

# Diffusion of sustainability and CSR discourse in hospitality industry: dynamics of local context

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# Diffusion of sustainability and CSR discourse in hospitality industry: dynamics of local context

#### **Abstract**

**Purpose:** Our focus is on the way in which sustainability and CSR discourses and practices emerge in the collaboration of MNCs with the local hotels in developing country contexts. The paper identifies the prevailing institutional orders and logics that bring about CSR and sustainability discourse in tourism industry in Turkey. It also investigates how and to what extent the CSR and sustainability practices align with the local institutional logics and necessities.

**Design:** Empirical evidence is generated through case studies covering Hilton Worldwide Holdings Inc. (Hilton), its Turkish subsidiary and a local hotel chain to ensure data triangulation. Primary data was collected through interviews with the executives of the selected case hotels, which was supported by extensive secondary data.

**Findings:** Some components of CSR and sustainability logics developed in the headquarters diffuse into local affiliate hotel, not all. 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 the affiliates of the Hilton where there is mostly a top down approach. 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.

**Originality/value:** Through this study, we are able to add further value to the critical writings about the positive contribution of CSR and sustainability in the context of the MNCs and their subsidiaries, which is not substantiated due to limited empirical evidence.

**Keywords:** sustainability, CSR, Multinationals, Institutional logics

Type: Research paper

### Introduction

Sustainability and corporate social responsibility (CSR) discourses have gained increasing attention in tourism and hospitality industry since early 1990s. However, CSR research in tourism and hospitality management still remains underdeveloped (Wells et al., 2016; Farrington et al., 2017). Conceptual definition of CSR as organizational policies and actions "that take into account stakeholders' expectations and the triple bottom line of economic, social, and environmental performance" (Aguinis, 2011, p. 855), and its conceptual convergence with sustainability lies in their mutual emphasis on balancing economic prosperity, social and ethical integrity and environmental responsibility (Montiel, 2008; Bansal and Song, 2015). Depicting CSR as a politically imbued process whereby corporate action is defined through discursive interaction between corporations and their stakeholders (Scherer and Palazzo, 2007) suggests a complex picture. CSR is motivated by several factors that are interpreted differently by different set of stakeholders including employee perceptions (Kim et al., 2018; Matten and Moon, 2008; Skilton and Purdy, 2017). This is compounded when we examine the topic in the context of powerful organizations such as MNCs (multinational companies) whereby a multitude of factors come into play in shaping CSR and sustainability strategies and applications. Strengthening local capacity, seeking international reinforcement and assistance and advocating for international standardization of practices are amongst some of the motivations behind this strategy making and practice.

Despite this complexity, empirical research on MNC's CSR activities places the emphasis on corporation rather than examining subsidiaries' CSR practices in host countries (Ritvala et al., 2014). Furthermore, there is dearth of studies focusing on specific industrial/sectoral context with few exceptions (e.g. Cruz and Boehe, 2010; Forcadell and Aracil, 2017); hospitality industry

presents many opportunities for such research to generate illuminating results for both scholarship and practice. Accordingly, in this study, our aim is to demonstrate how sustainability and CSR logics developed in the headquarters of multinational hotel chains diffuse into affiliate hotels and how these practices differ from local hotels in developing country contexts. This emphasis on understanding developing country contexts is highlighted by CSR scholars such as Jamali and Karam (2016) and Jamali et al. (2017), who have argued that research exploring divergent manifestations of CSR and sustainability across the developing world is imperative. Tourism and hospitality sectors provide fertile grounds to exploring these issues.

It is challenging for MNC subsidiaries from developed country contexts to embed themselves in developing countries whereby prevailing CSR issues and practices are different and often more complex (Yin and Jamali, 2016). Understanding and tackling this complexity is one dimension. Another dimension is gaining social acceptance and credibility (Ritvala et al., 2014; Yin and Jamali, 2016). This leads us to raising the dual nature of MNC subsidiaries' CSR engagements in developing countries in such a way that they have to acquire local legitimacy in the ranks of pertinent institutional orders as well as conform to the requirements of the parent company, which is another institutional order. Institutional orders such as state, market, religion, community, family and profession carry more symbolic value and affect corporate actions accordingly (Jamali et al., 2017) whereas in developed country contexts, this relationship between CSR and institutional orders is often characterized by regulative and compliance tone. Understanding these institutional orders (and logics deriving from these orders) and their relationship with CSR and sustainability practices remain challenging and offers an intriguing ground for research with meaningful practical and managerial implications.

In this paper, our focus is on the way in which sustainability and CSR logics and practices emerge in the MNC and local hotels in developing country contexts. In order to address this, we have formulated the following research questions:

- What are the prevailing institutional orders and logics that bring about CSR and sustainability discourse and practice in tourism and hospitality industry in developing country contexts?
- Are resulting sustainability and CSR practices able to align with the local institutional logics and necessities? Do the local necessities and priorities translate themselves into such initiatives?

