The Impacts of CSR of Hotels on the Socio-Economic Development of the South Tongu District of Ghana

Christian Okofo Atta Anokye, Gyongyi Steinbachne Hajmasy, Agnes Raffay-Danyi

Abstract

Corporate social responsibility (CSR) has become a key strategic initiative of companies in recent years. The relevance of the topic has grown since the outbreak of COVID-19. The study assesses the socio-economic impacts of corporate social responsibility of hotels in Ghana considering the types of corporate social responsibility activities engaged by the hotels, the socio-economic impacts of those CSR activities, and the advantages of CSR to the hotels. This study employed both interviews and questionnaires. Data from four hotels in the Sogakope community was collected through interviews. Four managers of the long-serving hotels in the community were interviewed. As well, a structured questionnaire was administered to the residents of the Sogakope community. Simple random sampling was employed and 157 responses were used for the analysis. Multiple regression analysis was conducted to test the hypotheses. The study revealed that CSR of hotels relates to socio-economic development of communities positively and significantly. There is a direct, positive, and significant relationship between having socio-economic impacts on communities and competitive advantage for hotels. Moreover, CSR strategies and initiatives adopted by the hotels are more geared towards social aspects of the community rather than environmental or economic. This study is one of the few to use both qualitative and quantitative approaches in finding out the socio-economic impacts of CSR on hotels as most previous studies have used either of them. The findings of the study enhance the
knowledge of hotel management about the important role that CSR plays in directly and indirectly promoting the hotel’s performance through reputations and recommendations.

**Keywords:**
Socio-economic, donations, hotels, competitive advantage, community, good reputation

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**Introduction**

Companies in recent years have been summoned to take charge of the effects of their operations on the societies and environment (Egri and Ralston, 2008). This clarion call on companies or organizations has made most develop various schemes that serve the needs of society, the environment as well as the business. (Guidi, 2008). Owing to this, organizations around the world are encouraged to ensure that the needs of the present generation and even posterity are met through their activities positively. Historically, the main “responsibility” of business entities has always been to protect the investment and share value of its shareholders Thus, making a profit for shareholders was the core charge of business organizations. (Burton and Goldsby, 2009, page 246). The deliberations on social responsibility had started ever since the late 1880s till date, however in the last ten years; organizations have begun to take increasing social responsibility initiatives (Adamson and Johnson, 2008). Today, companies are inundated with growing requests for corporate social responsibility. The concern for social responsibility activities has recently received considerable attention in the business environment of Ghanaian society. This has necessitated the development of some regulatory frameworks for ensuring the socially responsible behavior of business enterprises. In this regard, the Ghana Business Code of 2006 is one document of important regulatory frameworks. Many other businesses have not realized the need for
CSR and do not enjoy the advantages of practicing CSR. Managers of these firms have not yet realized the importance of CSR. According to them, CSR is against the main goal of the business which is maximizing profit. To them, engaging in CSR is a matter of paying back the community in a philanthropic way which brings no benefit to the organization. (Lawrence and Weber, 2020). A number of studies on the subject of the socio-economic impact of CSR on the communities they operate have been conducted in advanced economies rather than in developing nations like Ghana. Literature addressing the socio-economic impacts of CSR of hotels on the communities, especially in Ghana is limited. In Ghana, studies relating to the subject have not fully captured hotels, one of the growing business entities. Studies on CSR tend to be general rather than address the social-economic impacts on a particular community where the hotel operates; hence, our decision to undertake this study is to examine the socio-economic impacts of CSR activities of hotels in Ghana.

The following research questions were formulated for the current study:
Q1: What kind of CSR activities are practiced by hotels in Ghana?
Q2: What are the perceived socio-economic impacts of hotels’ CSR on communities in Ghana?
Q3: Have hotels in Ghana got any strategies for managing their CSR activities?
Q4: What advantages do hotels in Ghana get from enacting CSR?

The results of this study can help to reveal how CSR activities of hotels are affecting the communities. Accordingly, it can be useful to hotels in Ghana in forecasting and planning their CSR activities. This study is not only beneficial to the hotels but to the communities in which the hotels operate.

