

# **The importance of CSR on corporate reputation. A case study of the hotel industry**

TRINE RØNNING

KRISTINE BARKVE RØSSLAND

## **SUPERVISORS**

Stine Rye Bårdsen  
Torunn Skåltveit Olsen

**University of Agder, 2021**

School of Business and Law  
Department of Economics and Finance

## Preface

This master thesis is written as the final part of our two-year master's Programme of Business Administration at the University of Agder, School of Business and Law. The thesis is compulsory, counts for 30 credit points and is completed in the Spring of 2021.

First, we would like to thank our supervisors Stine Rye Bårdsen and Torunn Skåltveit Olsen for being excellent at following up, giving inputs and feedback throughout the whole writing process. This guidance has raised our thesis. Further, we would like to thank the informants for participating in this study and providing us with information.

Working on this thesis has been an inspiring journey into the effect corporate social responsibility inflict upon the corporate reputation amongst two hotels. Writing this has definitely given us a challenge, been hard and a roller coaster ride. However, our cooperation and determination while writing have made the experience a great and exciting one.

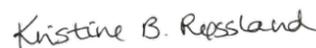
*“The measure of intelligence,  
is the ability to change”*

Albert Einstein

Kristiansand, the 31<sup>st</sup> of May 2021



Trine Rønning



Kristine Barkve Røssland

## Abstract

In the last decades, corporate reputation has been given more attention than before (Pruzan, 2001). This is because it is essential for a company's survival, and additionally, a good corporate reputation will bring along benefits (Fombrun, 2018; Resnick, 2004). Research suggests that the strongest determinant of corporate reputation is corporate social responsibility (Esen, 2013).

Accordingly, the study seeks to investigate the relationship between corporate social responsibility and corporate reputation amongst two hotels from a management perspective.

The research question of this thesis was "Is CSR instrumental for corporate reputation?", to enlighten this, we formulated three sub-questions. These sub-questions were used as a basis for developing our interview guide. The literature applied were corporate social responsibility, corporate reputation and stakeholder theory. In addition to the interviews conducted, previous research and scientific literature have been important sources of information.

When choosing case companies, we based our choice on both the sustainability and customer barometers where two hotel chains had divergent scores. As we are in the middle of a pandemic and employees are temporarily laid off, we decided to do the study from a management perspective. To answer the research question, we did a qualitative, cross-sectional study of two hotels within the same city in Norway.

In short, we found that there is a consensus concerning the importance of having a good corporate reputation amongst the two hotels. Additionally, they define the concept of corporate social responsibility similarly and believe there is a connection between corporate social responsibility and corporate reputation. However, the hotels execute their corporate social responsibility differently. From the hotel managers' perspective, the most important factor affecting their corporate reputation is whether they provide quality to the guests.

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## List of Abbreviations

CSR: Corporate social responsibility

ENPS: Employee Net Promoter Score

NAV: The Norwegian Labour and Welfare Administration

NBB: Norwegian sustainability barometer

NKB: Norwegian customer barometer

NPS: Net Promoter Score

SBI: Sustainable brand index

# 1. Introduction

Corporate reputation is given more attention than ever before because it is a strong determinant of any company's sustainable and viable future (Firestein, 2006; Fombrun, 2018; Pruzan, 2001; Resnick, 2004). Share prices can bounce back, and a strategy can be changed, whereas a critically damaged corporate reputation will have a hard recovery, and the long-term future might be uncertain (Firestein, 2006). Generally, corporate reputation is viewed to be the world's perception of an organisation. Building a corporate reputation takes place over a long period of time. It is imperative to show that the company is walking the talk and not deviating from its communicated actions. A hallmark of building a corporate reputation is consistency in its actions and alignment with the stakeholders' expectations (Brønn & Ihlen, 2009).

A good corporate reputation is an unconditional benefit in many situations. Research asserts that a good corporate reputation can work as a shield in a crisis, make the company more robust, and easier to forgive when making minor mistakes (Brønn & Ihlen, 2009). Additional benefits and positive effects can, for instance, be a competitive advantage through the ability to set higher prices, reduce prices for purchases, attract qualified employees, investors, and build customer loyalty (Brønn & Ihlen, 2009). Hence, a good corporate reputation carries high value and needs to be guarded, because it is valuable, rare and hard to imitate (Brønn & Ihlen, 2009).

Customers, more than other stakeholders, are expected to base their perceptions of a company on its products and service, for instance, quality, price and perceived value (Fombrun et al., 2015). Moreover, customers are more inclined to believe that a company is trustworthy and that its products are of high quality due to a company's good corporate reputation (Brønn & Ihlen, 2009). For a company to be seen as credible and reliable from the stakeholders' perspectives, it needs to fulfil its promised future commitments (Fombrun, 2018).

As there are benefits to having a good corporate reputation, there is a risk of having a bad corporate reputation. This can result in the loss of trust in the company, which can have repercussions regarding resources or achieving set goals (Brønn & Ihlen, 2009). This conforms with research done by Opinion Research Corporation showing that the consequences of public missteps can include loss of trust amongst investors, customers or other stakeholders (Resnick,

2004). Furthermore, the company risks exposure to negative publicity concerning the products, operations or internal procedures resulting in financial consequences. The risk affecting corporate reputation usually arises due to other kinds of risks, such as an unsafe work environment (Brønn & Ihlen, 2009). For the long-term survival of a business, missteps can be devastating (Resnick, 2004).

Corporate reputation is a multidimensional subject which implies that reputation can be analysed from different perspectives, and corporate social responsibility (CSR) can be viewed as one important aspect (Hetze, 2016; Siltaoja, 2006). Research suggests that one of the main correlates of acting socially responsible is corporate reputation (Fombrun et al., 2015). The term CSR is used regarding businesses' work to achieve sustainable development considering the impact they have on the environment and social welfare (Sjöberg et al., 2005). CSR seems to be playing an increasingly important role as it can be implemented to help improve corporate reputation (Brønn & Ihlen, 2009; Sridhar, 2012). Many companies communicate their CSR measures through websites and reports. Communicating their CSR measures enables stakeholders to obtain information, hence appropriate CSR communication plays an essential role in corporate reputation (Hetze, 2016). By advertising how they act socially responsible, the companies improve their corporate reputation, attract and retain better talent and customers (Sridhar, 2012). Siltaoja (2006) emphasised the importance of including philanthropy<sup>1</sup> and CSR in corporate strategy and vision. If it is not implemented, this might result in distrust and a weakened corporate reputation. There are several cases where companies' advertisements and communication have not been a good reflection of their actions (Torres et al., 2012). Companies operating transparently in this matter are showing that they are good citizens deserving of praise. These actions result in building trust with the customer and corporate reputation (Fombrun et al., 2015).

A corporate reputation is the aggregate of many stakeholders' personal judgements regarding the company's credibility, reliability, responsibility, and trustworthiness. The better the company appears to its key stakeholders in all these areas, the better the company will be regarded (Fombrun, 1996). The effect of corporate reputation is arguably the strongest in the service

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<sup>1</sup> Corporate actions expected by society that they ought to be good corporate citizens and share resources with the community or stakeholder groups (Carroll, 1991).

sector, such as hotels. In the service sector, one lacks any objective performance measurement and therefore relies heavily on the corporate reputation to attract clients. To retain these clients, companies must deliver the quality they claim to possess (Fombrun, 2018). Therefore, our research question will be as follows:

*Is CSR instrumental for corporate reputation? A study of the importance of CSR on corporate reputation in the hotel industry. A case of two hotels.*

To gather the information that can elucidate the research question, we have developed three sub-questions.

In respect of Firestein (2006), Fombrun et al. (2015), Pruzan (2001), and Resnick (2004) claim that corporate reputation is vital for the long-term survival of a company, we would like to explore how attentive managers are to this claim. Our first sub-question is therefore as follows:

1. To what extent are managers attentive to the company's corporate reputation, and how is it expressed?

As mentioned by Fombrun et al. (2015), Hetze (2016), and Siltaoja (2006), a relationship between a good corporate reputation and CSR is assumed, where CSR is the factor holding the highest significance. Therefore, we believe it is interesting and of importance to examine whether the managers believe there is a relationship between these instances. Our second sub-question is therefore:

2. Do the managers presume there to be a coherence between the hotels' CSR and their corporate reputation?

Fombrun (1996) emphasised the importance of considering the company's stakeholders as the corporate reputation is the aggregated sum of perceptions. Therefore, a company should coordinate their activities following the stakeholders' expectations (Brønn & Ihlen, 2009). Accordingly, it is of interest to know how the companies consider their stakeholders when

developing their CSR strategies. As a company has several stakeholders, we have decided to narrow it down to the most crucial stakeholders: the primary stakeholders. Our third sub-question is therefore:

3. How important are the primary stakeholders in defining the CSR strategy?

We chose to limit our thesis by looking at two hotels within well-known chains located in the same city in Norway. 96 percent of hotel guests rely on online reviews when booking hotels, which illustrates why satisfied customers and a good corporate reputation is significant in this industry (TripAdvisor, 2017). The hotel chains included in this study are ranked with divergent scores at Norsk Kundebarometer<sup>2</sup> (NKB), Norsk Bærekraftbarometer<sup>3</sup> (NBB), and Sustainable Brand Index (SBI) (NBB, 2020; NKB, 2020; SB Insight, 2021). Due to the divergent scores, we want to explore how they work and uncover possible similarities and differences.

The thesis is organised into five chapters. Chapter 2 presents relevant theory, while Chapter 3 presents the methodology we have utilised. In Chapter 4, we will present our findings and a discussion of the results. Finally, in Chapter 5 we will provide the concluding remarks, a critical reflection and suggestions for future research.

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<sup>2</sup> Norwegian customer barometer

<sup>3</sup> Norwegian sustainability barometer

## 2. Theory

### 2.1 Corporate reputation

The founder of The RepTrak Company<sup>4</sup>, Charles J. Fombrun defines corporate reputation as: “(...) the collective perception of the organisation’s past actions and expectations regarding its future actions, in view of its efficiency in relation to the main competitors (...)” (Fombrun, 1996, p. 72).

According to Fombrun (2018), managers need to invest heavily in building and maintaining a good relationship with the company’s stakeholders to acquire and ensure a corporate reputation that is positive, enduring, and resilient. The company should implement practices that measure and monitor how the company’s relationship with the different stakeholders is, including the employees, the investors, the customers, and the communities. The company’s corporate reputation is built through the company’s stakeholders’ personal assessment of the company. Being perceived as credible, reliable, trustworthy, and responsible is the hallmark of a good corporate reputation (Fombrun, 2018). By ensuring a good relationship with its stakeholders, the company’s good corporate reputation will yield tangible benefits. Some of these benefits include charging premium prices for products, paying lower prices for purchases, improved loyalty from customers and employees, attracting top recruits, and goodwill in case of a crisis. These benefits emphasise the importance of building a strong corporate reputation by serving all of the stakeholders (Fombrun, 2018). In other words, the company must meet more than one of its stakeholder’s expectations in order to build a good corporate reputation. Because a corporate reputation is built upon the perceptions of others and not directly under anyone’s control, it is not easy to manipulate (Fombrun, 2018).

The RepTrak® system developed by Fombrun and his colleagues is a tool to measure and analyse corporate reputation (Fombrun, 2018). This system measures corporate reputation based upon the stakeholder’s degree of esteem, admiration, trust, and feelings towards the company. These are measured through seven predictors; (i) performance, (ii) products and services, (iii) innovation, (iv) workplace, (v) governance, (vi) citizenship, and (vii) leadership (Fombrun et al., 2015). According to RepTrak (2020), citizenship, a good workplace, and sound governance

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<sup>4</sup> A leading reputation data and insights company (TheReptrakCompany, 2020)

make up 41 percent of a company's corporate reputation. Within the citizenship predictor, the stakeholder perceptions are assessed on how environmentally friendly the company is, if they support good causes, and contribute positively to society (Fombrun et al., 2015). This emphasises that circumstances affecting the primary stakeholders are a big part of what constitutes the corporate reputation. For instance, primary stakeholders could be employees, customers and the local community (Carroll & Buchholtz, 2014). Different stakeholder groups will be explained in more detail later.