These questions lend themselves to a critical application of institutional logics theory, which is gaining increasing prominence in organization and tourism management studies. The definition of institutional logics includes sets of material and non-material (symbolic) constructions that form guiding principles for collective organizational action (Friedland and Alford, 1991; Thornton et al., 2012). Current scholarship on institutional logics puts emphasis on local embeddedness, contexts of actors and their agency and the conditions under which institutional logics are accessed, implemented, and transformed (Delbridge and Edwards, 2013; Currie and Spyridonidis, 2016; Pallas et al., 2016). There is also an increasing attention to the plurality of logics (see Pache and Santos, 2010; Mair et al., 2015); tension between logics (Binder, 2007); and institutional complexity arising from multiplicity of logics (Greenwood et al., 2011; Ocasio and Radoynovska, 2016). Drawing on this line of work, our approach is steered towards understanding culturally bound and context-specific nature of sustainability and CSR strategies of multinational and local hotels, acknowledging recent recognition that CSR research cannot be decoupled from the institutional context (Jamali and Carroll, 2017).

Our paper proceeds as follows. First, we discuss the CSR and sustainability debates with reference to MNCs and hospitality industry by reviewing the extant literature. Then we present our theoretical underpinnings, which is institutional logics theory. After explaining our research methods, we present our findings that highlight a number of key themes that emanated from our data. We conclude with research and managerial implications.

#### Literature review

A theoretical and empirical gap in demonstrating the role of multinational companies in the diffusion of sustainability and CSR practices is acknowledged by a number of scholars (Jamali and Mirshak, 2010; Campbell et al., 2012; Forcadell and Aracil, 2017). Similarly, only seminal and mainstream CSR literature is used in tourism CSR literature; recent conceptualizations and applications are largely missing (Coles et al., 2011; Wells et al., 2016). Considering a broader set of combined CSR and sustainability dimensions, such as social and ethical integrity, economic prosperity and environmental responsibility, in this paper, we stress importance of the sources of institutional dynamics (i.e. pressures from multiple institutional orders e.g. state, community, parent company, religion etc.) on the alignment of logics between home and host countries in transferring CSR practices and their comparison with the local hotel practices. As to the evaluation of CSR and sustainability practices, we utilize Mühle's (2010) framework, which allows for a structured examination around the following dimensions: content, basis of CSR content, values and norms, partnerships and networks, CSR strategy, relationship to state regulation, scope, and methods and instruments. We have expanded this with the institutional logics as will be demonstrated throughout the paper.

Transfer of CSR practices to subsidiaries is a complex phenomenon (Surroca et al., 2013). It is argued that while the institutional environment of the MNC's home country enforces compliance, it may not apply as such in the subsidiary's host country environment (Surroca et al., 2013, p. 549), particularly in developing country contexts. What kind of organizational structures, diffusion processes, mechanisms and tools are devised by MNC parent companies? How are these interpreted and enacted by the subsidiaries that operate in a local context? These questions warrant answers.

Cultural and formal institutional context play a very significant role in understanding how to manage corporate responsibility globally and locally (Cruz and Boehe, 2010). Social norms and values (as part of culture), social knowledge of issues and problems, and laws and regulations (formal institutional context) exert isomorphic and legitimacy pressures on companies, particularly for MNCs due to their simultaneous operations in multiple contexts (Marano and Kostova, 2016). Industry also influences how MNCs manage their CSR worldwide. Research on MNCs from retail industry (Cruz and Boehe, 2010) and banking industry (Forcadell and Aracil, 2017) mention industry specific attributes of CSR practices that these MNCs operate with. For example, retail industry is characterized by its high impact on supplier and buyer dynamics as well as high visibility in terms of proximity to customers and links to product and services. Banking industry also yields itself conducive to CSR as it has potential to impact on borrowers and other customers by manoeuvring resource allocation. These show resemblances to tourism and hospitality as well as MNC context.

Tourism is designated as an industry with a potential to contribute to global challenges (UNWTO, 2015) and organizations are starting to assume a role in sustainable development

(Hughes and Scheyvens, 2016). As influential global actors, multinational hotel companies have an important role in the sustainability and CSR discourse and practice worldwide. Some of the CSR practices include labor and fair operating procedures, consumer issues, human rights and community involvement (Huang and To, 2018). Analyzing ten global multinational hotel companies Jones et.al, (2014) report an increasing commitment to sustainability and integration of sustainability to core business. In tourism, there exists a strong link between a sustainable touristic choice driven by sustainable business practices (Taheri et al., 2018:50). Similarly, other studies document that sustainability agendas of multinational hotel companies are majorly motivated by commercial interests and efficiency concerns, indicating a business-case and instrumental approach to CSR (Hughes and Scheyvens, 2016, Farrington et al., 2017). Although the literature on the multinational hotel companies documents the presence of a global CSR logic (based on economy logic and Western frames of reference and its related contextual factors (Jamali et al., 2017)), there is scarce research into their international influence, advocacy and guidance (Coles et al., 2013), while operating in heterogeneous institutional settings. Similarly, the way that the sustainability and CSR logic of the headquarters is translated in the local affiliate hotels with different conceptualizations of business society relationships is understudied in the hospitality industry.