Literature review

The Emergence of CSR

The concept of CSR became common in the USA in the 20th century. There was pressure on firms that their practices were unconventional, dissatisfactory, and harmful
to society. This led to the rise of antitrust laws, and consumer protection groups and laws. Because of the pressure from society on businesses, some business managers started to engage in socially responsible practices instead of concentrating on making profits only. Mele’ (2008), posits CSR is among the remarkable concept in the current management literature around the globe. According to Mele’ (2008), societal agitation for a sustainable environment, protection of human rights, and safe business practices have pushed organizations to be more socially responsible in their practices. This has made the theory and practice of CSR the new trend in management. (Guthey et al. 2006).

Definition of CSR

The concept of CSR is not new, but it is still seen as an emerging concept for academics and a debated issue among most managers and shareholders of businesses. Because of its diverse definitions, and the frequent use of different terminologies for the concept, there has been a variety of activities in the name of CSR (Habisch & Jonker 2005; Fairbrass et al 2005). CSR is defined in the Green Paper of the European Union as a concept whereby firms include the needs of the society and environment in their operations and in their workings with the various stakeholders spontaneously (EU Green Paper, 2001). This definition reduces the adverse effects of business activities on the environment and society. Its emphasis is on responsible business. CSR is defined as an organizational commitment to include socially ethical standards and stakeholders’ interests in their business operations in a way that meets and surpasses legitimate and economic prospects (Ciria, 2004). Wheeler et al (2004), explaining the stakeholder approach, CSR, and sustainability opined that organizations have not keenly considered how these three concepts function. They argued that the stakeholder theory has never been just about social issues..., sustainability is not just about environmental issues....And there is no necessary dichotomy between sustainability and profitability (Wheeler et al 2003). Moreover, Van Marrewijk, (2003) posits that CSR has been defined in a more general way, making it very unclear when used in academics or even in practice. Blyth, (2005), in his study, concluded that the concept of CSR has more than a
single definition and what is important is how firms can identify and fulfill those activities that are considered to be socially responsible acts (Blyth, 2005).

The idea of CSR as a social obligation was first recommended by Carroll (1979), cited in Maignan and Ferrell, (2004). The CSR Figure (Figure 1) by Carroll (1991, 1999), has been recognized as one of the best CSR models. This CSR model by Carroll (1991, 1999) puts the socially responsible practices of the organization into economic responsibilities, legal responsibilities, ethical responsibilities, and philanthropic responsibilities. According to Carroll (1991), economic responsibility holds up the other three responsibilities since the main motive of businesses is making a profit which is economical. Carrol (1991), argues, that legal responsibility requires organizations to adhere to rules and regulations made by the community, state, or government. Ethical responsibility reflects the principles, norms, and expectations that show care and respect for the rights of stakeholders such as consumers, employees, suppliers, shareholders, etc. (Carroll, 1991). Moreover, philanthropic responsibility considers the idea that organizations should behave as good corporate citizens by participating in programs and activities that promote the welfare of people and brings goodwill to the organization (Carroll, 1991).

Carroll argues that managers of businesses have responsibilities that go beyond economic and legal considerations. However, he maintains that economic performance forms the foundation block on which the others depend. He, therefore, posits that the firm must make a profit first to meet its economic responsibility before it considers the other responsibilities. This position agrees with Friedman and the classical theory.

**Figure 1: The Pyramid of CSR**
Arguments for and against CSR

There is a strong belief among many business executives that companies should make a profit but also balance this with their social responsibilities. A great deal of stakeholders recognizes the benefits of corporate social responsibility, including protecting the environment, protecting consumers, ensuring employee safety, and preventing discrimination on the job. It is also important to shareholders that businesses deliver a high return on investment. Furthermore, government officials support corporate social responsibility because it ensures that businesses comply with laws and regulations that protect the public. Moreover, corporate social responsibility helps to maintain a balance between corporate power and responsibility. It is widely believed that power must be accompanied by responsibility, regardless of who holds it.
Moreover, performing CSR helps to deter strict regulations by the government. CSR helps to avert most government regulations on business. Removal of such strict regulations gives the organization the prerogative to operate and achieve its goals. Therefore behaving in a socially responsible manner reduces the interference of government in the affairs of the business thereby helping the business to accomplish its private goals as well as the goals of the public.