For the employees, the trustworthiness of the company is essential when considering corporate reputation (Fombrun, 2018). The company is expected to both honour and respect the explicit contract. The employees count on being treated fairly, respectably, and honourably in the circumstances regarding job assignments, salary discussions, and promotions, as well as situations regarding fundamental rights as individuals and citizens (Fombrun, 2018). As the employees are investing themselves in the company, a bond of trust is demanded from their employers in exchange for their commitment (Fombrun, 1996). Satisfied employees are more likely to act as ambassadors of the company, commit to a long-term relationship, and less likely to turn over. Regarding recruiting a high-quality workforce, the company's corporate reputation as a good workplace is of the essence (Fombrun et al., 2015).

For the investors, the credibility of the company is the major factor affecting the corporate reputation. Companies are expected to live up to the claims and commitments made in press releases, reports, and other communication methods. The investors trust the companies with their hard-earned savings, and in return, demand that they show good faith in their dealings with them. This involves accurately conveying the risks, being warned about impending problems and disclosing essential facts that might influence the investor's assessment of the company performance (Fombrun, 2018).

Customers want the companies to be reliable, and the companies' product claims to be true (Fombrun, 2018). Additionally, they expect the quality of products from well-known and respected companies to be better than those of less reputable competitors (Fombrun, 2018). The effect of corporate reputation is vital in the service sector because product quality cannot be evaluated prior to the purchase (Fombrun, 2018). Therefore, a third-party recommendation is a powerful component used for building corporate reputation because these are voluntary and

provided of the party's own free will. This could help confirm the company's actions and contribute to establishing reliability (Brønn, 2019).

Finally, the community want the company to recognise its responsibility to participate in the social and environmental perspectives of the neighbourhoods it operates in (Fombrun, 2018). Through the concept of sustainability, it is proposed that companies should put back at least as much as they take from their social and physical environments (Fombrun, 2018). For the company to ignore its local community demonstrates a glaring disregard for the well-being of its residents (Fombrun, 2018). Alternatively, company-supported volunteerism, environmentalism, employee participation, and workplace equity help reduce employee alienation, promote social integration, and enhance corporate reputation. All of this contributes to sustaining the company's long-term viability (Fombrun, 2018).

In Figure 2.1, each of the four stakeholder groups are shown, including the traits they value and how this affects the company's image.

Stakeholder groups	Character Traits	Images
Employees	1. Generate Trust 2. Empower 3. Instill Pride	Trustworthiness
Investors	4. Show Profitability 5. Maintain Stability 6. Have Growth Prospects	Credibility
Customers	7. Cultivate Product Quality 8. Provide Customer Service	Reliability
Community	9. Serve the Community 10. Green the Environment	Responsibility

Figure 2.1: Corporate practices and images (Fombrun, 1996, p. 136)

Companies that have amassed goodwill and a good corporate reputation throughout their practices are characterised by the traits presented in Figure 2.1. The acquired images show that they maintain good workplaces, produce strong financial results, sell high-quality products, and act as good citizens. By actively performing excellence in the desired traits, the company builds a good and strong corporate reputation (Fombrun, 2018).

As illustrated in Figure 2.2, these factors are interrelated (Fombrun, 2018). For instance, by being responsible, the company will directly enhance its corporate reputation. In addition, by acting responsible, the company will also show its customers and employees that it is trustworthy and thus indirectly affect the corporate reputation positively (Fombrun, 2018). As mentioned, companies are building their corporate reputation through the perception of more than one stakeholder group because the corporate reputation consists of the collective perception of the company. To ensure a company's long-term survival, corporate reputation is important. By continuously working to achieve and improve the desired traits listed in Figure 2.1, the company can positively affect their corporate reputation (Fombrun, 2018).

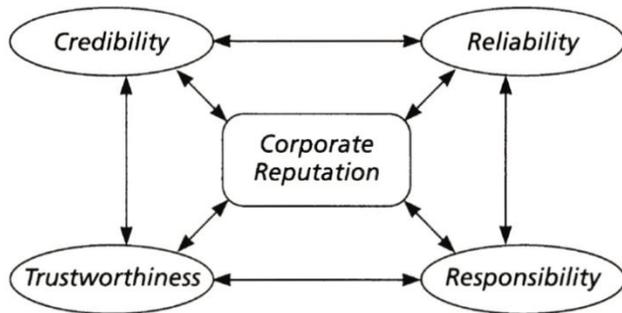


Figure 2.2: What makes a good reputation? (Fombrun, 1996, p. 72)

A study conducted by Ditlev-Simonsen & Midttun (2011) presented ten motivational reasons why managers choose to focus on CSR activities. Two of these were the stakeholder approach and the reputational approach (Ditlev-Simonsen & Midttun, 2011). The stakeholder perspective emphasises that it is not enough to only take the investors into account, but the company must justify its strategies to other stakeholders (Ditlev-Simonsen & Midttun, 2011; Freeman, 1984). This will make it easier to actively engage in negotiations for collaborations or settling any differences (Brønn & Ihlen, 2009). Additionally, from the reputational approach, one argues that by doing good, the managers are acquiring positive reputational benefits (Ditlev-Simonsen & Midttun, 2011). This approach is supported by Fombrun's (1996) concept of corporate reputation, where being socially responsible plays a vital role when building a corporate reputation.

Ditlev-Simonsen and Midttun (2011) found that amongst the participating stakeholders, there was a consensus, and they believed that instrumentality prevails as the most important motivator for acting socially responsible, such as branding/reputation. In other words, these CSR measures

are implemented as a means to achieve something else, such as a good corporate reputation or economic benefits (Ditlev-Simonsen & Midttun, 2011; Jørgensen & Pedersen, 2011).

Even though previous research discovered that CSR will impact corporate reputation (e.g. Ditlev-Simonsen & Midttun, 2011; Fombrun, 1996), it is not given that this impact will be positive. Siltaoja (2006) concludes that CSR and corporate reputation are highly dependent on the context, such as timing, i.e., when the company implements its CSR initiatives. According to Gjerde et al. (2008), the customers might perceive it negatively if CSR initiatives are implemented after a crisis or negative media coverage. Additionally, it is of significance how the company's CSR is interpreted. This is because a good corporate reputation might be a result of the company's credibility and trustworthiness (Hetze, 2016). It is more likely that socially irresponsible companies are being penalised and boycotted, whereas socially responsible companies are rewarded (Gjerde et al., 2008). This is supported by Dacin and Brown's (1997) research which found that negative CSR associations ultimately have a detrimental effect on the overall product evaluations.

## 2.2 Stakeholder theory

As the company's corporate reputation is the collective perception of the company's stakeholders, Fombrun (1996) emphasised the importance of giving more than one stakeholder attention. Hence, all the company's stakeholders have an influence and impact on the company and its corporate reputation. The American philosopher R. Edward Freeman is considered the founder of the stakeholder theory (Carson et al., 2015). In an article, he defined the stakeholder theory as: "Stakeholder theory comprises a collection of ideas, expressions, and metaphors related to the central thesis that the primary purpose of a company is to create as much value as possible for its stakeholders" (Strand & Freeman, 2015, p. 66). The theory is characterised by moving its focus from profit maximisation to value maximisation (Carson et al., 2015). This approach is the mirror image of CSR, and it initiates an overview of the world searching for individuals and groups affected by the company (Brusseau, 2012).

A stakeholder is a group or individual who can affect or be affected by the accomplishment of the company's objectives (Freeman, 1984). In other words, all the stakeholders have an interest

in the company, and between the stakeholders and the company, there exists a real two-way interaction or exchange of influence (Carroll & Buchholtz, 2014).

The key aspect of the stakeholder theory is that partners move their contributions to the organisation and receive rewards subsequently (Busch et al., 2010). This theory claims that the nature of business is building relationships and operating in the interest of all stakeholders, and creating value for them (Freeman & Dmytriiev, 2017). It is the management's responsibility to ensure adequate support from the company's stakeholders (Ihlen, 2011). This includes a never-ending task of balancing and integrating processes that routinely consider the stakeholders' stakes to achieve the company's purpose (Freeman, 1984; Freeman & Dmytriiev, 2017). According to Freeman & Dmytriiev (2017), these stakeholders can be employees, customers, suppliers, owners, communities or political groups. All these are equally important, and there should be no trade-off amongst them. This aligns with Fombrun (2018) and Figure 2.2, where he emphasised a focus on the stakeholders as they contribute to the company's corporate reputation. Freeman's theory has its origin in the USA, where they conduct different organisational management compared to Norway and Scandinavia (Freeman, 1984; Meyer, 2014). In Norway, employees as a stakeholder group are considered 'super' primary stakeholders (T. Skåltveit, personal communication, the 10<sup>th</sup> of May 2021).

Identifying key stakeholders is an important part of managing issues, and it facilitates more effective interaction between stakeholders and the business. This makes it easier to uncover and prevent possible misunderstandings regarding a company's guidelines or plans that could weaken its corporate reputation (Brønn & Ihlen, 2009). According to Carroll and Buchholtz (2014), in today's hypercompetitive global business environment, any group or individual can be seen as a stakeholder. However, from a business point of view, this includes many stakeholders. Some of these might have more legitimacy in the eyes of the management. This means that these stakeholders have a legitimate claim or direct interest in the firm's operations. These are usually the owners, customers, employees, suppliers, and community (Carroll & Buchholtz, 2014).

The managers can differentiate between the stakeholders by dividing them into two groups: primary and secondary stakeholders, as illustrated in Figure 2.3. The primary stakeholders are shown in the middle layer of Figure 2.3 and typically include customers, owners, employees, suppliers, and the community. They have a direct stake in the company, and the company is

dependent on their support to survive (Carroll & Buchholtz, 2014). These five stakeholder groups are highly involved in the company's value creation and should therefore always be considered (Freeman, 1984). The secondary stakeholders are shown in the outer layer, and these might be very influential as well. However, their stake in the company is indirect (Carroll & Buchholtz, 2014).

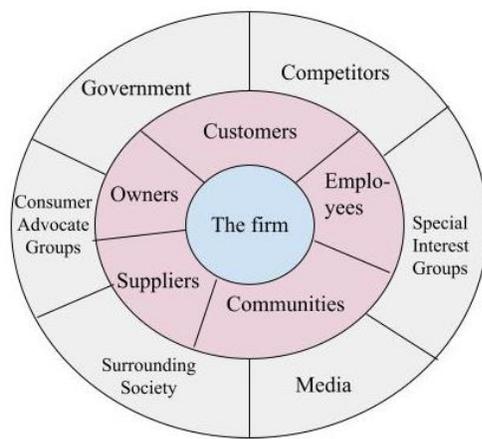


Figure 2.3: Stakeholder theory (Freeman & Dmytriiev, 2017)

Companies will usually develop inconsistent images with their stakeholder groups. This is because they expect different value priorities and assume different motives for the company (Fombrun, 2018; Siltaoja, 2006). Some of these will be more favourable, some less so (Fombrun, 2018). This will impact the corporate reputation being constructed (Siltaoja, 2006). Corporate reputation is related to the evaluators' values and they appreciate and focus on different things (Siltaoja, 2006). In the short run, accommodating some of the stakeholders' expectations might become at the expense of the expectations of another (Fombrun, 2018). For instance, investors favour high profitability. However, the consumer demand for quality will usually decrease the earnings. At least in the short run, this also applies to employees petitioning for higher wages and benefits, and the local community's demand for charitable donations and environmental support (Fombrun, 2018). Previous research argues that CSR can cut both ways, where some stakeholders credit the companies for being socially responsible. In contrast, others recognise it as a distraction and unnecessary use of corporate resources (Fombrun et al., 2015). The seemingly different requests from the stakeholders mask a mutuality of interests. After all, the

key stakeholders have an interest in the company's long-term viability and survival (Fombrun, 2018).