As part of the debates on global CSR integration, it is also noted by some scholars that MNCs, which have achieved globally integrating their CSR practices and managed to transfer them to their subsidiaries, succeed in "upward harmonization" of their international norms (Miska et al., 2016, p. 320; Muller, 2006); however, this may not mean addressing the CSR issues that pertain to local communities (Reed, 2002; Miska et al., 2016). Rather than integration, local CSR responsiveness refers to the degree MNC subsidiaries are able to handle their CSR-related tasks

that stem from the local context and driven by the local community needs (Husted and Allen, 2006; Miska et al., 2016). Crucially, MNCs may perform well on some CSR dimensions and less well on others, well in some geographical contexts and less well in others (Strike et al., 2006; Preuss, Barkemeyer and Glavas, 2016), Finally, there exists also a debate on MNCs substituting for the poor provision of public services by resource-constrained and dysfunctional governments in developing countries (Doh et al., 2016). A literature review on CSR in the Middle East (Jamali and Karam, 2016) and scholarly work on CSR practices in Turkey reflect a blend of international influences (through multinational companies and international initiatives) and local conceptualizations of CSR. The Turkish context, which characterized by loose regulations, weak protection of private property rights, gaps in social policy by the state, favors a CSR approach that encourages companies to attend to local community needs (Küskü and Zarkada-Fraser, 2004) and have a strong discourse on social purpose (Ertuna and Tukel, 2010, Yamak, 2007) to gain legitimacy. The business context is dominated by group of companies, mostly family business groups, which display strong corporate philanthropy and organize their CSR activities within their group of companies and institutions (e.g. family owned foundations, hospitals, universities) (Yamak et al., 2018). Consequently, companies reconcile the societal logic of the local CSR conceptualization with the economic logic of the Western CSR approach diffusing through international influences in shaping their CSR understanding and practice. Considering all these debates, at the heart of our inquiry lies this complex relationship between CSR and sustainability 

of cultural symbols and material practices, including assumptions, values and beliefs, by which individuals and organizations provide meaning to their daily activity, organize time and space, and reproduce their lives and experiences" by Thornton et al. (2012, p. 2). Institutions generate a logic that provides meaning to the practices organizations and individuals engage in, forming the 'laws of motion' of a particular order (Mutch, 2018, p. 244).

Institutional orders are the departure point for understanding the notion of institutional logics. Thornton et al. (2012) suggest a list of institutional orders, which can be defined as institutional domains possessing distinctive logics. Their list includes family, community, religion, state, market, profession and corporation and they define sources of legitimacy and identity underpinned by value systems and therefore conditioning logics that shape the form and nature of practices as well as decision and sense-making.

One valuable aspect of institutional logics lens is the attention paid to historically and spatially situated nature of institutions. This has a particular resonance for this study as we view CSR and sustainability practices and underlying logics culturally bound and therefore, we attend to the institutional dynamics of the local context. As recommended by Mutch (2018, p. 255), departing from the array of institutions in any particular conjuncture and specifying their influence on organizational life is an alternative to using logics as a toolbox to explain empirical findings. In other words, a more in-depth and critical scrutiny of underlying institutional orders and their generative capacity for multiple institutional logics is called for.

These socially constructed institutional orders are imbued with such institutional properties that generate patterns of sense and meaning making and consequent practice, labelled as institutional

logics. All logics are value-laden (Lee and Lounsbury, 2015; Mutch, 2018). However, associated value sets are concretely instantiated in the practices and patterned actions of actors, who act as carriers of logics situated in specific contexts (Lee and Lounsbury, 2015). In this study, departing from an interest in understanding the sources of these institutional logics and peculiarities of the local context conditioning these sources (institutional orders), institutional logics perspective provides an opening to richer and more complex readings of CSR and sustainability debates with reference to MNCs and hospitality industry. While research at the explicit juncture of institutional logics and CSR and sustainability is in its infancy, some scholarly work (e.g. Greenwood et al., 2011; Dahlmann and Grosvold, 2017; Wagner, 2018) highlights tensions between competing demands from stakeholders and hence multiple logics operating in decision making and strategy formulation.

Multiplicity of logics has been studied conceptually and empirically in the management and organization studies; very recently in tourism domain as well (e.g. Fong, Wong and Hong, 2018). Tensions between competing logics originating from demands of multiple stakeholders and resultant organizational strategies to achieve a balance between these logics have been at the fore of the debate. The nature of these tensions and combination of logics differ significantly across contexts subject to specific social histories and cultural forms (Marquis and Lounsbury, 2007; Miller et al., 2017). There exists an established scholarship (e.g. Marquis and Lounsbury, 2007; Greenwood et al., 2011; Bjerregaard and Jonasson, 2014) that suggests institutional logics coexist and compete within a field (Nicolini et al., 2016); however, there has been relatively limited attention to how tensions between logics are resolved or how logic alignment is achieved.

Translating these debates into tourism, tourism sector is argued to be a suitable context for undertaking research on multiple institutional logics due to the complexity of issues facing

tourism organizations including MNCs and rapid changes in the institutional environment leading to greater uncertainty and risks (Fong et al., 2018). For example, in the context of tour operators in China, institutional actors (tour operator managers) change their response strategies in relation to their immediate institutional environment through a shift from non-interactive behavior based on competition to a more collaborative interaction based on co-opetition (ibid, p.258). These highlight the importance of responsive strategies and processes developed by the key organizational actors who are the carriers of institutional logics. It is the task of empirical analysis to locate these institutional logics and their relationship between CSR and sustainability practices and actions of MNC hotel, its affiliate and a local hotel.