CSR facilitates long-term profit for organizations. Lawrence and Weber (2020), concluded that socially responsible firms usually achieve greater results financially; statistically, there has been a highly positive relationship between socially responsible firms and their financial results. This is most evident in an industry where the competition is high (Lawrence & Weber, 2020). CSR also helps to strengthen the relationship of the organization with its stakeholders. CSR activities such as preparing a series of strong social programs help to strengthen the firm’s relationship with its stakeholders. Such social programs are geared towards improving the quality of life of people in society, attracting the best employees, attracting consumers to patronize the products and services of the organization, building strong ties with residents in the community where the business operates, and influencing investors to buy the company’s stock are all undertaken to help improve the relationship with these important stakeholders (Lawrence & Weber, 2020). Finally, people who support CSR argue that CSR enhances business reputation. The reputation of a firm is a beneficial intangible resource that urges repeat purchases and lures better employees in the job market to join the organization at the same time retaining the best ones to enhance service quality and increase profit. Stakeholders build trust for organizations based on the social reputation of that organization.

However, as the famous economist Milton Friedman stated in 1970, (Lawrence & Weber, 2020), “There is only one responsibility of business, namely to use its resources and engage in activities designed to increase its profits.” First, CSR reduces the finances and profitability of organizations. Managers with this belief argue that using the resources of the firm for social purposes lowers the performance of the firm economically and can potentially lead to losses that may collapse the firm. Managers and economists like Milton Friedman (1970), believe that the business of businesses is
business. Thus, firms are advised to focus on producing goods and services efficiently and market them at the lowest competitive price. Engaging in CSR activities reduces the firm’s efficiency, leading to the production of a lower standard of goods and services thereby reducing the living standard of people in the society. Moreover, CSR inflicts uneven costs among competitors. Firms that are more socially responsible are at a competitive disadvantage as they end up incurring higher costs coming from the performance of CSR activities (Lawrence & Weber, 2020). Also, the performance of CSR activities necessitates some skills which firms may lack. It is argued from this point social problems should be left to government officials who are democratically elected and mandated to solve them. Briefly, important societal issues may require public policies or popular support which businesses may lack, hence it should not be their focus to address them.

**Socio-Economic Impacts of CSR of Hotels**

There is virtually no scholarly literature providing a definition of socio-economic impact as it is linked with CSR. The current research defines Socio-economic impact as positive effects on the economy, social or cultural circumstances of a community, families, and the lives of people resulting from a project. Social impacts are the developments that help to maintain the communities' nature, and historical monuments, preserve the culture of the society, and raise the quality of life of people. Economic impacts on the other hand are the developments that help the local economy to grow through the creation of employment, creating demand for local products, improvement of marketing activities, and generating more income for communities.

It should be noted however that, not every impact is considered significant. The community members who are impacted by the development contribute to the significance of such impacts. Although socio-economic impacts concentrate on the prevention of negative effects, it also offers the opportunity to increase the positive effects of intended projects (Socio-Economic Impact Assessment, 2020). Socio-economic impacts of CSR of hotels involve:
• enhancing the quality of life of the people as a result of the creation of employment opportunities
• provision of business opportunities
• provision of education and training opportunities
• making the community accessible through road connections and publicity
• improvement in the infrastructure and the maintenance of cultural programs.

CSR is the way to show the human face of the hotel business. A good number of hotels are involved in the development of the community through the use of CSR activities associated with the services they provide. For example, wellness hotels organizing free health screenings or physiotherapy care for people in the community will go a long way to keep people healthy.
Hotels can have socio-economic impacts on communities by using recyclable materials, producing quality products and services, using energy-efficient and renewable resources, proper waste disposal as well as contributing to the ecology of the community.

Hypotheses

Based on the preceding literature, the following hypothesis are proposed:
H1. There is a positive relationship between CSR of hotels and socio-economic development of communities in Ghana.

H2. Hotels that have socio-economic impacts on communities through CSR activities are more likely to have a competitive advantage than hotels that do not.

Research Methodology

The aim of the study is to assess the socio-economic impact of the CSR activities of Ghanaian hotels on the community as well as the perceived benefits for the hotels, using both qualitative and quantitative methods. First, four interviews were conducted to solicit information from managers of hotels in the Sogakope community of Ghana. Because of the information we sought to gather which is strategic in nature, managers or delegated staff who are key in the hotel’s operations were interviewed. Four hotel managers or delegated staff take part in the interview with each one lasting around an hour.