The stakeholder theory has been criticised for being instrumental and driven by self-interest reasons (Ihlen, 2011). Even so, an important part of the stakeholder theory is that it emphasises the impact and importance of a company's relations with its surroundings. Because of this, there is still an agreement that this theory should be the fundament for the companies' socially responsible work (Ihlen, 2011).

This chapter has accounted for relevant theory on corporate reputation, CSR's influence on corporate reputation and stakeholders. The theory we have used is a necessary foundation to answer the research question as well as the sub-questions. After presenting the theory, we find this to be a reasonable basis for the presentation of interview data and discussion.

### 3. Methodology

The purpose of this chapter is to present our methodological choices made to answer the research question and sub-questions. Furthermore, we will explain our procedure by clarifying our choice of method, research design, data collection, and an evaluation of the methodology and quality of the data.

#### 3.1 Research design

Research design is a plan for researchers in an early stage of the study, considering what and who is being studied and how the research should be carried out (Johannessen et al., 2016). After finalising our research question, we had to determine the research design that was best suited for our study. The time dimension is central to how the research should be carried out, whether it is studied at one certain point or over a long period (Johannessen et al., 2016).

We did a cross-sectional study that entails the collection of data at one certain point in time. The reason for the cross-sectional study is because we were interested in understanding how the companies work today; therefore, we did not need data gathered over longer periods (Jacobsen, 2015). Through in-depth interviews with our selected informants, we were able to obtain their descriptions of the companies' current situation (Jacobsen, 2015; Johannessen et al., 2016).

#### 3.2 Choice of method

According to Johannessen et al. (2016), methodology means following a specific path towards a goal. Research methods in social sciences refer to how we ought to proceed when gathering information about the real world. It also concerns how we will analyse what this information tells us so that it provides new knowledge of social conditions and processes (Johannessen & Tufte, 2002). In the literature, there is a distinction between qualitative and quantitative approaches. The most commonly used technique for collecting quantitative information is questionnaires, while interviews and observations are examples of qualitative approaches (Johannessen & Tufte, 2002). The qualitative approach is based on the perception that reality is too complex for

numerical analysis. Gathering information can be done through interviews to get a more nuanced insight (Jacobsen, 2015).

In this study, we chose a qualitative approach where we conducted in-depth interviews with informants from the selected companies. The purpose of the qualitative approach was to obtain comprehensive descriptions, which we would not have gotten through, for instance, a questionnaire. We collected detailed and nuanced information about our research question by conducting interviews with a smaller sample of the population.

The data produced by interviews are specific rather than generalised (Horn, 2012). Additionally, since we are examining a smaller sample not chosen at random, it will be hard to generalise the results (Johannessen & Tufte, 2002). The purpose of this study was not to generalise our findings, but rather to obtain in-depth knowledge.

### 3.3 Population and sample

The population is the collection of those we are interested in studying (Johannessen et al., 2016). As we were interested in studying the hotel industry, our population consists of every hotel in Norway. Furthermore, we did a strategic sampling as we did not choose the case companies or the informants at random (Johannessen & Tufte, 2002). The selection of our sample is divided: the case companies and the selection of the informants.

We chose our specific case companies within the hotel industry based on how their hotel chains scored on barometers. We selected two hotels within these chains located in the same city. From this point, we will refer to the hotels as 1 and 2. Hotel 1's chain scored high in all of the barometers, whereas hotel 2's chain scored low (NBB, 2020; NKB, 2020; SB Insight, 2021). The barometers are NKB, NBB and SBI. Hotel 1's chain was ranked in a higher position than hotel 2's chain in the sustainable barometers and a little better in the customer barometer. We found it interesting to further explore their similarities and differences related to our research subject based on these discrepancies.

Originally, we wanted our informants to consist of both managers and employees because these are important stakeholders of the companies and could provide useful insight from different perspectives. Additionally, they are the companies' public face and are therefore directly and

actively involved in building their corporate reputation (Brønn & Ihlen, 2009). After contacting the hotel directors, we asked for a referral to middle managers and employee representatives within the companies with relevant knowledge about our topic. This method is called snowball sampling (Johannessen & Tufte, 2002). However, due to the ongoing Covid-19 pandemic, the hotel directors told us that most of their employees were temporarily laid off, and it was not feasible. For this reason, as our sub-questions express, the study will be conducted from a management perspective. We received the middle manager's contact information, sent them an email explaining our research project, and asked if they would participate. Everyone we reached out to responded quickly; they were positive and wanted to take part.

Finally, our informants consisted of four managers: two hotel directors and two sales directors from two hotels. We will refer to them as the abbreviation HD and SD, where HD 1 represents hotel 1, and HD 2 represents hotel 2. The same applies to SD. Furthermore, we will refer to the informants as "he/she" to make them gender-neutral.

### 3.4 Data collection

In this study, we conducted interviews with four managers within two different companies as the primary data source. The primary data is the information the researchers are collecting themselves and are directly collected from original sources specific for the purpose of a study (Jacobsen, 2015). Primary data can, for example, be gathered through interviews, observation, experiments, and questionnaires (Sekaran & Bougie, 2016).

We used the hotel chains' websites as a secondary data source when preparing for the interviews. We examined the information they presented regarding CSR in order to obtain an understanding of how the hotels communicate this. One should, however, keep in mind that the websites are the companies' voice when we evaluate their value and objectivity (Sekaran & Bougie, 2016).

#### 3.4.1 Semi-structured interviews

Our data collection consisted of semi-structured interviews. One can best describe this interview as a conversation between the researcher and the informant, where the researcher controls the conversation (Andersen, 2020). We made an interview guide, which is one of the character traits

of this type of interview. The guide contained themes and questions we went through during the interview, based on the sub-questions and is presented in Appendix 1. The guide prevented us from forgetting essential questions during the interviews. The interview questions were open, which encouraged the informant to answer freely based on their understanding of the question (Johannessen & Tufte, 2002). There is no need to follow the interview guide to the letter, as this could result in the informant becoming insecure and annoyed (Repstad, 1998). Therefore, we let the informants talk freely about their experiences and perceptions and adjusted the questions along the way. We became more adaptable by using semi-structured interviews, which allowed us to explore and uncover new and relevant information that we had not considered prior to the interviews (Johannessen & Tufte, 2002). The flexibility that followed from the semi-structured interviews made it possible for us to ask follow-up questions that were not initially part of our interview guide.

We did not provide the informants with our interview guide prior to the interviews, except for one informant who requested it. We restrained from giving the informants the guide because we wanted to obtain unfiltered and as honest responses as possible. The informant who received the guide did not seem to have prepared in advance, as he/she could not provide thorough details and good examples.

Usually, the data from the interviews are registered by the interviewers by taking notes or using a recorder (Johannessen & Tufte, 2002). If we were to make voice recordings during our interview, we had to apply to the Norwegian Centre for Research Data (NSD) because of privacy reasons. Our study did not require any personal data, and we found it feasible to conduct the interviews without a recorder and hence made the informants anonymous. Since we are two writing this thesis, we were able to conduct the interviews without a recorder. We conducted two interviews each; while one was interviewing, the other took notes. This made it easier for the interviewer to focus on the informant and ask follow-up questions.

We conducted the interviews at the end of March 2021, and the length of the interviews varied from about 20 minutes to 40 minutes. At the beginning of the interview, we shared the screen with the informant and reviewed the “Consent form for participants”, cf—Appendix 2. After receiving verbal consent, we proceeded with our interview questions.

### 3.4.2 Interview guide

The interview guide (Appendix 1) consists of 10 questions divided into three categories based on the sub-questions and the theoretical framework for this thesis.

To map out the hotels' focus on corporate reputation and how it is expressed, we asked if the hotel's corporate reputation affected their motivation to work there; how they perceived the hotel's corporate reputation, and if they are satisfied with it. Further, we asked if they are actively working on their corporate reputation, if they have a strategy to improve it, and what they consider essential when building corporate reputation. As we asked two informants from each hotel, we wanted to uncover any discrepancies within the same hotel or if they had a similar understanding. Additionally, we wanted to find differences between the two hotels.

Initially, we asked how the informants define the concept of CSR to understand what they included in the term and the basis for their answers. Furthermore, we asked if they believe their hotel to be socially responsible and, if so, what measures they take. As we are studying two companies within the same industry, we wanted to disclose any similarities and differences in their practices. Additionally, we asked if they believe there to be a coherence between their CSR and their corporate reputation and if they had examples.

We wanted to uncover which mindset the managers had concerning which stakeholders were deemed important and considered in their CSR strategy. Therefore, we asked which are the most important stakeholders, which role they play, and how the hotels relate to them. Additionally, we asked the informants if any of the hotels' important stakeholders are actively included in the CSR strategy, such as feedback and suggestions.

### 3.4.3 Remarks after the interviews were conducted

During the first interview, we became attentive to the informant mentioning ratings and scores. Initially, we did not plan on asking about this. However, we saw the importance of this as an indicator of the corporate reputation and therefore asked the remaining informants about it as well. We received well-elaborated answers and explanations concerning ratings from the informants from hotel 1, while hotel 2's informants did not present any specific measures from their internal rating, making comparisons in this matter difficult.

Additionally, we observed that some of the informants did not understand some of our questions. We tried to explain the purpose of the question without being too biased. For example, all the informants listed secondary stakeholders when we expected information about the primary stakeholders. When we specifically asked after the primary stakeholders, we got the sense that these were so important for the hotels that they thought it was obvious and did not occur to them to mention it.

The answers were affected by the ongoing pandemic because one informant especially did not see past this. During the interview, we perceived SD 2 to have an extensive focus on how the pandemic affected the CSR-related activities, rather than the activities they usually perform. Although we had some questions that seemed too broad for some informants, others had no problem answering them. We collected considerably valuable information throughout our interviews, although the informants from hotel 1 seemed to be more prepared. We tried to be as attentive as possible during the interviews and asked them to elaborate and give examples. This is something we did to the best of our ability, but in hindsight, we became aware of a few details where we could have asked for elaborations.

### 3.5 Research quality

Many risks could decrease the quality of the data done in a quantitative research project. Therefore, we have evaluated risks related to validity and reliability and tried to minimise these (Larsen, 2017).

#### 3.5.1 Reliability

Reliability is hard to achieve in a qualitative research project because different interviewers perceive things differently (Larsen, 2017). As we conducted two interviews each, we might have perceived things differently and hence asked different follow-up questions. Even so, we both were present during the interviews, and therefore we believe in having minimised the risk.

Additionally, the informant might be affected by the interview setting and interviewer, which could affect the answers given (Larsen, 2017). We conducted the interviews in Zoom, where every participant had the option to keep the camera turned on or off. We kept our camera on

during all the interviews because we felt it was the professional thing to do. The setting did not feel as tense as we had expected. A consequence of conducting the interviews online compared to doing it in person is that we might miss some interactions. It is more challenging to interpret body language, and it could more easily cause misunderstandings. Some of the informants chose to keep the camera off - resulting in us talking to a black screen - which was somewhat uncomfortable. It is an even more considerable risk of misunderstandings when the informants chose to keep the camera off, and we only heard their voices. The risk of misunderstandings could be of significance concerning the reliability of the study.

During the interviews, we tried to steer clear of guiding questions that could result in a different answer than originally would have been given. Instead, we proceeded with a more neutral and open formulation of the question. Furthermore, the data collected from the informants is not an objective truth but the informants' opinions and perceptions of it (Larsen, 2017). Throughout this process, we were critical of errors that might occur. There could be a discrepancy between what the informants told us they do and what they actually do. Accordingly, we frequently asked for examples to get the most accurate illustration of the situation. There might have been some information that we missed because we did not use a recorder during the interviews. However, we used separate documents for all the informants to ensure that we did not confuse who said what.