### Methodology

Our research questions seek to address a) the prevailing CSR and sustainability- related institutional logics in tourism and hospitality industry and b) the alignment of resulting sustainability and CSR practices with the local institutional logics, and necessities. Given this focus, the interaction and the differences between a MNC hotel and its local affiliate compared with another local hotel was the basis of our data collection and analysis. Our research questions and focus align well with the case study research design with associated qualitative methods as we aim to demonstrate context-specific dynamics of the diffusion process. Qualitative approach is suitable to this research which is exploratory and focuses on discovering how different logics interact with each other and how the context influences the creation of the meaning and practices (Myers, 2013).

With regard to the case study design, theoretical sampling of case study organizations was informed by the selection of cases, which are suitable for developing new perspectives in the topic of research (Sandhu and Kulik, 2018). In qualitative research, "the selection of cases is not based on statistical grounds but derived from a particular theory we seek to test" (Silverman, 2013:146). In that sense, "case studies like experiments are generalizable to theoretical propositions and not to populations or universes" (Yin, 2009:15). Case studies aim at exploring broad issues of complex social phenomena in depth. Therefore, limiting the number of cases and organizations is often preferred by researchers (Stake, 2006). Hence, our sample was limited to two cases, one of which is a MNC hotel with its affiliate and a local hotel. Another important dimension of the case study approach is that the generalisability of results is limited; rather than generalisability, transferability of findings (Patton, 2015) is aimed for.

We use Hilton Worldwide Holdings Inc. (Hilton) together with its affiliate in Turkey as the main case organization. This affiliate hotel in Turkey is one of the leased hotels in which Hilton owns a majority or a controlling financial interest (Hilton Annual Report, 2017). With an established tradition in the local market together with an ownership control by Hilton, this affiliate hotel presents itself as a suitable case for addressing our research questions. We compare and contrast the headquarter's sustainability and CSR discourse and practices with those of the affiliate hotel in Turkey.

Our second case is a major local hotel chain, which shows strong resemblance to the affiliate hotel of Hilton in terms of brand positioning in the sector, year or establishment.

This local hotel forms our negative case analysis, in order to enhance credibility and transferability of our findings (Patton, 2015). This hotel is owned by one of the prominent family holding groups in Turkey, reflecting the established nature of the brand and company in the hospitality industry. Investigating the sustainability and CSR discourse and practice of a Hilton-affiliate hotel and those of a local chain hotel is expected to generate insight on the translation of competing logics in the diffusion of sustainability and CSR from the headquarters, one of which is the parent MNC headquarter (Hilton Worldwide Holdings Inc) and the other one being the family business holding of the local hotel. This has enabled us to generate insights into the prevailing CSR and sustainability logic at the local level. Through this purposeful sampling, (Patton, 2015) we are able to assess the imported CSR and sustainability logics as well as the local ones.

We utilized extensive archival data sources to fully explore the sustainability and CSR discourse and practices of the MNC hotel. We have used the sustainability and CSR related reports and documents published by the Hilton headquarters in its website and their news in the media. We have coded the headquarter's documents using CSR dimensions adapted from Mühle (2010), namely content (economic, environmental, social, anti-corruption, human rights), basis of CSR content (i.e. sources of influence), values and norms (personal and family values, principles, codes, international initiatives), partnerships and networks, CSR strategy (embedded into business model, philanthropic), relationship to state regulation (compliance, above legal requirements), scope (single company, supply chain) methods and instruments (structure, programs, tools used for implementation). Elements of these dimensions are analyzed with respect to their alignment with global and local CSR logics. The secondary data was also obtained through the respective websites and media searches of local Hilton affiliate hotel and the local chain hotel. Their respective sustainability/company reports together with the material obtained by web searches have been analysed along those similar dimensions.

Data sources included also primary data sources drawn from the group interviews with top managers from two case hotels in the local context. Group interview as a qualitative research tool is a data collection technique where a group of people who are experienced on the subject are interviewed by the researcher to get their collective opinions on a topic (Myers, 2013). To gain access to the Hilton affiliate hotel and the local hotel, we approached the human resources managers of with a letter stating the purpose of our research and after approvals from their headquarters we signed a confidentiality agreement, maintaining that the names of the Hilton subsidiary and local hotel and any identifiable data will not be disclosed. Group interviews were conducted in March and April 2018. These interviews lasted one hour and one and a half hour and they were tape-recorded and transcribed. In each hotel, three top executives participated to the group interview. The executives from Hilton affiliated hotel were the general manager, HR manager and public relations manager (two male and one female executives). In the local chain hotel HR, sales and systems managers (one female and two male executives) participated in the study. We sent the managers the topic list and questions (interview guide) to be discussed prior to the interviews. The interview started with a discussion of the hotel's sustainability and CSR initiatives. We asked the interviewees about specific structures and policies about sustainability and CSR activities. We also investigated the factors of influence when selecting a particular initiative and the role of managerial agency together with the internal and external stakeholders in this process. While interviews have helped us understand the experience as well as the narrative consumer.

material to crosscheck the narrative and support our understanding of the CSK and soll logics. As per credibility and transferability of findings (Patton, 2015), this triangulation of data

... and us to corroborate data (Mason, 1996). As suggested by Gioia, Corley and Hamilton (2012) multiple iterations were made between the data and theoretical arguments. In the analysing the data we first identified first order empirical themes. Then we aggregated them into second order categories. Last, we elaborated the links between theoretical arguments and the interaction between MNC and local hotels in relation to different logics to explain the interaction in sustainability initiatives. The data were coded separately by two authors, who also identified similarities and differences between first order codes for axial coding and subsequent stages. Drawing on this analysis, the following section reports the main findings that emanated from the data.

