=exponential function

A coefficient  $\beta_j$  close to zero indicates that changes in the explanatory variable  $X_i$  have no effect on the dependent variable. In the case of study, if the result tends to 1, there will be more probability that the hotel contributes to the corresponding dimension.

The sociocultural dimension of local development is made up of the items on CSR issues (Table 5) related to social capital, moral and ethical assessment of work, and education and training. The average variable of each of the 80 hotels will be called Contribution to Local Development and will be the categorical dependent variable, transformed to dichotomous. Averages of ratings greater than three means that it contributes (1) and three or less, does not contribute (0).

The independence of the variables is verified with the Chi-square test, crossing the dependent variable with independent variables. Under the null hypothesis, we want to know if there are significant differences between the observed and expected frequencies. If the null hypothesis is rejected, there is a relationship.

To select the variables of the model, the forward step method is used, which contrasts the input of the variables with the significance of the scoring statistic and its exclusion, depending on the probability of the Wald statistic. The model with the greatest explanatory

capacity is chosen in relation to the probability ratio that the company, through its socially responsible behaviour, can contribute to local development.

#### 5. Results

For the interpretation of the results, we obtain averages of the dimensions and the themes that compose it. High compliance is considered values between 4 and 5, moderate between 2.5 and 3.9, and low under less than 2.5.

The *Vision and Strategy* dimension was analyzed with a single theme and indicator, sustainability strategies. It obtained an average of 3.4, which indicates that hotels show a moderate level of compliance in this dimension. The *Governance and Management* dimension had an average of 4.1 (high compliance). The *Social* dimension has a moderate behaviour (3.5). Finally, the *Environmental* dimension indicates moderate compliance (3.4) (Figures 2, 3 and 4).

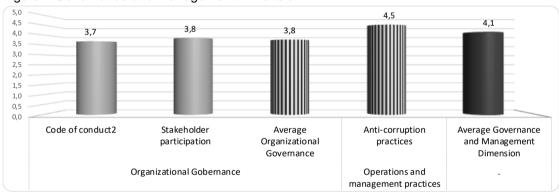
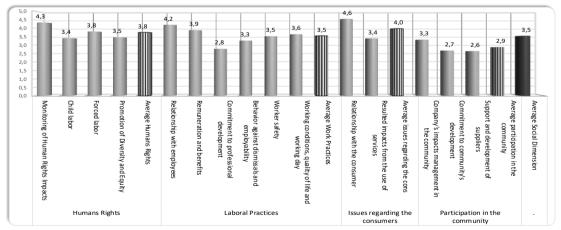


Figure 2. Governance and Management Dimension





5.0 4,5 4,0 3,8 3 6 3.5 3 5 3.4 3.5 3.1 3.0 2.5 2,0 1,5 1,0 0,5 nη Environmental Contamination Sustainable use Sustainable use Sustainable use Average Average management prevention of material of water of the energy sustainable use Environmental system resources of resources Dimension resources resource Sustainable use of resources

Figure 4. Environmental Dimension

In the construction of the model that explains the contribution of hotels to the sociocultural dimension of local development, the independent variables are the ten CSR topics (Table 5). The dependent variable is Contribution to Local Development.

Table 6 shows a logistic regression model that includes four themes: sustainability strategies, organizational governance, human rights and sustainable use of resources. Organizational governance was out not significant at 5% and the second model excludes this variable (Table 7). This second model is more consistent. According to Cox and Snell's R2, the independent variables explain 63% of the variability of the dependent variable and Nagelkerke's R2 of 85%, which reflects a good fit of the model and explanatory capacity.

To verify if the predictive model is correct, the Hosmer and Lemeshow test of goodness of fit is calculated. The test shows a significance of .726 (p>.05), with which the model is able to predict the contribution of the hotel to the sociocultural dimension of local development.

Table 6.Model (1) of Linear Regression

| ` ,                           | •       |        |       |    |      |          |
|-------------------------------|---------|--------|-------|----|------|----------|
|                               | В       | E.T.   | Wald  | gl | Sig. | Exp(B)   |
| Sustainability strategies*    | 7.533   | 3.667  | 4.220 | 1  | .040 | 1869.021 |
| Organizational governance     | 5.894   | 3.292  | 3.206 | 1  | .073 | 362.825  |
| Human rights*                 | 2.906   | 1.397  | 4.325 | 1  | .038 | 18.275   |
| Sustainable use of resources* | 4.975   | 2.517  | 3.906 | 1  | .048 | 144.788  |
| Constant                      | -52.324 | 24.779 | 4.459 | 1  | .035 | .000     |
|                               |         |        |       |    |      |          |

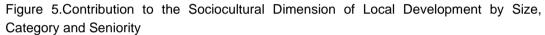
Table 7.Model (2) of Adjusted Linear Regression