### 3.5.2 Validity

Validity means that the data collected was valid and relevant (Larsen, 2017). As we collected data through interviews, we had to ask questions that classified as relevant. Therefore, we tried to formulate fewer precise, straightforward questions that worked as an aid in elucidating our research question. Asking the wrong questions could decrease the validity of our research because the answers would not be relevant to the research question. A weakness with the selection process is that the companies' managers suggested the informants, which could have impacted the results. However, the managers have extensive knowledge and an overview of the company and are therefore considered suited to recommend appropriate candidates for the interview. Nonetheless, the managers suggested the candidates, and we contacted them. Therefore, they have only received the information we provided them.

### 3.5.3 Ethical aspects

Ethical aspects should be considered when conducting a research project (Jacobsen, 2015). These kinds of research projects can result in consequences for both those being researched and for society. Hence, the researcher should thoroughly examine how the study will affect those being studied and how the study will be perceived and used (Jacobsen, 2015). By collecting data through interviews, we should always have the informant's best interest in mind. There are three requirements; one such requirement involves the informant having all available information before giving consent (Jacobsen, 2015). We did not collect any personal information, only information regarding the hotels. Even so, it was important to treat this information ethically. The informants were anonymous, and we made sure the data could not be traced back to the informants or the companies. Prior to the interviews, we mailed each informant a consent form to explain the thesis's topic. At the beginning of each interview, we reviewed the consent form (Appendix 2) with the informant and received their verbal consent.

Furthermore, the interviewer should not pry into their personal life, and at last, all the data collected should be precisely replicated (Jacobsen, 2015). We kept the questions objective, and we refrained from asking about their personal life. As we did not use a recorder, we wanted to get the most accurate notes from the interviews. Straight after the interviews, we reviewed the notes and made sure we had the essential information written down.

Because we chose to make both the informants and the hotels anonymous, there are information and examples we have to leave out when presenting the data. An example of such data is specific local events hosted by the hotels or local cooperating partners.

We did not experience problems concerning the ethical requirements and believe that the study has been conducted in an ethical manner.

## 4. Presentation of data and discussion

In this chapter, we will present our findings from the interviews and discuss the sub-questions, which provides a basis for answering our research question (Jacobsen, 2015): “Is CSR instrumental for corporate reputation?” Under each sub-chapter, both theory and empirical data will be discussed and compared. We are using quotations to highlight important findings in addition to underlining arguments. Finally, we will summarise the main findings.

When stating that ‘hotel 1’ and ‘hotel 2’ are doing or expressing something, we refer to both the said hotel’s informants’ point of view.

### 4.1 The managers’ attentiveness towards corporate reputation

Initially, we asked the informants the question “What made you want to work at the hotel?”. This was followed by the question of whether the corporate reputation influenced their motivation to work there.

The answers we received from the informants indicated that corporate reputation was something everyone had considered; some informants answered in more detail than others.

HD 1 was motivated to work at the hotel because of their full-service offer. The hotel’s reputation certainly played a part in the informant’s interest in working there.

“(…) in this local area, I perceive it as the strongest brand within the service and restaurant industry.” (HD 1)

HD 1 also mentioned the triple bottom line (TBL)<sup>5</sup>, saying that their vision is to create a better everyday life for employees, associates and guests. In addition, the hotel chain is very committed to supporting diversity.

HD 2 described the hotel as well-established and acknowledged, but it was necessary to build a corporate reputation when taking over the hotel. This is something he/she has worked

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<sup>5</sup> Including people, planet, profit

extensively with and still does. SD 2 also acknowledged this as important and added that the possibility to work with conferences and events motivated him/her to work there.

“The hotel is a well-known brand, recognised for hosting considerable conferences (...), and known for taking care of employees.” (SD 2)

Every informant thought the hotel was an exciting and good workplace and a place they wanted to work at due to their corporate reputation and brand. Attracting qualified employees is supported by Brønn and Ihlen (2009) as a benefit of having a good corporate reputation.

The previous question highlighted the contribution the hotels’ corporate reputation had on the choice of workplace. Subsequently, we asked, “How do you perceive the hotel’s corporate reputation?” to which we received differing answers. A common denominator for all the informants was that they perceived their hotels to have a good corporate reputation. However, the reasoning and elaboration for this varied both between the hotels and managers within the same hotel. As follow-up questions, we asked if they were pleased with their corporate reputation and wanted to improve it.

HD 1 and SD 1 described their hotel as a company with significance in the local community where most people have somewhat of a connection to it.

“(...) a place where you either worked yourself, know someone who does or have a strong experience from the hotel.” (HD 1)

“(...) everyone knows someone working at the hotel or used to work there (...)” (SD 1)

HD 1 also emphasised that the hotel name is synonymous with quality and venerability. SD 1 also perceived their corporate reputation to be good and based this on having several regular guests and conference-attending guests as well as training and events. Both HD 1 and SD 1 referred to and based their claim of a good corporate reputation on Net Promoter Score (NPS) and Employee Net Promoter Score (ENPS). These are rating systems where NPS relates to the service provided and experience reviewed by the guests, while ENPS concerns how the employees are feeling.

“(..) ENPS concerns the employee environment. For instance, if you are a promoter saying this is a good place to work and would recommend it to others.” (HD 1)

Both the informants from hotel 1 agreed that there is constant potential for improvement and that they are working determined. This is based upon the scores produced from especially NPS, the upgrades done to the hotel’s infrastructure, and development of facilities. This shows that the managers are attentive towards their corporate reputation and continuously trying to improve it. It is through these measures that the managers operationalise the hotels’ corporate reputation.

Hotel 2 were vague and not as coordinated in their answers as hotel 1. HD 2 believes the hotel has a good corporate reputation; however, he/she emphasised they still have more to give. He/she believes there are still some details that need to fall into order, such as attributes that make them stand out. On the contrary, SD 2 is pleased with the hotel’s corporate reputation. Still, he/she added there will always be a potential to improve the corporate reputation based on reviews and ratings from TripAdvisor and Booking.com, in addition to an internal score.

As mentioned, hotel 2 did not have any specific ratings compared to hotel 1. The informants from hotel 1 provided us with well-elaborated answers and explanations concerning the question regarding rating measures.

“(..) from the latest measures, we were ranked with the highest score in the hotel chain.” (HD 1)

The hotel regularly measures key stakeholders like customers and employees through NPS and ENPS; this is a practice that helps the hotel maintain and build good relationships. This is in alignment with Fombrun (2018), stating this is necessary to ensure that the corporate reputation is positive and enduring. Even so, all the informants agreed upon the constant potential for improvement. Additionally, it is valuable to measure the customers’ and employees’ perceptions because these are a big part of what constitutes their corporate reputation (Fombrun, 2018).

Furthermore, we asked, “Are you actively working on building a corporate reputation?” wanting to know if they have a strategy for building corporate reputation and who is a part of this endeavour.

Both HD 1 and SD 1 said they have a large team that works within specific groups at the hotel, where each project is designed to increase product quality. Both the HD and the hotel owner have their reasons for investing in their hotel, and they are constantly working on creating better guest experiences. If they can give the guests good experiences, the hotel will have more overnight stays and be able to charge higher prices.

SD 1 answered that they need to work actively with their corporate reputation. This is because the hotel carries the risk of guests not returning as a result of a negative experience. Every department is consciously working on every level regarding customer satisfaction. The informant stressed that they get a lot of information from the survey scores because guests can leave a comment to elaborate. This will allow them to understand how to improve continuously. For instance, the Welcome Office Manager responds to feedback, especially if it is negative. It is difficult to correct a guest’s bad first experience at the hotel, so they always strive to deliver a certain quality in every department.

The informants from hotel 2 had differing answers to this question. According to HD 2, they do not have a strategy regarding building corporate reputation, but it is of concern. HD 2 and SD 2 also mentioned that they continuously work on being visible, always wanting to be interesting and participate in, for instance, interviews. SD 2 said they are actively working on building corporate reputation because even though there is a pandemic, they still have goals to achieve.

“The SD and I work on being visible and want to be those being asked [by the media].” (HD 2)

“Yes, relative to how active you can work with this under these circumstances.” (SD 2)

The answers received from this question were somewhat split amongst the hotels. The informants from hotel 1 were concerned with product quality and customer satisfaction as well as giving the guests the best experience possible.

“Something that is for certain in the hotel industry is that the guests are not more loyal than the next event we are hosting.” (SD 1)

In addition to focusing on quality, the informants from hotel 2 also worked on being visible and showing interest in media coverage.

“(…) we use about five hours each [doing interviews] per week.” (HD 2)

According to Brønn and Ihlen (2009), good visibility is important for the company’s corporate reputation but not good enough in itself. Others add that communication, transparency, and integrity affect corporate reputation (Brønn, 2019). Brønn (2019) states that credibility and reliability are included in integrity. This is in accordance with Fombrun (1996) and Figure 2.2, where credibility and reliability are two of four images related to corporate reputation. The media can influence whether people positively or negatively perceive a company (Brønn & Ihlen, 2009). An example mentioned by the informants is that they see reviews on TripAdvisor and Booking.com as important for future guests and their choice to stay at that hotel. As SD 1 said, their Welcome Office Manager is answering feedback the hotel receives, especially if the feedback is negative. This is valuable because reviews on TripAdvisor could be a decisive factor when choosing between hotels (TripAdvisor, 2017).

According to Brønn and Ihlen (2009), there are three levels of information processing that can affect how people perceive an organisation; (i) primary, (ii) secondary, and (iii) tertiary. Hotel 2’s media visibility can be described as information processing at a tertiary level, including the media and free press. This is one of the largest sources of information but the least influential. This is because the influence is immediately on their image but has no effect on the corporate reputation (Brønn & Ihlen, 2009).

If guests have a valuable experience, there is a great possibility that they will tell friends and family. This is part of the secondary level of information processing. According to Brønn & Ihlen (2009), having a good corporate reputation can give the hotel the opportunity to set higher prices and competitive advantage. The informants from hotel 1 see the importance of the employees acting as ambassadors for friends and family.

## **Factors of importance when building corporate reputation**

The next question we asked the informants was, “What do you recognise as important when building a corporate reputation?”. During this question, the concept of stakeholders was introduced so the informants could give us specific examples or cases of importance.

HD 1 emphasised that there are many requirements from the top management concerning environmentally friendly solutions when developing products, whether it is infrastructure or something else. Additionally, HD 1 said every hotel has its unique selling proposition, where hotel 1 utilises its history and culture in the hotel chain. Hotel 1 is distinctive compared to other hotels’ physical and intangibles due to features such as the ceiling height, rooms, and aesthetics. The hotel is a conference hotel and has the capacity to host a great number of guests in total, and has few floors, which makes the logistics easier to manage. He/she also mentioned they use different media like Facebook, Instagram and other business networks. The hotel has many followers on these channels, and additionally, the employees are acting as ambassadors and promoters.

SD 1 supported HD 1 and emphasised that quality is considered the most important determinant for building a good corporate reputation. This could, for instance, be the quality of their servings, cleaning service and waitstaff demeanour. He/she underlined that by being a part of a hotel chain, some guidelines should be followed: from the breakfast they are serving to how they process complaints. They are actively working on their corporate reputation to keep it at the level they want.

“Doing what we can to make sure that the guest will return if they had a negative experience at the hotel (...)” (SD 1)

For hotel 2, both the informants agreed that it is most important to deliver quality that exceeds the guests’ expectations. HD 2 believes that building a corporate reputation consists of 80 percent providing quality. Additionally, they focus on being visible, participating in several arenas, answering reviews, and following these up. Public interest and engagement make people talk about them, which is positive and of significance to their corporate reputation. This is supported by SD 2, emphasising that customer review sites are a part of building their corporate reputation. Again, referring to the ongoing pandemic, the informant said they are still actively

working on this even though they have less time and fewer employees available. He/she also mentioned they work with an indirect ambassador program, selecting strategic customers they want in their portfolio as it creates a positive corporate reputation.