### **Findings**

Revisiting our research questions, we have structured our findings section around prevailing institutional logics and their relationship with CSR and sustainability practices and actions as well as their alignment with local necessities.

Global and societal institutional logics translating to CSR and sustainability actions and practices

CSR and sustainability understandings and implementations are distinctly different in the case hotels that we studied for this research. CSR logic serves the purpose of PR, and integrated more into the marketing function of the local hotel whereas sustainability appears to be directly associated with the core business of production of services in both the local and the Hilton affiliate. Sustainability logic is driven more with the green and environmental agenda reflecting a compliance approach in relation to responding both to regulatory pressures of government and

international standard authorities, coupled with an instrumental approach (looking into return on investment).

It is important to differentiate the CSR and sustainability logic of the headquarters and affiliate. Hilton displays a sustainability and CSR discourse that aims to blend global integration with local responsiveness by leveraging their "global footprint and scale coupled with local insights and partnerships to address global and local challenges" (Hilton Worldwide Inc., 2017, p. 12). Hilton reports using materiality assessment (initial assessment in 2010 with reassessments in 2014 and 2017) and an ongoing process of stakeholder engagement, which involves Hilton Corporate managers, regional managers, individual hotel staff and other internal and external stakeholders (Hilton CDP Climate Report, 2017), for determining the dimensions (three pillars of youth opportunity, strenghthening communities and preserving environment), issue areas under each pillar and priorities of its global sustainability commitment and global corporate responsibility strategy (i.e., Travel with Purpose). This shows a strongly embedded (in the culture of the organization) and structured approach to CSR and sustainability logics framing at a global level.

Hilton states that it adopts a strategic, formalized approach aimed at creating shared value for the company, its supply chain and the diverse communities, in which it operates. Its strategy is closely aligned with its core business (Hilton CDP Climate Report, 2017) and recently linked with the Sustainable Development Goals (SDGs) of the United Nations (UN). International initiatives (e.g. UN Global Compact Principles, Universal Declaration of Human Rights, UN CEO Water Mandate, ECPAT's The Tourism Child-Protection Code of Conduct) form the basis of the values, norms and ethical standards that which all team members Hilton Worldwide are

expected adopt. This reflects the emphasis on upward and downward harmonization of the prevailing CSR and sustainability logics across the organization.

Hilton utilizes multi-sector and international partnerships for shaping its global corporate responsibility commitment and reports working closely with international organizations (e.g., the UNWTO), international NGOs (e.g. the World Wildlife Foundation, International Youth Foundation), industry associations (e.g. International Tourism Partnership, Global Apprenticeship Network). While Hilton corporate responsibility displays a voluntary approach to sustainability and corporate responsibility over and above legal compliance, at the local level it reports a commitment to complying with the laws and regulations in each country and region that it operates (Hilton Worldwide Inc., 2017). Hilton reports using various methods and instruments to align its corporate responsibility and sustainability worldwide including a global organizational structure (e.g. board review and monitoring, multi-level management structure with respect to brands, regions, and functions, committees, property level Travel with Purpose Champions), goals and targets (e.g. 2030 Value Chain Targets), brand standards, global, regional multicountry programs (e.g. Asia Pacific Clean Air Program) and local programs (e.g. Travel with Purpose Action Grants Program, Global Week of Service). Additional instruments for alignment include a corporate responsibility performance measurement platform (i.e. Light Stay, hotel impact metrics, progress reports on key issues such as sustainable sea food sourcing, diversity dashboard), surveys (Light Stay sustainability surveys, water risk assessment for all hotels), certification (ISO standards, Seafood certification) and trainings (annual code of conduct training, mandatory human rights training for all hotels).

Document analysis of Hilton Worldwide displays a CSR discourse and practice which is aligned with global sustainability logic. A top-down approach is evident in a way that centrally driven sustainability logic is diffused into locals. There is an overall format which is applied across different affiliates of Hilton. At the local level, sustainability logic gets accepted and legitimized and it becomes a brand logic. In order for these logics to penetrate into local affiliate hotels, they need to map onto pertinent logics in the local context, for example, philanthropy logic of the society and possibly religion and regulatory logic of state. The details of this diffusion process alongside with the CSR and sustainability dimensions combined with associated logics are presented in Table 1, whereby the parameters for the tabulation have been borrowed from Mühle (2010). CSR discourses developed in the headquarters of multinational hotel chains diffuse into affiliate hotels, which focus mainly on the environment dimension (planet, energy, carbon, water and waste) of the sustainability, supported mainly by the mandatory measurement and reporting requirement for affiliate hotels with respect to the targets on these dimensions. The social dimension (youth opportunity, inclusive growth, human rights and community investment) appears to be largely detached from the peculiarities of the local context.