Key data about the hotels involved in the study:

**Table 1: Profile of the hotels**

<table>
<thead>
<tr>
<th>Hotel</th>
<th>Star Rating</th>
<th>No. of rooms</th>
<th>Years of operation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Villa Cisneros Resort and Spa</td>
<td>3 star</td>
<td>96</td>
<td>11 years</td>
</tr>
<tr>
<td>Holy Trinity Spa &amp; Health farm</td>
<td>3 star</td>
<td>85</td>
<td>16 years</td>
</tr>
</tbody>
</table>
The interviews contained 17 questions. The first part was seeking an overview of their hotel, the second part assessed their knowledge of CSR. In the third part, the respondents were asked about the CSR activities of the hotel, and management of CSR by the hotel was asked in the fourth part of the interviews. The last question related to the advantages of CSR to the hotels.

Furthermore, a questionnaire survey was conducted where 157 residents of the community were also contacted to solicit their views on the research topic. A simple random sampling technique was used to select the participants. Due to the nature of the questionnaire, it was important that we go to social gatherings in the Sogakope community to explain the purpose of the study to respondents before the questionnaire was administered. The first part of the questionnaire listed demographic questions including, age, gender, educational level, and the number of years staying in the community. The second part of the questionnaire aimed to assess their understanding of the state of development of the Sogakope; a cultural and tourist hub in the South Tongu District, spotting a wide range of resorts and hotels, and the extent to which hotels in Sogakope are socially responsible. The next part aimed to find out about the CSR activities of the hotels as well as their impacts on the community. Items were measured with 6-point Likert scales where 1 meant no support and 6 meant very high support was used in. The final part of the questionnaire asked if the community members would purchase or recommend the hotel based on the performance of CSR activities in the community.

To test the research hypotheses, data gathered from the study were analyzed quantitatively through the use of Statistical Package for the Social Sciences (SPSS). Descriptive statistics, such as frequencies, means, and standard deviations, were used to obtain an overall representation of the sample. Pearson correlations were calculated to obtain the correlation between CSR and the variables. Hypothesis testing was performed through multiple regression and using a 95% bias-corrected confidence.
Results

Knowledge of CSR

All four hotels responded positively when inquired about their knowledge of the concept of CSR. It was observed that the explanation of the concept is different among the hotels. However, the understanding of the concept of CSR as given by all the hotels in Sogakope is giving back to society and efforts to develop it.

CSR activities of hotels

The CSR activities of all four hotels were geared towards the three aspects of CSR which are social, economic, and environmental. The results revealed that all the hotels understand CSR as giving back to the communities. “We do not see CSR as a marketing tool. That is it is not for marketing reasons why we perform CSR but it is an initiative we undertake to give back to society.”

The hotels are involved mainly in some form of CSR activities within the area of education, infrastructure, sanitation and health, job creation, and environmental conservation sectors in the way of adding value to the community. The hotels noted that they help donate to the community and support it effectively. This concords with the study of Barton (2010), who posits that firms answer to the demand of stakeholders for donations and support.

On education, all four hotels were contributing to the progress of education in the community in a positive way they could. Their profits were not huge enough to build school buildings or give scholarships to students, but the hotels were supporting the schools in the community, especially with foodstuffs and support in quizzes. This agrees with the CSR model of Carroll (1991) which puts the economic responsibility layer as the foundation of the CSR pyramid. Thus the profit of organizations has an influence on the
CSR activities they are likely to. It was revealed that all four hotels have made some contributions towards promoting quality health care in the Sogakope community. Most of the projects embarked on by these hotels are in collaboration with hospitals or health centers. To a certain extent, the hotels revealed they are determined to employ as many citizens of the Sogakope community as possible. Some jobs were reserved for the local residents of the Sogakope community. Carroll (1979) opined that CSR leads to cost-effectiveness such as making a profit for owners and shareholders of firms, generating employment for locals, and fair compensation. It was also revealed that creating ties economically with the locals such as the peasant farmers were laudable. The hotels revealed the foodstuffs and vegetables they use in their restaurants were all obtained from local farmers in the community. The hotels said they purchase their foodstuffs from local producers. For example, fruits and vegetables, etc. were all bought from the local farmers, generating income for them and hence promoting green. There are huge costs involved in this. The hotels have bought artifacts and portraits straight from the local designers and artisans to decorate the hotel’s lounge. Some local craftsmen were also given the opportunity to advertise their crafts at the hotel’s lounge to tourists and customers.