When we asked the informants how they thought the stakeholders, such as customers and employees, perceived their corporate reputation, they believed the stakeholders perceive it as good. HD 1 based this on the scores received from NPS, ENPS, and guest ratings online. Based on good experiences, 8/10 would recommend the hotel to friends and family. He/she stressed that some future guests might have high expectations of the hotel, but earlier guests are familiar with the hotel's service offer and are satisfied. SD 1 expressed that the guest will let them know if they are doing well. He/she also mentioned that they have a lot of regulars, conference and vacation guests. HD 2 believes that they are perceived to soon be the best hotel in town due to their location, product quality, and product delivery. Even though the last year was rough, they still want to be the gem in the city. SD 2 mentioned that he/she believes the stakeholders see them as serious, service-minded, and quality conscious. Their impression is that guests see the hotel chain as conservative.

Consistently, every informant agreed that quality is important regarding building a corporate reputation. Delivering high-quality products and services produces a good corporate reputation and reviews of the hotels. The informants within the same hotel agreed on many things. For instance, they perceived their corporate reputation as good from the customers' and employees' perspective. Quality is one of the attributes customers are expected to base their perception of a company's product and service on (Fombrun et al., 2015). Fombrun's theory is aligned with the informants emphasising the hotel's focus on delivering quality. Additionally, by operating responsibly and delivering quality, the hotel achieves trust and legitimacy from their good corporate reputation (Brønn & Ihlen, 2009), which could explain why hotel 1 has returning regulars.

RepTrak announced products and services as the most influential predictor of corporate reputation contributing 20.1 percent. Products and services are particularly influential regarding the quality of the company's supply (TheReptrakCompany, 2020). The average percentage from the analysis is much lower than we anticipated. HD 2 emphasised that quality is the most important, and building corporate reputation is 80 percent quality oriented. The measurement

from RepTrak might be too generalised, and these numbers are not comparable to Norway. However, research also shows that Norwegians find products and services the most important predictor of corporate reputation (Brønn & Ihlen, 2009). Nevertheless, factors like CSR, ethics, leadership, and work environment make up close to half of the impression of a company (Brønn & Ihlen, 2009).

#### 4.2 The effect of CSR on corporate reputation

We will continue with the second sub-question: “Do the managers presume there to be a coherence between the hotels’ CSR and their corporate reputation?”.

When this sub-question was formulated, we wanted to understand how the hotels practise their CSR and if it is strategically used to enhance their corporate reputation. Hence, it was relevant to ask questions regarding how CSR was perceived and its inherent role in the hotels.

Introductory, we asked, “How would you define the term CSR?”. This was to gain an understanding of how the informants perceive CSR and what it involves. We wanted to get an illustration of their motivation to act socially responsible and the possible strategy behind it. The answers we received varied, however. Nevertheless, a focus on people and the environment were consistently mentioned.

HD 1 and SD 1 mentioned that they focus on people through different training programs, different kinds of deployment, and community events. We will further address the local events later.

HD 1 also added, “[CSR is] how you manage your company and that you do it in cooperation with the rest of the community in a good and positive manner, in other words, avoid working with someone or by offering something.” (HD 1)

SD 1 underlined their focus on the green shift through several measures concerning this. The measures hotel 1 undertakes will be elaborated on later.

On the other hand, HD 2 stressed that he/she mainly define CSR as their actions that concern people. This includes the people at work and helping people back into the workforce. He/she also

added that caring for the environment should be included in CSR but further added that their hotel could improve in this area.

SD 2 and HD 2 seem to have a similar view of the term CSR. In addition to the employees, SD 2 highlighted that being more environmentally friendly is vital regarding CSR. Some examples were getting an environmental certification and being a workplace that takes responsibility and cares for its employees.

Consistently throughout the interviews, as mentioned, all the informants emphasised their focus on caring for people and helping them back into the workforce. This is an arena where hotels have a lot to offer. To illustrate this, the informants told us the hotel could provide work training, language training, and education in cooperation with The Norwegian Labour and Welfare Administration (NAV). This is offered to people who want and need help return to work. This also applies to employees already working at these hotels, where they can change direction from, for instance, kitchen assistant to certified cook.

“(..) continuously searching for hard-working people, while helping them move forward.”  
(HD 1)

“A way to execute CSR is to educate people, give them education and training.” (SD 1)

“We are being socially responsible by including people into employment (...)” (HD 2)

“(..) helping people back into the workforce and are thus being socially responsible.” (SD 2)

Throughout the interviews, the informants expressed different versions of how to define CSR. This is in accordance with theory, where many scholars define CSR differently (Carroll, 1991; Freeman, 1984; Friedman, 1970; Porter & Kramer, 2006). However, the recurring topics are the planet and people, especially the latter. Based on this, one could argue that for the hotel industry, the concept of CSR includes attending to people in the local community, employees, and the environment.

We started by looking at the social responsibility aspect in general. Further, we asked if the informants considered their hotel to be socially responsible. This was grounded in the desire to get an understanding of how the informants perceived their hotel. This was substantiated with concrete examples of how they run the hotel.

All the informants believe they run socially responsible hotels. These claims are as anticipated, and we should keep in mind that the managers are impartial when answering this question. Therefore, we asked for examples to substantiate their claim.

Hotel 1 told us about their strict requirements, such as ISO-certification, the Penguin project<sup>6</sup>, and Mestro-measures<sup>7</sup>. HD 1 added that they have made several environmental adjustments to the everyday workday.

“(...) guests can refrain from cleaning services (...)” and “(...) low flow showers and using a towel more than once (...)” (HD 1)

Both HD 1 and SD 1 mentioned taking CSR-related actions on both a local and national level. At a national level, they measure the amount being recycled and thrown away. Additionally, they have strict rules concerning how much of the waste should be plastic and decomposable materials. Waste reports are sent to the top management, and the hotel will receive feedback if they are not recycling enough; this is measured when the waste is delivered. HD 1 mentioned that they have measuring systems after each guest night linked to water, wastewater, rubbish, and electricity. This makes it easier to initiate actions and map the effects. Additionally, the hotel collects statistics on food waste.

The active measurement of mundane activities indicates that parts of their work with CSR is incorporated into everyday operations. Based on this, one can say that hotel 1 is strategically working with CSR as they are measuring their activities and evaluating its effect.

An activity at a local and national level is a collaboration with a charity organisation, where they have room for local adjustments. SD 1 added that during the pandemic, they restrained from certain activities due to restrictions. He/she emphasised that they consider this to be a socially

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<sup>6</sup> Sustainability game for employees

<sup>7</sup> Measurement of all consumables to guest nights

responsible action where they would maintain their corporate reputation and be an upstanding hotel rather than earn easy money.

HD 2 substantiated their claim to run a socially responsible hotel by following laws and regulations because they want to be perceived as a professional player. Both HD 2 and SD 2 highlighted the importance of treating the employees fairly and mentioned that the employees have a collective agreement. Additionally, not paying overtime seems to be “a general rule” in the hotel industry. It was emphasised that they do not follow this “rule”. SD 2 also mentioned helping people back into the workforce and getting an environmental certification required to acquire big international contracts.

Compared to hotel 1, hotel 2 primarily considers the employees, residents, and customers in their work with CSR. Whereas hotel 1 has many ways to measure the environmental aspect of CSR, hotel 2 acknowledges the potential for improvement in this area.

However, based on their definitions, all the informants perceived their hotel as socially responsible. We interpret hotel 2 to define CSR similarly to hotel 1. However, we perceive their approach and execution of CSR activities as narrower. This is justified by hotel 2 solely mentioning a focus on people in their CSR-related work, while hotel 1 additionally listed several ways they continuously measure their environmental CSR initiatives. Accordingly, one could interpret hotel 2 to have an instrumental approach to their work with CSR.

“(…) the environmental certification (…) is essential for landing big international hotel agreements, where many require you to have a verification as a sign of approval (…)” (SD 2)

The instrumentality approach aligns with theory and research presented by Midttun and Ditlev-Simonsen (2011) and Jørgensen and Pedersen (2011). They found that CSR is implemented as a means, and you want to achieve something else. In this instance, it is to attract corporate customers.

Furthermore, one could argue that hotel 1 has a triple bottom line approach, where the dimensions of people, planet and profit are in focus.

“The less you use, the more beneficial it is (…) it is an economic tool.” (HD 1)

The triple bottom line approach includes an economic bottom line, where economic viability is central (Carson et al., 2015). Therefore, it is seen as beneficial that the hotels profit by producing less waste.

A recurring topic, mainly from the informants from hotel 2, was that we are in the middle of a pandemic, and this was neither the management nor the employees' primary focus now. In contrast, the informants representing hotel 1 mentioned CSR-related activities they executed during the pandemic. Examples were collaborations with Blue Cross and activities at Christmas time. SD 1 emphasised that especially one event created enormous local interest. He/she received many positive calls regarding this event where people expressed an interest in participating in upcoming years. This is another argument for stating that hotel 1's CSR work is more incorporated and part of their core value within the organisation than at hotel 2.

As mentioned, there is no finite definition for the concept of CSR. Hence, whether a hotel is perceived to be socially responsible is dependent on who is defining it and which definition of CSR they apply (Siltaoja, 2006). HD 2 mentioned that CSR is a broad concept. As we in Norway perceive employees to be a 'super' primary stakeholder group (T. Skåltveit, personal communication, the 10<sup>th</sup> of May 2021), they might be the basis of someone's CSR perception. However, if you ask a person with a broader view, he/she might disagree and perceive it as narrow. SD 2 mentioned CSR activities and initiatives that are normal to do in the hotel industry. Nonetheless, when we asked what hotel 2 does, the answers were vague and referred to the pandemic.

### **The presumed coherence**

The last question we asked in order to answer the second sub-question was, "Do you presume there to be a coherence between your CSR activities and your corporate reputation?". This question is very similar to the sub-question itself. We asked the previous questions to get a more thorough understanding of how the hotels define the concept and execute their social responsibility.

There seems to be a consensus amongst the informants that there is a coherence between their CSR initiatives and their corporate reputation. HD 1 believes that by being socially responsible,

their overall corporate reputation will improve. He/she also mentioned if you compare the NPS score to the rest of the world, no one would care about their local initiatives and hence the corporate reputation would not be as good. However, this measure does not consider those with a relationship to the hotel, and for them, the local initiatives would improve the corporate reputation.

SD 1 emphasised that no matter what industry you operate in, acting socially responsible will create positive and high-minded thoughts regarding the company. For example, he/she mentioned the hotel was chosen as a quarantine hotel during the pandemic because of its corporate reputation, discipline, and policy. Furthermore, he/she believes that this role increased their corporate reputation. Additionally, the informant pointed out some activities such as hosting a charity dinner, which derived positive attention and feedback.

“(…) it was not the goal to build corporate reputation, we just wanted to help. It resulted in massive marketing for us.” (SD 1)

HD 2 underlined that you cannot be a company that treats your employees fairly and not focus on CSR; that would be inconsistent. SD 2 looked at the coherence between CSR and the corporate reputation with a marketing purpose. He/she accentuated this because they show goodwill and care about people and the local community. Furthermore, he/she believes that the listed CSR measures on their website have little to no effect on the private market. The informant justified this with never in his/her long hotel career had he/she experienced a private guest asking about their CSR. However, the informant perceived this to be more crucial for corporate- and conference guests.

Hotel 1 believes that CSR has an impact on the hotel’s corporate reputation. They were also coordinated in their answers concerning the CSR-related activities they perform. Moreover, the informants from hotel 2 also believe that there is a connection between their CSR activities and corporate reputation but emphasised that it was more on a corporate level. Contrariwise, answers given by hotel 2 were not as coordinated and varied more.