**Table 1: Summary of the findings** 

	Hilton Headquarter(HQ)	Hilton Affiliate Hotel	Local Hotel
Basis of content	Materiality and stakeholder analysis results and SDG linked	Xz cocietal demands	Local family business group content and social policy gaps of the state
Values and norms	Global declarations and conventions, global norms	~	Family values and local norms

Partnerships and networks	Multi-stakeholder platforms, industry associations, international NGOs, International Organizations (UN)	committees other Hilton	Founding family foundation, other family group of companies, signature NGOs of the group of companies
CSR Strategy	Embedded in core business, integrated, responsible business model	integrated and	Risk reduction, marketing & PR, philanthropy and aligned with family business group CSR strategy
Relationship to state regulation	J C 1	Compliance and limitations on HQ programs (soap recycling)	Compliance
Scope	Worldwide, global team members and supply chain	Local supply chain,	Family business group wide (internal market of the family business group)
Methods and instruments	Code of conduct, brand standards, multi-level targets and goals, monitoring, reporting, certification, voluntarism	HQ programs, internal reporting, state regulation (green certification), voluntarism	State supervision and regulation, monitoring by the family group of companies
Dominant institutional logics	sustainability, development	sustainability, community	Regulating logic of state, family driven corporate logic, market-driven commercial logic

The logic of the headquarters requiring close alignment with core business and leveraging company resources for the greatest impact is adopted by the affiliate hotel managers, as indicated by "according to the guidance by the corporate headquarters, we do not engage in projects in the medical sector, it is rather difficult to link the hotel industry with medical sector. We engage in and focus on projects where we can effectively perform. Our philosophy is not donating money but pursuing community activities with our employees to create an impact" (the GM of the affiliate hotel). This approach, which is repeated a number of times through the interview, is

explained by giving the example of a community project in cooperation with a local NGO, which focuses on creating employment opportunities for the disadvantaged people through teaching them cooking skills: "This NGO has created a kitchen where disabled people make cookies; we buy some of their products and provide them with training on how to increase their product range and income" (the communications manager of the affiliate hotel). On the other hand, the managers mention that they also engage in community projects that do not align with their core business, mainly as a result of responding to local stakeholder demands, especially those of employees. "The local societal logic on philanthropic activities or donations becomes operational through employees, as they come up with issues that they witness in their own communities, reflecting the sensitivities of the society" (the HR manager of the affiliate hotel). For example, the affiliate in Turkey has collaborated with a well-known NGO in Turkey in spite of the fact that this did not sit within the boundaries defined by the headquarter. The management team could not remain indifferent to the local logic and also to boost their legitimacy they started this collaboration with this NGO in health sector. However, the global logic also adds new dimensions to the local logic oriented to philanthropic donations (e.g. the management reports expanding a program of food and computer donations to the center of a refugee association with trainings leveraging the skills of employees).

Alignment or mismatch with the local context

The emergent institutional logics governing this diffusion process from the multinational headquarter to the affiliate in developing country do not fully align with specific idiosyncrasies and peculiarities of the local context. There are competing logics regarding the CSR and sustainability logics in hospitality. For example, these logics include sustainability logic, development logic, regulating logic (as prescribed by state), community logic, commercial

(branding) logic (as imposed by the market) as well as family-driven corporate logic (in the case of local hotel). Even though the sustainability logic seems to be largely shaped by the headquarter, dominant local values and logics have infiltrated into it. However, the boundaries of this infiltration are also defined by the Hilton headquarter. In the community investment pillar, the framework is set, and the global logic is embedded (e.g. the Action Grant Program requirements and process of headquarter guidance, the Global Week of Service and Earth Week) but the content is determined locally. Similarly, the choice for local suppliers by the affiliate in Turkey may appear as a local drive but it is part of the sustainability logic of the headquarter.

Consequently, there is an overlap between sustainability and development logic of the headquarter and the sustainability and community logic of their affiliate. While the basis of content is materiality, stakeholder analysis results and SDG linked initiatives for the headquarter, it is HO directives coupled with employee and societal demands for the affiliate. The Hilton headquarter's values are influenced by the global declarations, conventions and norms, those of affiliate are affected by local norms and headquarter code of conduct. The CSR strategy is mostly integrated and also characterized by an employee-led philanthropy. The scope includes global team members and supply chain for the HO but it is local supply chain, employees and community for the affiliate. The methods used by the HO for the alignment are various including code of conduct, brand standards, multi-level targets and goals monitoring, reporting, trainings, certification and voluntarism. The affiliate's alignment with the dominant logics in the company and in the country is through HQ programs, internal reporting (i.e. Light Stay platform), trainings, state regulation (green certification), and voluntarism. Regional management (Arabian Peninsula and Turkey region), brand level or functional committees and councils, together with coordination and experience sharing between Hilton affiliates in the country (Turkey) come up as sources of alignment with the global logics at the local level. The top-down (with small spaces of discretion for local logic) nature of the logic is worth noting in the case of the affiliate.

A similar pattern is observed in the case of the local hotel, which is affiliated with a family business group. The content of the CSR and sustainability strategy is directly shaped by the local family business, which is rooted in the values of the family and indirectly by social regulation gaps of the state. Furthermore, market-driven commercial logic and some aspects of the community logic are also evident. The managers of the local hotel emphasize the deficiencies in the provision of social services and the duty of companies to pay back to the society. For example, supporting a business-group wide project on vocational education, they state that the hotel provides extensive internship opportunities to vocational tourism. "As part of our social responsibility understanding, we hire all of our interns from the local vocational tourism and hospitality school in numbers exceeding our needs for such an intake. We do this as a way of giving back to the society we operate in" (the Human Resources Manager, local hotel). Another important example is their approach to social integration underlining their sustainability logic and practice: "When we need to recruit new staff, our policy is to recruit people with disabilities first to fill the positions". "We have developed a sponsorship scheme for disabled children, particularly for blind children in order to support their education and training" (Director of Sales, local hotel).

