

Corporate citizenship brings financial benefits to hospitality and tourism firms

December 4 2014, by Sookhan Ho



Manisha Singal's research shows that hospitality firms deliberately and strategically invest more in socially responsible activities than firms in other industries, and they benefit financially for doing so.

Doing good results in doing well, and being green brings in the green. In the hospitality and tourism industry, being a good corporate citizen is strategic, because it results in superior financial performance, says Manisha Singal, an assistant professor of hospitality and tourism management in the Pamplin College of Business.

Singal conducted a series of recent studies on various aspects of corporate social responsibility in the hospitality industry. Her research, she says, shows that hospitality firms deliberately and strategically invest more in socially responsible activities than firms in other industries, and they benefit financially for doing so.

Companies in any industry have to decide whether and to what degree to invest in [corporate social responsibility](#)—voluntary activities relating to environmental, social, and governance areas that are integrated into the firm's business activities. Examples might be getting LEED certification, providing family benefits, and seeking out women and minorities for leadership positions.

Decisions to invest, Singal says, are easier to make when being more socially responsible also results in superior firm [financial performance](#).

In one study looking at the link between a firm's financial performance and investment in sustainability initiatives, Singal says she found that hospitality firms on average invest more in environmental programs than do businesses in other industries.

This study of hospitality firms over a 20-year period, she says, shows that investments in such initiatives as recycling, waste reduction, water and energy conservation, and pollution control result in "superior future financial performance, which in turn enables the firms to invest even more in going green, creating a virtuous cycle."

Comparing investment in [diversity initiatives](#) by hospitality firms with firms in other industries, she finds that hospitality firms have more policies and practices encouraging [diversity](#) than other firms.

"Diversity management is imperative in the labor-intensive and globally dispersed hospitality industry," says Singal. Not surprisingly, she says, Diversity Inc.'s list of top 50 firms for 2013 has a disproportionately high number of hospitality firms, including Marriott, Wyndham, Disney, and Sodexo.

Her research found a strong link between diversity and financial performance in hospitality firms, suggesting that "investment in diversity leads to superior financial performance in the hospitality industry."

Provided by Virginia Tech

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