Both hotel chains have well-presented websites, which express how they are socially responsible. However, hotel 1 seems to be walking the talk more than hotel 2. This is because examples from hotel 1 were presented on the website, and these indicate well-integrated CSR activities both at a

local and a top management level. Hotel 2 only mentioned a couple of the initiatives presented on their website.

“The website shows who we are, and we believe we practice what we preach.” (HD 2)  
Nevertheless, HD 2 did not back this claim well as he/she had trouble providing examples and mentioned only a few of the listed CSR activities that the hotel chain markets.

That being said, we get the impression from both hotels that except for local adjustments, the top management developed the CSR strategy.

The informants believe that acting socially responsible will positively affect their corporate reputation. CSR and corporate reputation’s perceived connection is in coherence with previous research and theory, which states that CSR is one of the main correlators to corporate reputation (Hetze, 2016; Siltaoja, 2006).

Hotel 1’s chain scored high on sustainability rankings, such as NBB and SBI, while hotel 2’s chain did not reach the same score. These rankings include close to 11.000 consumers who expressed how they perceive the companies. In other words, consumers perceive hotel 1 to be more socially responsible than hotel 2. This is supported by the answers we received during the interviews.

Nevertheless, based on the similar rankings at NKB – the hotels are experiencing almost the same levels of customer satisfaction. In this ranking, sustainability is included as an affecting factor and expected to impact the overall corporate reputation.

Furthermore, one could question if CSR is the main correlate to corporate reputation. As previously mentioned, SD 1 frequently specified how important it is to deliver quality to the guests, and we are under the impression that they believe this has the greatest impact on their corporate reputation.

“Quality is what it is all about; if you deliver in that area, you will get a good corporate reputation in this industry.” (SD 1)

In this context, HD 2 agreed with SD 1 concerning corporate reputation and added that  
“The most important is to deliver quality (...)” (HD 2)

However, according to The Reprtrak Company, citizenship, a good workplace, and sound governance constitute 41 percent of the total corporate reputation. In its report, Reprtrak emphasised that corporate reputation is market-specific, and there might be local differences where these numbers are not applicable (TheReprtrakCompany, 2020). Therefore, one could argue based on results from the barometers and the informants that CSR does not have as great an impact on corporate reputation in Norway as it might in other parts of the world.

Nevertheless, theory and research argue that the main correlate for corporate reputation is CSR. Other researchers, however, argue that it can have a negative impact as different stakeholders have different expectations of the company (Hetze, 2016). This also applies to the hotels we have studied and their stakeholders, a point we will elaborate on in the next section.

#### 4.3 The primary stakeholders' role in the hotels' CSR strategy

Finally, the third sub-question is, “How important are the primary stakeholders in defining the CSR strategy?”. To answer this, we mainly asked questions regarding the hotels’ stakeholders: Which were the most important? What role do they play? How do the hotels relate to them? As stakeholders are an essential part of a company’s CSR, we found it essential to understand how the hotels included them in their work.

The first question we asked was, “Regarding your CSR work, who are the most important stakeholders?”. In this context, we especially wanted them to state who they saw as their primary stakeholders.

Important stakeholders for hotel 1 were NAV with regard to their role in placing workers who needed supported employment. Further to this, the municipality and the county municipality were mentioned as customers. Other stakeholders mentioned were Blue Cross and a hospital. SD 1 added that they want to help wherever they can.

The informants from hotel 2 mentioned NAV concerning the supported employment aspect and Occupational Health Service. The HD emphasised that CSR is a broad term but listed collaborators such as the municipality as a customer, and the harbour. SD 2 underlined that the large tenders provide guidelines for what is expected of them regarding social responsibility.

“This could be the municipality, the county municipality or other government departments, those who bring a lot of business to the hotel decide this.” (SD 2)

As previously mentioned, all the informants listed stakeholders in the secondary group, and these have no direct stake in the hotels. The informants did not mention employees when we asked this question but frequently brought up how they are being considered, the importance of a safe workplace, and fair treatment.

The informants from hotel 1 restated that the employees are encompassed in their CSR work by educating and training people. They also mentioned that they offer a lot of internal training and that the employees can change directions within the hotel. SD 2 expressed that the employees are obviously important and mentioned that the hotel has routines and rules to follow. He/she also added that if an employee has a suggestion, they will listen. However, he/she underlined that they mainly receive directives from corporate customers, which they must take into account.

However, both the hotels seemed to be working closely with many of the same stakeholders in their community. The benefits of considering the hotels’ stakeholders are easier to uncover and solve possible disagreements that could cause a weakened reputation (Brønn & Ihlen, 2009). The hotels expressed having frequent dialogues with stakeholders, such as the municipality, NAV, and a private staffing agency. However, none of the hotels has a set group of people who consistently work with CSR. The importance of the stakeholders will be further explored below.

Furthermore, it was of interest to understand more of the roles of the above-mentioned stakeholders and how the hotels interacted with them.

HD 1 indicated that the hotel does not have a regular forum working on CSR, but the need to recruit seems to increase towards spring and fall. When this occurs, they reach out to various stakeholders such as NAV. The informant also added that stakeholders concerning CSR at a philanthropic level, usually reach out to the hotel. Furthermore, he/she experienced that the employees do not want social responsibility to be at the expense of their workplace. At this point, due to the pandemic, there is no need for recruitment and work training.

SD 1 mentioned that the stakeholders are taken into account when the hotel is developing its CSR work. How these stakeholders are included depends on what they can provide for the hotel. The stakeholders usually want to continue cooperating if their experience is good. The hotel prioritises employees highly and has shown that they take the health and safety of guests and employees seriously by surpassing the Covid-19 guidelines.

“(..) the employees wear face masks, use hand sanitisers, and wait longer than required to clean the rooms if infected guests stayed there. We were one of the first hotel chains to implement these measures.” (SD 1)

HD 2 emphasised that the Occupational Health Service is included in the internal facilitating. The Occupational Health Service is the agency that performs, for instance, a work environment and climate survey (ARK) for the hotel. Additionally, the informant stated that sustainability is important for them, and one way of showing this is by hosting a sustainability festival’s dinner. The hotel also has a good dialogue with NAV where they receive follow-ups and meetings, which is helpful if employees get ill.

Furthermore, hotel 1 emphasised that the employees are actively included in their CSR work. HD 1 said that the employees are motivated by participating as volunteers at events organised by the hotel. Some examples the informant used were events in their local community where the hotel contributed with cooks and waitstaff.

SD 1 also said that dependent on the various hotel departments, the employees are included in some active social responsibility, right down to detail. This can be using environmentally friendly soap or charity dinners where the kitchen staff are needed and included. If there is a need, they send out a questionnaire where you can express your interest in contributing. As an example, one of the employees contributed as a face painter and painted all the children at an event.

“(..) it is important to do things that benefit the hotel (...). If we use a lot of energy on something that does not create value for neither the employees nor the hotel, this erodes the working environment.” (SD 1)

HD 2 told us that they regularly have meetings with each department, where they encourage suggestions. This could be which direction they want to continue in, CSR or if someone has any

thoughts regarding improvement of the hotel. However, he/she experienced that the management was usually a step ahead of the employees, and the feedback typically concerned the practical execution of the socially responsible work.

“(...) we have a culture of tolerance where we encourage feedback or suggestions of improvements.” (HD 2)

SD 2 added that all the employees are actively included in some way. It could be either recycling or strategically placing guests on the same floor to save electricity.

None of the hotels have a group that is actively and consistently working with CSR. Hotel 1 reaches out to stakeholders and collaborators, while charitable organisations usually reach out to them. Both the hotels expressed a culture and environment where the employees can give feedback and suggest improvements and new ideas. At hotel 1, the employees are especially involved in volunteering and CSR work at a detailed level. In contrast, the informants at hotel 2 were vague with their examples, and the employees are more involved at a superior level. Hotel 2 mentioned meetings where the managers were not present, and the employees could talk freely and brainstorm ideas and give feedback.

We understood that the most important stakeholders for both hotels were the employees and the local community. This is in accordance with theory stating that the employees are considered ‘super primary’ stakeholders in Norway (T. Skåltveit, personal communication, the 10<sup>th</sup> of May 2021). As these seem to be the most important ones, they will be further elaborated in relation to theory and research.

According to Fombrun (2018), being involved and considered in decision-making will make the employees feel empowered. Additionally, he emphasised that a good place to work inspires pride in the employees. Hotel 1 and hotel 2 are constantly trying to deliver quality that aligns with the guests’ expectations. Furthermore, HD 1 said they strive to make the employees satisfied at work. Acting socially responsible is another character trait that will instill pride in the employees (Fombrun, 2018). This is in accordance with HD 1 who perceived their CSR measures to motivate the employees.

Another important stakeholder is the local community. The local community expects the hotels to act philanthropic, serve the community, and benefit the environment (Carroll, 1991; Fombrun,

2018). According to Fombrun (2018), these traits will improve a company's reputation from the community's perspective. Hotel 1 has done this on several occasions, for instance, in cooperating with charity organisations, being a quarantine hotel, providing education and a workplace for unemployed, and reducing its consumption. Hotel 2 is also helping residents with training and to get back into the workforce. Additionally, they also recycle and try to reduce electricity usage. If you are not acknowledging your local community, you might be perceived to have a glaring disregard for the well-being of the residents in your operating community. The importance of a company's relations with the surroundings can be seen as a shared agreement for stating that stakeholder theory is a fundament for companies' CSR (Ihlen, 2011). Regarding a company's surroundings, Brønn and Ihlen (2009) also claim that the best way of building a corporate reputation is to sustain and maintain good relations with its surroundings. As the informants from hotel 1 mentioned, they believe that most of the local community has a relationship with the hotel.

As we did not survey the hotel's guests, we are basing their satisfaction upon the data from the NKB. The guests appear to be pleased as both hotels were in the category of "satisfied customers". Hotel 1 scored slightly higher than hotel 2. However, hotel 1 was less than a point away from the category "very satisfied customers". It is reasonable to assume that this is because the hotels expressed a constant desire to improve quality and meet the guests' expectations.

By cooperating with and including several stakeholders in their operations and CSR actions, the hotels align themselves with the theory presented by Freeman (1984) and Fombrun (2018). The inclusion of these stakeholders is affecting and enhancing their corporate reputation (Fombrun, 2018). This is especially because these stakeholders have a direct stake in the company and, therefore, affect it the most.

However, even though HD 1 observed the socially responsible actions to motivate his/her employees, he/she also spoke on their behalf, and therefore this is not the only aspect. Research suggests that being socially responsible can cut both ways (Fombrun et al., 2015). This is because people have subjective opinions and views on various matters and, therefore, can perceive actions differently (Siltaoja, 2006). This could both be within the same stakeholder group and between groups. Correspondingly, another informant expressed a similar viewpoint as Fombrun et al. (2015) and Siltaoja (2006). SD 1 emphasised that he/she could not speak on

behalf of the employees because this topic is very dependent on the person. He/she experienced that the employees had different mindsets concerning CSR, where someone cares, and others do not. As mentioned, HD 1 emphasised that the work within CSR have to create value in order to be motivating. Additionally, SD 2 believes that the employees do not care as they are temporarily laid off; all they want is to get back to work.

### Influential factors

Many factors influence a company’s corporate reputation. During the interview, the informants presented several factors that can influence the construction of the hotels’ corporate reputation. We perceived some factors to be more influential than others, and these are marked in the table as “X”. Factors of less importance are marked as “x”, while those of even less importance are marked as “x”. Table 4.1 summarises the mentioned factors that could affect their corporate reputation.

Influential factors on corporate reputation	Hotel 1		Hotel 2	
	Hotel Director	Sales Director	Hotel Director	Sales Director
Quality of products and services	X	X	X	X
Customer service		x		
Treatment of employees	x	x	x	x
Financial performance	x			
Environmental responsibility	x	x		x
Social responsibility	x	x	x	x
Visibility (local)			x	

Table 4.1: Influential factors on corporate reputation (inspired by Ditlev-Simonsen and Midttun, 2011).