From the infrastructural perspective, hotels in the Sogakope community had commenced some projects that were beneficial to the community. The significant CSR activities embarked on as revealed by the respondents were general community development initiatives. This has come in the form of drilling boreholes, helping in the construction of markets, helping in the rehabilitation and renovation of roads, and helping to clean the community and decongest choked gutters. It was however revealed by the hotels that, their income level may not permit them to embark on major infrastructural projects like the construction of hospitals and schools, but they are helping the agencies responsible for the performance of their duties.

Benefits of CSR

The four hotels revealed two leading benefits they have achieved from the performance of CSR. The first was that they feel satisfied by helping to develop society. The second
benefit was the good relationship the performance of CSR brings between the hotel and the community. The hotels revealed they achieve a competitive advantage when they are able to help the community through charitable donations and social interventions. “Performing CSR makes the hotel popular and creates a good name for the hotel. I will say when we perform CSR, it sells the hotel and in the long run, increases sales. People get to hear and know more about the hotel. This is in agreement with Blešić et al., (2011)’s study that firms gain desired reputation and obtain a competitive advantage when they enhance the quality of life of the people in the community it operates through the performance of CSR.

**Descriptive Statistics**

**Table 2:** summarizes the respondent profile, the CSR activities of the hotels in Sogakope and its impact on the community.

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std Dev</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>157</td>
<td>32.19</td>
<td>12.55</td>
<td>1</td>
<td>81</td>
</tr>
<tr>
<td>Yrs_Stay</td>
<td>157</td>
<td>10.13</td>
<td>12.37</td>
<td>0</td>
<td>60</td>
</tr>
<tr>
<td>Development</td>
<td>157</td>
<td>2.00</td>
<td>.69</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>CSR</td>
<td>157</td>
<td>3.74</td>
<td>1.23</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Voc_Training</td>
<td>157</td>
<td>3.41</td>
<td>1.33</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Employment</td>
<td>157</td>
<td>3.67</td>
<td>1.46</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Donation_Books</td>
<td>157</td>
<td>2.92</td>
<td>1.41</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Scholarship</td>
<td>157</td>
<td>2.52</td>
<td>1.33</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Healthcare</td>
<td>157</td>
<td>3.50</td>
<td>1.62</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Drinking_Water</td>
<td>157</td>
<td>2.98</td>
<td>1.27</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Const_Roads</td>
<td>157</td>
<td>2.52</td>
<td>1.32</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Electrification</td>
<td>157</td>
<td>2.55</td>
<td>1.31</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Loc_Bus_Support</td>
<td>157</td>
<td>3.92</td>
<td>1.31</td>
<td>1</td>
<td>6</td>
</tr>
</tbody>
</table>
Table 2 shows that the average age of the respondents is 32.19 with a standard deviation of 12.55, indicating that the respondents’ age differed from the mean value by an average of 12.55 years. Theoretically speaking, approximately 68% of the respondents are within the age range of 19.64 and 44.74 (20 to 45 years). It can be said that the majority of the people of Sogakope are in their youthful and employable age. It can be deduced that the average number of years the respondents have stayed in the community is 10.13 years with a standard deviation of 12.37, indicating the respondents’ years of staying differed from the mean value by an average of 12.37 years. The majority of the respondents have lived in the Sogakope community for 5 years. The CSR activity which was mostly performed by hotels, according to the community was purchase from the local community with a mean of 4.27, followed by support for local businesses having a mean of 3.92. The table also depicts that the CSR activity which was least performed by the hotels are the construction of roads and giving of scholarship, both with a mean of 2.52.

**Correlation between CSR and the various variables**

**Table 3:** depicts the correlations between CSR and the major variables.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR</td>
<td>1.000</td>
<td>.653</td>
<td>.534</td>
<td>.451</td>
<td>.366</td>
<td>.582</td>
<td>.584</td>
<td>.425</td>
<td>.405</td>
<td>.493</td>
<td>.537</td>
</tr>
<tr>
<td>Sig (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td></td>
</tr>
</tbody>
</table>
Hypothesis Testing

Hypothesis testing followed after checking the relationship between the variables. Hypothesis testing was performed through multiple regression and using a 95% bias-corrected confidence interval (CI).