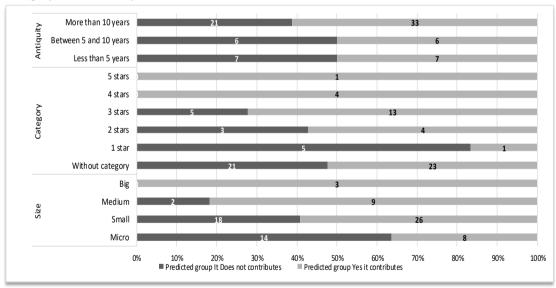
|                                 | В       | E.T.  | Wald   | gl | Sig  | Exp(B) |
|---------------------------------|---------|-------|--------|----|------|--------|
| Sustainability strategies***    | 3.329   | .935  | 12.667 | 1  | .000 | 27.905 |
| Human rights**                  | 1.586   | .806  | 3.866  | 1  | .049 | 4.883  |
| Sustainable use of resources*** | 1.995   | .753  | 7.026  | 1  | .008 | 7.350  |
| Constant                        | -16.696 | 4.617 | 13.078 | 1  | .000 | .000   |

As the  $\beta$  coefficients are positive, it is understood that it represents an increase in the predicted probability of contribution to the sociocultural dimension of local development. The Exp (B) associated with each significant variable indicate that hotels that demonstrate socially responsible behaviour in these issues contribute so many times more advantages to the sociocultural dimension of local development than one that does not, especially in the area of strategies of sustainability, which represents about twenty-eight times compared to a hotel that does not consider the important issue.

A hotel is correctly classified by the model if its observed value matches the value estimated. In this case there is an accuracy of 93.8% in the prediction. The model is represented in the following formula.

$$P(Y = 1) = \frac{1}{1 + e^{16.696 - 3.329 \text{sustainabilitystrategies} - 1.586 \text{humanrights} - 1.995 \text{sustainableuseofresources}}$$





Finally, the probability for each hotel was calculated and the predicted group to which it belongs was obtained according to whether or not it contributed to the sociocultural dimension of local development. 58% (46 hotels) do it effectively. Additionally, these results are related to seniority, category and business size. The contributing group is characterized by having more than 10 years old and being hotels of higher category and size (Figure 5).

#### 6. Discussion and Conclusions

The objective of this work was to assess the contribution of the CSR of the Venezuelan hotel sector to local development, analyzing hotel establishments in the Mérida State, one of the most touristic destinations in Venezuela.

In the first hypothesis, hotels were considered to carry out CSR actions with a high degree of compliance in all four dimensions: strategic vision, governance and management, social, and environmental. The results indicate that hotels show moderate compliance. The Governance and Management dimension is the only one with high compliance. Of the 4 items with the highest score, 3 focus on the Social dimension (relationship with consumers, monitoring the impact on human rights and the relationship with employees) and 1 on the Governance and Management dimension (anti-corruption practices). Low compliance is observed only in the Social dimension (support for the development of suppliers and commitment to community development, management of social actions and professional development). This assumes that the first hypothesis is partially fulfilled. These results differ from the conclusions of Peña Miranda (2018) who analyzes CSR in hotels in Colombia and concludes that these companies have a minimum, low and medium range of CSR application and they value the economic contribution of CSR more than socio-environmental aspects.

The second hypothesis stated that hotels contributed mostly to the sociocultural dimension of local development. The results indicate that its contribution is 58%; this contribution is made through three CSR issues: vision and strategy, human rights and sustainable use of resources. The second hypothesis can be considered fulfilled because the percentage exceeds 50%. This issue must be reinforced with lines of public action aimed at the sector that promote the application of broader CSR actions and encourage the increase in the number of hotels willing to apply them.

This contribution is more important in hotels of larger size and category and with an age of more than 10 years, so it can be said that it meets the third hypothesis. Although a good part of the hotels contributes with socially responsible actions, some of their strategies are directed especially towards their participation in the community and in the development of the professional competences of their employees. The results of this analysis coincide in part with the conclusions of Rodríguez et al. (2013), because, although there are some hotel chains, a good part of the companies of the Mérida State are independent, small and medium-sized hotels, which act understanding the CSR as a socio-environmental challenge.

According to Abaeian et al. (2019), CSR is a dynamic concept involving complex struggles and trade-offs between fulfilling business objectives, paying heed to personal ethical values and considering cultural norms when making decisions regarding the adoption of a range of environmental and social initiatives that especially affect the local environment. Venezuela is in a chaotic political-economic situation, but it has a lot of potential. In this context the conclusions of Wojtarowski Leal et al. (2016) are of special interest because they place emphasis on localities where the economy built around tourism does not focus especially on large international hotel chains but on local offerings. These localities become opportunities spaces for building sustainable local development.

In these areas they have the conditions to carry out local work aimed at achieving a more socio-environmentally responsible type of tourism, which integrates other companies and productive chains of the tourism sector in synergy with practices of CSR. On this local scale, the coalition of productive companies can acquire enough power to establish local political negotiations that orient local development towards sustainability, participating in and strengthening environmental governance. Therefore, these results can serve as guidance to local authorities that plan tourism in political decision making to identify areas for improvement, prioritize needed projects, manage risks effectively and create performance benchmarks.

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