During the interview, the hotel managers did not only express one influential factor but mentioned several factors in their answers. A common denominator is the quality of products

and services, where all the informants perceived this as the most influential factor on corporate reputation. This is essential for the service sector, where corporate reputation is crucial regarding stakeholders. Hotels rely heavily on corporate reputation to attract clients and must deliver the promised quality (Fombrun, 2018).

Additionally, all informants mentioned a focus on the treatment of the employees. As these are the company's public face, their descriptions of the hotel are a powerful influence on the stakeholder's perceptions (Lewis, 2003). Therefore, it is important to treat them fairly, and they are doing so through previously mentioned examples in this sub-chapter. Hotel 1 acknowledges the employees' influence, as they are acting as the hotel's ambassadors.

The financial performance factor did not seem to be the most important for the informants. HD 1 mentioned its influence through intangible asset such as a competitive advantage through a good corporate reputation which could give the opportunity to charge higher prices.

Throughout the interview, it became clear that the hotels do not consider their environmental responsibility as decisive for their corporate reputation. However, hotel 1 still acknowledges the impact on the local community's perception of them. They have accepted their responsibility because, as a company, they are affecting the environment. Hence, they have implemented previously mentioned environmentally friendly measures. Hotel 2 did not recognise their environmental responsibility as very influential or did not mention many environmentally friendly efforts. That is why we have marked them with the "x", implying they do not focus on it nearly as much as hotel 1.

Furthermore, another factor they both are focusing on is their social responsibility. The hotels do this through local initiatives previously mentioned in this sub-chapter. Additionally, HD 2 focuses on visibility in the local community, but according to Brønn and Ihlen (2009), this media visibility inflicts very little on corporate reputation.

#### 4.4 Main findings

The corporate reputation influenced the informants' motivation to work at the hotel, and every manager we interviewed considered this. According to the data retrieved, all the informants perceive their corporate reputation as good. Both hotels based their perception of having a good corporate reputation on internal and external ratings. None of the informants mentioned that they have a strategy for building corporate reputation, but they actively work on it. We also understood that quality and living up to the guest's expectations are essential factors for building a corporate reputation.

In terms of defining CSR, both hotels see it relatively similar, especially supporting employment in addition to the environment. Every informant believes that they run a socially responsible hotel, but hotel 1 does so in a broader way based on what they have told us. One of the informants from hotel 2 indicated that their employees wanting to return is a priority at the expense of CSR. We found it interesting that hotel 2 expressed their view on CSR to be time-dependent.

“I think this kind of study would be better to do in 2022 when hopefully the [Covid-19] situation is better.” (SD 2)

This supports our interpretation that hotel 2 have an instrumental approach to their work with CSR. Contrarily, hotel 1 is concerned with measurements and indicators. This can be seen as management by objectives where they focus on the economic bottom line and acknowledge the benefits of reducing waste.

Both hotels presume there to be a coherence between the hotel's CSR and their corporate reputation. The presentation on hotel 2's chain's website does not comply with the data gathered, where they only mention some activities. Simultaneously, the informants from hotel 1 mentioned the majority of the listed activities.

All the informants mentioned secondary stakeholders as the ones they relate to, something we found interesting because they did not mention the self-evident stakeholders. The stakeholders that add value to the hotel are included in their CSR-related work, while charitable organisations usually reach out. Additionally, the employees are included in their work related to CSR, where they can provide input.

Our interpretation of both the hotels is that CSR is not the most crucial factor regarding their corporate reputation. As theory and our findings are inconsistent, we will present a concise discussion on why.

Firstly, one of the reasons could be due to market-specific circumstances. The slight difference in scores for the hotel chains at NKB could be because the Norwegian consumers do not have sufficient information about CSR and do not consider it as much (NKB, 2020). SBI ascertained that Norwegians do not care that much about sustainability and, therefore, it might not have much of an impact on the corporate reputation. Compared to the countries in the research, Norwegian consumers are the ones who consider CSR the least when making a purchasing decision (SB Insight, 2021). Another reason for the customers not to consider sustainability is that customers feel it is complicated to form an impression of what the company does (NKB, 2020).

Even though the Norwegian consumers' awareness is rising in this area (SB Insight, 2021), it could support the statement that Norway has a market-specific preference regarding what mainly affects the company's reputation. For the hotel industry, the informants suggest that quality is the most important attribute.

This could explain the findings from the sustainability barometers where NBB ranked hotel 1's chain at the top end of the scale while hotel 2's chain ranked in the middle. From SBI, hotel 1 got a much higher ranking position than hotel 2. Additionally, these reflect the differences between the hotels concerning CSR measures presented in the interviews. CSR is more incorporated in hotel 1 than hotel 2. Even though they have different scores concerning sustainability, the ranking from NKB is not as divergent. Hotel 1 barely received a higher score than hotel 2.

Secondly, this could also be explained by different priorities between industries and, therefore, the hotel industry could be decisive in this instance. The service sector is one where products cannot be evaluated before purchase. Therefore, the industry is heavily reliant on delivering quality and living up to the customers' expectations.

“(...) I have not received a lot of negative feedback concerning CSR, we are in fact running a hotel. Our main concern is housing guests (...)” (SD 1)

This emphasises CSR's small impact on corporate reputation and the more significant impact providing quality brings upon corporate reputation. A rational consumer would not return to a socially responsible hotel if they delivered poor quality. However, the guests are more likely to return if they are pleased and the hotel lived up to or exceeded their expectations.

Correspondingly, the hotels acting socially responsible is merely an added benefit and not a decisive factor in customer satisfaction.

## 5. Concluding remarks

This study aimed to investigate the relationship between CSR and corporate reputation from a management perspective between the case companies. We have examined what CSR means for the hotels seen in light of corporate reputation.

Our research question was “*Is CSR instrumental for corporate reputation?*”.

To elucidate the research question, we developed three sub-questions focusing on corporate reputation, the connection between CSR and corporate reputation, and stakeholder inclusion. Through the research process and collaboration with the chosen case companies, we were able to answer the research question. The concluding answer to our research question is that CSR is not instrumental for corporate reputation for Norwegian consumers in relation to the hotel industry.

We understand that the managers at both hotels are attentive to the importance of a good corporate reputation. Correspondingly, they continuously measure feedback from guests and work on improvements. There is also a consensus amongst the managers that there is a coherence between the hotels’ CSR and corporate reputation. In other words, they believe CSR has an impact; however, providing quality is the most important factor for both hotels in terms of building corporate reputation. In addition, we also found that their inclusion of stakeholders in the CSR strategy relies on their contribution to the hotel that adds beneficial value. The hotels are working closely with the ones of importance.

Previous research suggests CSR greatly impacts corporate reputation (Esen, 2013; Hetze, 2016; Siltaoja, 2006). Our findings were somewhat surprising, as they are inconsistent with said research. In these researches, the samples were lower-level employees and customers, which could explain our inconsistent findings. Nevertheless, as Norwegian consumers care the least about a company’s CSR when making a purchasing decision (SB Insight, 2021), studying customers would not necessarily have changed our results. Even so, our research contributes an alternative view on the subject where industry- and market-specific circumstances play an influential role.

## 5.1 Critical reflection and suggestions for future research

Our study can be viewed as somewhat narrow as we have approached only from a management perspective. As mentioned, we originally wanted to interview employees to get a more extensive insight. However, due to the pandemic, this was not feasible. Additionally, we based the customers' perceptions on the barometers; this might not have resulted in the most accurate illustration of the customers' perceptions. We could not include them as the study would have been too comprehensive.

We also had some problems getting the informants to understand our purpose and meaning of some questions. Prior to the interviews, we tried to adjust the questions to the informants, where we removed terminology such as "stakeholder" and replaced it with "player". Nonetheless, some of the informants still did not understand. In hindsight, we should have sent the questions to a non-specialist beforehand to avoid any misunderstandings. Furthermore, during the interviews, there were moments where we realised we should have asked for examples and further elaborations. For instance, when HD 2 mentioned they still had some details to sort out, we should have asked which details.

The theory is inconsistent with our findings. It might be self-evident that in this industry, quality is an important denominator for corporate reputation. Even so, we see a lot of hotels promote themselves as socially responsible, and it was interesting to examine the importance of it from a management perspective.

That being said, we want to suggest a topic for future research related to this study. As stated above, we only included managers in this study. It would therefore be beneficial also to include lower-level employees. We feel this angle is missing from our research project, and we would have preferred to include it.

Additionally, one could also have studied the perspective of customers. As Norwegian consumers do not consider CSR as much, it would be interesting to study how they view the importance of CSR on corporate reputation in the hotel industry.

Future researchers could include the employees and the customers in quantitative research containing questionnaires, either together or separately. This approach could provide extensive knowledge about how two of the primary stakeholders perceive CSR to affect the hotels'

corporate reputation and if there is a connection. It might also be possible to establish which component they perceive to be affecting the corporate reputation the most.

At last, it could be interesting to do a similar study in another industry to examine if CSR plays a more influential role on corporate reputation. Further, one could compare and explore similarities and differences.

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# Appendix

## Appendix 1: Interview guide

1. What made you want to work at the hotel?
2. How do you perceive the hotel's corporate reputation?
3. Are you actively working on building a corporate reputation?
4. What do you recognise as important when building a corporate reputation?
5. How would you define the term CSR?
6. Do you consider your hotel to be socially responsible?
7. Do you presume there to be a coherence between your CSR activities and your corporate reputation?
8. Regarding your CSR work, who are the most important stakeholders?
9. What is the stakeholders' role in the hotels' CSR, and how do you relate to them?
10. Is there anything you would like to add?

## Appendix 2: Consent form for participants

### *The importance of CSR on corporate reputation. A case study of the hotel industry*

#### **Purpose of the study**

In recent years, there has been an increasing focus on concepts such as corporate social responsibility and sustainability. Studies indicate that these are areas that are of importance to a company's corporate reputation. Therefore, the purpose of this study is to research how companies in the same industry work with corporate reputation and corporate social responsibility. The research project is a master thesis in Business Administration at the University of Agder and accounts for 30 credit points and one semester. The assignment is due to be completed and delivered by the 1<sup>st</sup> of June 2021.

#### **Who is responsible for the research project?**

The University of Agder is responsible for the research project.

#### **Why are you asked to participate?**

The population is chosen based on corporate reputation being essential, especially in the service sector. This is because the quality of a purchased product cannot be evaluated before the purchase. This characteristic separates the service sector from retail, and hence corporate reputation is even more essential. We chose to do the study from a management perspective because the managers have an essential role in making strategic decisions.

#### **What does it entail to participate in this study?**

If you choose to participate in the interview, this entails a conversation in Zoom. No recordings will be made during the interview, neither picture nor voice. The interview will be conducted by two students, where one will take notes. We will not register any personal information, and in the finalised version, both you and the hotel will be anonymised. The questions concern corporate reputation, CSR, the coherence between these, and stakeholders.

### **It is voluntary to participate**

It is voluntary to participate in this study project. If you choose to participate, you can withdraw your consent at any point in the future. If you take part, all registered notes will be deleted.

Withdrawal will not inflict any negative repercussions for you.

### **Your privacy - how we store and use your information**

No personal information will be registered. The only people with access to the interview data are Trine Rønning, Kristine Barkve Røssland and the supervisors Torunn Skåltveit Olsen and Stine Rye Bårdsen.

### **Consent**

By reading the presented information in this consent form and by participating in the interview – you are consenting.