The hotels in this local chain reports adopting the themes advocated by the family business group (e.g. vocational education, gender equality, opportunities for disabled) and states that about 70 percent of the social responsibility projects originate from the family group. In the local hotel risk reduction, marketing and PR, philanthropy and alignment with the family business group are the main drivers of the CSR practice. The strong influence of the societal demands strengthens

the role of the marketing and PR departments in shaping the content of the CSR and sustainability practice. It is also shaped by the compliance to state requirements. The managers mention the importance of the audits of the Environment and Urban Ministry in shaping their sustainability efforts. They also state the requirement of a confirmation from the headquarters of the family business group for the donations of the hotel, as well as a central control for social media by the corporate marketing office. As stated by the participant manager, "if we consider any CSR and sustainability project ideas feasible and beneficial for the society, we pass them onto the headquarter. If confirmed as a reasonable project and if it aligns with the brand image of our company, we definitely support them" (Sales director, local hotel). Therefore, it can be argued that it is a combination of orders and logics, such as internal logic of family group, market logic, and state regulating logic, which define the scope, methods and tools. State supervision and regulation and monitoring by the family group holding are the tools and mechanisms to create differential logics that govern CSR and sustainability actions and practices for this local hotel.

#### **Conclusions**

In this paper we have focused on the way in which sustainability and CSR discourses and practices emerge in the MNC and local hotels in developing country contexts through the lens of prevailing institutional logics that emanate from certain institutional orders, such as state, market, corporation, and community. Our findings reveal that there exist differences in the way in which sustainability and CSR are understood and resultant logics are developed. While CSR logic serves the purpose of PR and is aligned well with the local hotels, sustainability appears to be more embedded and layered within the organizations cascading through several functions (starting from the core business of production of services). Another important finding is that some components of CSR and sustainability logics developed in the headquarters diffuse into local affiliate hotels, not all. Local affiliate's interpretation of these logics takes different forms in translating these into actions. As we discussed earlier in the paper. 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 the affiliates of the Hilton where there is a top down approach. However, similar top down approach has 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, which reflect the local component. Coexistence of state driven regulating logic, market-led commercial (branding logic) as well as family-driven corporation logic is evident in the local hotel. These findings are similar to the previous studies in different sectors in developing countries (see Cruz and Boehe, 2010; Forcadell and Aracil, 2017) in a sense that tourism industry operates as multiplying CSR and sustainability drivers (family values, state regulations, market imperatives) and associated actions as institutionally and culturally embedded practice. Our findings reveal importance of a developing country context. Firstly, these CSR and sustainability activities reflect tools and methods to substitute formal institutions and fill institutional voids as presented by governments, markets and communities (Forcadell and Aracil, 2017). Secondly, these hotels act as mediators between globally driven and locally imposed CSR and sustainability discourses and implementations.

## Theoretical implications

Our paper addresses a theoretical and empirical gap by demonstrating the role of MNCs in the diffusion of sustainability and CSR practices, as acknowledged by Forcadell and Aracil (2017). We do this by applying recent institutional scholarship, mainly institutional logics theory, which has not been utilized widely in tourism and hospitality domain. Similarly, we utilize recent CSR conceptualizations and applications which are largely missing in tourism CSR literature (Coles, Fenclova and Dinan, 2011). Through this study, we are able to add further value to the critical writings about the positive contribution of CSR and sustainability in the context of the MNCs and their subsidiaries, which is not substantiated due to limited empirical evidence.

In addition to these contributions to the CSR and sustainability literatures in tourism and hospitality domains, we add to the institutional theory by demonstrating the link between institutional orders and institutional logics through an empirical illustration of CSR and sustainability logics in the hotel industry. We show the multiplicity of logics that emanate from the differences of logics developed in the headquarter and local affiliate organizations and therefore contribute to theory by highlighting tensions between centrally imposed and context-specific institutional logics (as exemplified by CSR and sustainability logics in this paper).

#### Practical implications

This study appeals to management teams and executives of hotels dealing with these issues of tailoring of CSR practices to local necessities. We do not only raise awareness of this consciousness but also demonstrate practical application of some of these strategies and prioritization by detecting market specificities and distinctive societal needs. Hotel managers should resist against the headquarter- or family business- driven uniform approach to CSR and

sustainability and reflect on corporate policies through checking isomorphic tendencies. This entails being cognisant of local conditions and necessities and respond to them in a flexible and accommodating way. It involves engaging with a full spectrum of stakeholders, including the leadership in headquarters as well as local organizations (e.g. NGOs, suppliers etc) and other institutional forces (e.g. state) in order to align their sustainability and CSR practices with the locally dominant logics. Managers should be aware of certain logics governing CSR and sustainability practices; and some of these logics might be constraining critical thinking and innovative practices. Therefore, they should be proactive in interpreting these different institutional logics and process them through critical reflection and boundary spanning and mapping of new opportunities. Moreover, MNC hotel executives should be aware of the limitations of a blanket approach towards CSR and sustainability and increase their sensitivity towards local conditions.