Hypothesis 1.

H1. There is a positive relationship between CSR of hotels and socio-economic development of communities in Ghana.

Table 4 shows model summary
Model Summary (Socio-economic_Impact)

<table>
<thead>
<tr>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>.68</td>
<td>.69</td>
<td>.71</td>
<td>.056</td>
</tr>
</tbody>
</table>

Table 5 shows the ANOVA
ANOVA (Socio-economic_Impact)

<table>
<thead>
<tr>
<th>Regression</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>1.50</td>
<td>1</td>
<td>1.50</td>
<td>14.63</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>15.95</td>
<td>155</td>
<td>.10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>17.45</td>
<td>156</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 6 shows the multiple regression analysis
Coefficients (Socio экономic_Impact)
### Table 4

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>.57</td>
<td>.08</td>
<td>.00</td>
<td>6.95</td>
</tr>
<tr>
<td>CSR</td>
<td>.08</td>
<td>.02</td>
<td>.29</td>
<td>3.82</td>
</tr>
</tbody>
</table>

As shown in Table 4 the model investigates the relationship between CSR of hotels and socio-economic development of communities in Ghana. The model summary tells how well our regression model fits the data. The ‘R-value tells us CSR predicts 68% of the socio-economic development of the community. The ‘R square’ value means CSR explains 69% of the variability of our dependent variable which is socio-economic development.

The ANOVA table, (Table 5) shows that CSR statistically significantly predicts socio-economic development in the community F(1,155) = 14.63 and p< 0.0005. This means our regression model is a good fit of the data. As shown in Table 6 there is a positive relationship between CSR and socio-economic development of hotels with a coefficient value (β) of 0.29 is significant at p = 0.000 which provides support for hypothesis 1 and for the relevant theory provided by Carroll (1979), cited in Maignan and Ferrell, (2004) and by Mahououji & Kalbasi, (2009).

### Hypothesis 2

**H2. Hotels that have socio-economic impacts on communities through CSR activities are more likely to have a competitive advantage than hotels that do not.**

The final stage of our analysis revolves around if hotels that have socio-economic impacts on communities through the performance of CSR activities are more likely to have competitive advantages than hotels that do not. Proxy variables such as receiving a recommendation from the society, having a good reputation, increase in sales, and a high occupancy rate was used to represent a competitive advantage.
Table 7 shows the model summary for hypothesis 2
Model Summary (Purch_Recommend)

<table>
<thead>
<tr>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>.53</td>
<td>.48</td>
<td>.49</td>
<td>.26</td>
</tr>
</tbody>
</table>

Table 8 shows the ANOVA table for hypothesis 2
ANOVA (Purch_Recommend)

<table>
<thead>
<tr>
<th>Regression</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>5.68</td>
<td>1</td>
<td>5.68</td>
<td>11.11</td>
<td>.001</td>
</tr>
<tr>
<td>Residual</td>
<td>79.21</td>
<td>155</td>
<td>.51</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>84.89</td>
<td>156</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 9 shows the multiple regression for hypothesis 2
Coefficients (Purch_Recommend)

<table>
<thead>
<tr>
<th>(Constant)</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.05</td>
<td>.16</td>
<td>.00</td>
<td></td>
</tr>
</tbody>
</table>

As shown in Table 7, there is a positive correlation between the variable’s socio-economic impact and the purchase and recommendation of the hotel, with our ‘R’ = 53%. It can also be said that 48% purchase and recommendation of hotels are caused
by having socio-economic impact on society with \( \text{R square} = 0.48 \)
The ANOVA table (Table 8) with \( F = 11.11 \) and \( p = 0.001 \) (less than 0.05) which is statistically significant tells us our regression equation fits the data very well. The results finally confirm and accept hypothesis 2 with \( p=0.000 \) (in Table 9). With this value \( (p<0.05) \), we can confidently say hotels that have socio-economic impacts on communities through CSR activities have a competitive advantage over hotels that do not. Thus hypothesis 2 is accepted. This concurs with research by the Canadian Business for Social Responsibility (CBSR) that, 66% of consumers globally would pay extra for the products and services of firms that are socially responsible. This agrees with the arguments of Lawrence and Weber (2020) that socially responsible companies achieve enhanced financial gains mostly in industries where the competition is relatively high.