### **Your rights**

If you have any questions regarding this study or want to know more, please contact:

The University of Agder through:

Trine Rønning

Kristine Barkve Røssland

Supervisor Stine Rye Bårdsen

Supervisor Torunn Skåltveit Olsen

### Appendix 3: Trine's discussion paper – competency goal: international trends

Corporate reputation is given more attention than ever before (Firestein, 2006). It is imperative to show that the company is walking the talk, and consistency in its actions is a hallmark of building a corporate reputation (Brønn & Ihlen, 2009). Fombrun states that it is in a company's self-interest to build a good corporate reputation for long-time survival (Fombrun, 2018). Corporate reputation is a multidimensional subject where corporate social responsibility (CSR) can be viewed as one of them (Hetze, 2016; Siltaoja, 2006).

CSR is a concept that has grown and received more attention than ever before and affects most organisations nationally and internationally (Midttun, 2007). Companies work to achieve sustainable developments by considering their effect on the environment (Sjöberg et al., 2005). Because of the planetary changes that are happening, sustainability and CSR is relevant because everyone is affected. One can find both economic and ethical reasons for why companies are or should be concerned with CSR. The most important economic reason is that the company seeks to safeguard its long-term self-interest by acting responsibly, creating trust, and contributing to sustainable development (Norgesforskningsråd, 2004).

The purpose of our thesis is to explore the importance of CSR to enhance corporate reputation. Our research question is "Is CSR instrumental for corporate reputation?". This study is based on data gathered from a management perspective.

Our thesis is a case study of the hotel industry and the importance of CSR on corporate reputation. We chose to interview four managers from two international hotel chains in the same city in Norway. Internationally there are a significant number of hotel chains that could be studied. In our thesis, we based our choice of hotel chains on barometers, one of them being sustainable brand index measuring several countries all over the world (SB Insight, 2021). This shows something about the trend internationally. We wanted to do a comparative analysis with

the same industry because comparing them would make our findings more interesting than if we had one company. Hotel 1's chain ranked higher than hotel 2's in the sustainable barometers.

Understanding the interaction between the company and its stakeholders is fundamental concerning CSR (Norgesforskningsråd, 2004). A company's stakeholders are the ones who are affecting or is affected by the companies' activities (Freeman, 1984). Regarding environmental CSR initiatives, the informants we interviewed mentioned that environmental certifications are essential for landing big international hotel agreements. The hotel acquired the environmental certification because the international customers would only cooperate with verified hotels.

According to the answers received from the informants, they find the triple bottom line important, less consumption and reducing waste. They can do so by reducing water and electricity. The hotels have several environmental adjustments where the guests can refrain from cleaning services and low flow showers and use their towels more than once.

We created three sub-questions to answer our research question, including specific questions about corporate reputation, CSR, and stakeholders. Due to the increasing trend for CSR, our questions could be relevant anywhere because most industries can relate to this.

As Fombrun (2018) stated, reputation is market-specific. Leaders should be aware that there are significant differences in corporate reputation by country when you are in an international market. This comes from his system, RepTrak, measuring the factors that drive corporate reputation (Fombrun, 2018). Even though our chosen hotel chains are in Norway, they operate in an international market. This is something we have been looking at during the course in "Culture and Ethics" at UiA.

We received answers from one of the informants that the hotel is very committed to supporting diversity. This is current internationally as well, the fact that they worship equality and

inclusiveness. Both hotel chains mention on their websites that this is important for them, but this did not come up during our interviews. Especially hotel 1 found this important to take into consideration.

We also wanted to study two hotels with scores that were apart from each other to have a comparison basis. To answer our research question and determine whether CSR is instrumental for corporate reputation, we had prepared a semi-structured interview. After conducting the interviews, we gathered the information we needed for the analysis, where we found similarities and dissimilarities that surprised us. We found that the international trend of CSR does not affect hotel 2's work tasks as much as it affects hotel 1's.

According to theory, there is no finite definition of CSR (Carroll, 1991; Freeman, 1984; Friedman, 1970; Porter & Kramer, 2006), but all the informants expressed quite similar versions of this. However, all of them included a focus on supported employment and the environment.

Hotel 1 seems to be following the initiatives presented on their website, which indicate well-integrated CSR activities at top management and local level. Hotel 2, on the other hand, did not mention as many initiatives as hotel 1 from their website.

As mentioned, our findings would not have been the same if one had done the same study in another country than Norway based on our population. This could be because of the market-specificity, and different cultures appreciate different things. These trends will affect different industries in different ways. In this study, we found quality as the most important factor within the hotel industry regarding corporate reputation.

We found that the theory is inconsistent with our findings and that quality is important in the service sector because you cannot evaluate the product before it is purchased. We also understand that all the managers are attentive to the importance of a good corporate reputation.

During the course “Culture and Ethics”, we had some classes focusing on CSR and comparisons of cultures. This has made me aware of the different cultures acting differently in different situations. This includes both how they consider the impact and importance of the company’s corporate reputation and how they consider CSR. For example, we see from SBI, where consumers from different countries in Europe are included, how different the different consumers consider and care for CSR. This will probably apply to how different countries consider corporate reputation, and this is supported by Fombrun (2018), who emphasised that his research could be market-specific.

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#### Appendix 4: Kristine's discussion paper – competency goal: international trends

There has been an increase in attention given to corporate reputation in the last decades (Pruzan, 2001). This is because it is vital for a firm's long-term survival, and a good corporate reputation can provide many benefits (Brønn & Ihlen, 2009). These are charging higher prices, reduced purchasing prices, a shield in a crisis and attracting qualified customers (Brønn & Ihlen, 2009). There has also been an increasing focus on CSR, where CSR is perceived to be the most important motive for corporate reputation (Esen, 2003).

Therefore, our research question is "Is CSR instrumental for corporate reputation?". We have used a qualitative approach to our thesis and examined two hotels from different hotel chains in the same city. This is done from a management perspective.

In general, the topic of our thesis consists of how the international trend of corporate social responsibility (CSR) affects corporate reputation. In this context, both corporate reputation and CSR are trends with enhancing focus. This does not only apply to the two hotels we have chosen in a Norwegian city. For instance, in June 2008, the Norwegian translation of the word 'reputation' got 406 000 hits (Brønn & Ihlen, 2009), while in April 2021, it got 1,7 million hits. The keyword 'reputation' got 174 million hits on Google (Brønn & Ihlen, 2009), while in April 2021, the search got 454 million hits. This shows an increasing focus on this concept in both Norway and worldwide.

Corporate reputation is vital and essential for the long-term survival of businesses worldwide (Firestein, 2006; Fombrun, 2018; Pruzan, 2001; Resnick, 2004). A good corporate reputation is built through considering stakeholders because a corporate reputation consists of their perceptions of the company (Fombrun, 2018). This does not only apply to Norway, but companies worldwide are affected by the impressions constructed by their stakeholders.

Research suggests that corporate reputation is a multidimensional subject, where CSR is the most important one (Esen, 2003; Siltaoja, 2006). Another research indicates that the main motivator for implementing CSR-measures was instrumentality-driven motives, where they want to achieve something else, such as a good corporate reputation (Jørgensen & Pedersen, 2011).

CSR is a relevant topic worldwide because we are all affected by the climate changes happening. How companies are taking it seriously and into consideration will probably be a factor in most countries.

Concerning our research question: “Is CSR instrumental for corporate reputation?”, this study could probably be executed in most countries. This is because a good corporate reputation is not only essential in Norway – but all over the world where people are doing business concerning both local consumers and tourists. However, it may differ whom they take into account. For instance, in Norway, the employees are considered “super” primary stakeholders (T. Skåltveit, personal communication, the 10th of May 2021), while the priorities may lay elsewhere in other countries.

The unit of analysis are two hotels that are a part of two international hotel chains. We have chosen hotel chains not only operating in Norway, which means that they will be affected by trends happening in other countries. Because they are hosting guests from more than one country, they also must be able to adapt. Additionally, based on what they present on their website, some of the CSR activities are executed in Norway and other countries where they operate.

Our findings were somewhat divided. Hotel 1, which ranked highest, seemed to be very concerned with acting socially responsible. Additionally, we perceived hotel 1’s chain this to be more concerned with CSR. They presented many CSR-related measures on their websites. During the interviews, the informants representing this hotel expressed and informed us about CSR activities at a local and national level, where the majority was listed on their website. This indicate that CSR is well integrated into their core values.

However, hotel 2, which ranked below hotel 1, expressed some areas where they were acting socially responsible but also emphasised where they could do better. Similarly, as the other hotel, this hotel also presented a range of activities being done regarding humans, the community and the planet on the website. However, more or less none of these activities were mentioned during the interviews – only some local initiatives were expressed. A recurring initiative from both hotels was that the hotel helps people back into the working force again.

Hotel 2 mentioned focusing on the demands from big international customers. One of the things they required was an environmental certification as a requirement for working with this hotel. This shows how the hotel is involuntarily affected by the international trend of CSR. To acquire big international customers, this is something they need to consider.

It is not surprising that the hotels were divided in their perception and execution of their CSR activities. The topic of CSR has many different definitions throughout the years, where scholars and consumers will perceive the effect of it differently (Carroll, 1991; Freeman, 1984; Friedman, 1970; Porter & Kramer, 2006). This also applies to other countries than Norway. One of our informants supported this and said that CSR is very personal for many employees, and they all perceive it differently. The same goes for the stakeholders; some can view companies considering CSR as good, while others might view it as wasting resources (Fombrun et al., 2015). Therefore, it is not only interesting to examine this topic in Norway, but it could also be interesting to do in other countries where they might have different approaches and mindsets.

According to Fombrun (2018), the lack of interest in CSR might be one reason why hotel 2 is ranked beneath the hotel 1 regarding customer satisfaction and sustainable measures. This is because he argues that the corporate reputation is formed through the stakeholder's perceptions of the company concerning credibility, trustworthiness, reliability and responsibility (Fombrun, 2018).

Fombrun is an American professor, and he emphasised that his research might not be applied to all the countries in the world due to market-specific circumstances. Different cultures will have different perceptions and different ways in which they deal with situations. Hence, it is important to understand that these perceptions might be market-specific and will not apply to all markets. In other words, corporate reputation is market-specific (TheRepTrakCompany, 2020). For instance, in Japan, corporate reputation is driven by quality, while in China, leadership is a priority (RepTrakCompany, 2020).

As mentioned, strong effects on corporate reputation could be market- and industry-specific circumstances. In this case, we have two hotels where hotel 1 is ranking high in sustainable perception, while hotel 2 ranked low (NBB, 2002). Still, the customer satisfaction (NKB, 2020) is not that much lower at hotel 2 than at hotel 1. These findings are supported by the research done by Sustainable Brand Index. It is emphasised that the Norwegian consumer is the one in the research who least consider CSR when making purchasing decisions (SB Insight, 2021).

In short, we discovered that all the informants considered delivering quality to the hotel guest as the most important predictor of corporate reputation. Hence, our findings are inconsistent with findings by other research where they suggest CSR to greatly influence corporate reputation (Esen, 2013; Hetze, 2016; Siltaoja, 2006). Therefore, it is reasonable to assume that we get a differing conclusion to our research due to market- and industry-specific circumstances.

These differences have been emphasised in a previous course I attended at UiA called “Culture and Ethics”, in addition to the international trend of CSR. In this course, we discussed various management styles and how different managers and employees act in different cultures. This is something that probably would affect how the managers and employees in certain countries would face these international trends. For instance, China is a country that value having a personal relationship with their collaboration partners, while in America, business is strictly business. In the American culture, business relationships and personal relationships are

independent (Meyer, 2014). Based on this, I believe that both the managers and for instance, customers would value and appreciate completely different things concerning corporate reputation in these countries. Additionally, we got a thorough introduction into the international trend of CSR, where we had case assignments of global companies and how they considered and took responsibility for their actions and emissions. Because of this course, I believe my basis for writing a thesis about two international trends was thorough.

To conclude, both corporate reputation and CSR are international trends and impact companies worldwide; the study can be executed all over the world. However, the findings and answers will probably not be the same. This is because of the local and market-specific differences. This could be because consumers of different countries will value, appreciate and consider companies doing things differently in other industries and markets.

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