## Limitations and future research

Our research design (case study) constraints generalizability of our findings. However, we have generated rich comparative insights into an under-studied phenomenon, which can be transferable to other developing country contexts. Future research can extend the study into regional clusters such as MENA region. Another line of future inquiry could be investigation of the subject through a deeper understanding of specific sustainability and CSR projects for example in the environmental or social inclusion domains.

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# Manuscript ID IJCHM-06-2018-0464.R1 entitled "Diffusion of sustainability and CSR discourse in hospitality industry: dynamics of local context"

# **Responses to the Editor's comments:**

For the second round of reviews:

- 1. We have responded to the reviewers' comments, particularly Reviewer2, and revised our article accordingly. We have prepared an Author-Response-Form to explain how we responded and revised our article based on the comments of Reviewer 1 and Reviewer 2.
- 2. We have reviewed and revised the article according to the IJCHM author guidelines.
- 3. We have revisited the Discussion and Conclusions section and reshaped our discussion under four subsections: conclusions, theoretical implications, practical implications and limitations and future research. In our discussion, we aimed at delineating our contribution to the existing body of knowledge to better answer the "so what" question.
- 4. We crosschecked all references within text with our reference list. We have added a number of recent references (published after the first submission of our paper) to reflect the current discussion in the IJCHM our research topic.
- 5. We have run our manuscript through iThenticate and similarity percentages with any previous study is below 1 percent.
- 6. Our manuscript is just below 9000 words, including tables and references.
- 7. We have proofread our article one more time.
- 8. We are uploading a clean version of our paper to the submission portal.

REVIEWER A		
Suggestions/comments from the Reviewer	Response from the Author(s)	
Originality:Most of my concerns were met.	Thank you.	
I liked the changes that were made. However, I believe that some aspects need further explanation. For instance, on p. 7 line 31, it would be important to mention some examples about those industry specific attributes, which can be compared to the	We have added the examples of industry specific attributes, focusing especially on attributes that show resemblances to hospitality industry. We have also compared them to the results of our study.	
results of this study later in the discussion section. Same comment applies to the tour operators' examples on page 12 /13. How did they change their strategies in relation to their institutional environment? Just mentioning exploiting, exploring does not add much.	We have further explained the tour operators' part. We have also clearly clarified what we mean by "exploiting, exploring".	

Methodology: You have met my concerns	Thank you.
The results section is much improved. Since the discussion was combined with the conclusion section, instead of just summarizing the main results, I suggest to further explain the theoretical reasons/empirical evidence that support your findings. Just mentioning that "evidence along Muhle's (2010) dimensions" p. 27 is not enough. As previously suggested, comparing your results with previous studies in this area could reinforcing the idiosyncrasies of the lodging industry.  Moreover, I also recommend to emphasize which aspects in your findings might be related to the fact that hotels in developing countries were chosen to be analyzed. A more critical discussion needs to be developed.  Please correct: on page 27 line 24 you mention "three different types of hotel".	We have now changed our concluding part along the required headings of the journal. In doing so we have also elaborated the link between theoretical reasons and the empirical evidence.  We have compared our findings with previous studies in different sectors.  We have identified the contribution of the study in relation to developing country contexts with a critical perspective.  We have corrected the typo.
Implications for research, practice and/or society: This section is better developed now.	Thank you.

# **REVIEWER B**

Suggestions/comments from the Reviewer	Response from the Author(s)
The motivation of the study needs to be re-written	We have elaborated the motivation of the study.
to show stronger linkage as there are some main	We have especially reviewed the introduction part
issues with the manuscript, because as a reader I am	of our study in a way to give readers a stronger
still not able to grasp the intent of the author(s).	direction and focus for the remainder of the paper,
	eliminating aspects which indirectly support our
	intent for this research.
The conceptual aspect lacks logical lines of	We have removed the parts which are less relevant.
reasoning. Though several concepts are discussed,	We have abandoned the parts of theoretical
some are not quite relevant.	underpinnings (such as Table 1) that we did not
	directly utilized in our research.
The methodology is still not clearly described and	We have explained the qualitative nature of the
the sample size is not quite convincing. This	study and the sample selection in case study
should be discussed by a thorough explanation and	approach. We have also explained how our research

justification from the author(s) as to why it is.	questions and focus align well with the case study research design.
The results needed further elaboration. The reviewer still could not thoroughly see major arguments of how the results were similar or different to other studies.	We have added comparisons with other studies.
The reviewer still cannot conclude if the manuscript has contributed fully to the existing body of knowledge.  The paper, as reviewed, is not strong in its logical connection from one paragraph to another. The author/s did not elaborate on how they reflected upon the overall comments provided in the review, and did not articulate how they adopted a strategy that presents the material in a logical and systematic manner.	We have clarified how the manuscript has contributed to literature on sustainability logics in hospitality industry in the context of a developing country. The contribution is threefold: to institutional logic, sustainability in tourism and developing country context.  We have reviewed the whole paper for maintaining a logical flow from one paragraph to another. We believe the manuscript has significantly improved after the revision.
http://mc.manuscri	ptcentral.com/ijchm