**Conclusion**

It was revealed from the study that the hotels are knowledgeable about CRS and see it as a key contributor to the success of the hotel. It was also revealed that the hotels perform different CSR activities in all three dimensions (social, economic, and environmental) as part of their operations. It came to light that the most CSR activities performed by the hotels were purchasing directly from the local businesses and providing support for the small businesses in the community. This helps to improve stakeholder relationships and confirms the argument of Lawrence and Weber (2020). The hotels indicated their inability to participate in mega infrastructural projects in the community as part of their CSR due to the fact that their scale of profit is not big enough as compared to telecommunication and mining companies. However, the hotels engage in smaller infrastructural projects which are vital in the community like the drilling of boreholes.

Moreover, it was also revealed that there are no specific government rules or laws that compel hotels in Ghana to perform CSR in the communities they operate, except for environmental laws. The idea that CSR is a legislative obligation was first advocated by Carroll (1979), and mentioned in Maignan and Ferrell, (2004) in the best-known CSR
models by Carroll.

On the benefits of CSR, it was revealed that the hotels enjoy two major benefits. They feel satisfied by helping to develop society and the good relationship the performance of CSR brings between the hotel and the community. A conclusion can therefore be drawn that the hotels gain a sustainable competitive advantage by enhancing the quality of life of the community as a result of corporate social responsibility which concurs with the study of Blešić et al., (2011). The hotels then revealed a lack of expert knowledge in the field the hotel wants to tackle as a barrier to the performance of their CSR.

The results of the study reveal a strong positive relationship between CSR of hotels and socio-economic development of communities in Ghana (Hypothesis 1). This finding aligns with the findings of (Wheeler et al. 2003, Van Marrewijk, 2003, Blyth 2005 and Anne & Weber 2020)

This study additionally confirms that hotels that have socio-economic impacts on communities through CSR activities are more likely to have a competitive advantage than hotels that do not (Hypothesis 2). This result matches the research works of Cooke & He, 2010; Gully et al., 2013; Rupp et al., 2013 on the benefits of CSR. The findings of this study contribute practically to the industry by informing managers of hotels about the importance of CSR in enhancing the performance of the hotel through goodwill, reputation, and word-of-mouth recommendations which influence greatly the repurchase intentions of hotel guests.

**Recommendation**

To achieve wholesome support for Ghana, this study encourages hotels to channel their CSR campaign to the country’s economic and environmental sectors as these sectors are lagging behind in the CSR dimension. Furthermore, regulations and policies play a critical role in promoting CSR among Ghanaian hotels. It was however revealed there are no laws and regulations that bind hotels to be socially responsible but rather an appeal or a call by the various authorities. The hotels expressed their readiness to abide by laws should there be any. It is however recommended that the Ghana Tourism Board
(GTA), the Ghana Hotelier Association (GHA), and the Ministry of Tourism and Diaspora Relations must develop and continually reinforce CSR regulations and policies. Finally, it would be advisable as a policy recommendation that hotels perform CSR as it leads to competitive advantage and long-term profit. Managers of hotels must strategically merge sustainable traditions and responsibilities in their daily business to reduce the harm it cause to the environment. Hotels in Ghana should wholly integrate the concept of CSR in their activities of business through the documentation and preparation of reports on the annual CSR plans and activities. It came to light that all the hotels were not having proper documentation of their CSR activities making financial reporting and accountability difficult. To curb this menace, we recommend hotels establish units that will be responsible for developing and reporting efficient CSR strategies for the hotel. Such units should be held accountable for the reports on the hotel’s CSR initiatives. More exhaustive research is needed in the use of CSR for competitive advantage in the hotel industry in Ghana. Future research should also concentrate on the internal CSR of hotels and its relationship to development in communities.

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Notes

No notes.

References


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**Cite this article**


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**Author**

**Christian Okofo Atta Anokye**

University of Pannonia

Corresponding author okofoc@yahoo.com

0000-0002-3155-7640
Gyongyi Steinbachne Hajmasy
University of Pannonia

Agnes Raffay-Danyi
University of Pannonia

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