

RISK MANAGEMENT THROUGH CORPORATE SOCIAL RESPONSIBILITY AS A WAY TO SUSTAINABILITY IN HOSPITALITY INDUSTRY

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ABSTRACT--*In the dynamic environment of growth and development, managing risk has become the biggest challenge for any company for their long term sustainability and growth. With the development of industry in India, companies are facing risk and becoming aware of being socially responsible which provides "insurance-like" protection (Godfrey, 2005; Friedman, 1953) against various types of risk. Corporate Social Responsibility is being used as a strategic tool for managing risk in business (Lenssen et al., 2007; Basu and Palazzo, 2008). This paper is based on an extensive review of literature in the field of managing risk with the help of CSR activities in the hospitality industry. The findings of the study show that CSR plays a vital role in controlling or mitigating various types of risk in the hospitality industry. The study has also proposed a framework that explains the use of CSR for managing risk.*

Keywords-- Risk; Risk Management; Corporate Social Responsibility; Strategic CSR; Hospitality Industry; Sustainability.

I. INTRODUCTION

The risk is the possibility that an event will occur and risk management's objective is to assure that the uncertainty does not affect the achievement of an objective and do not deflect the organization from its business goals. "Risk can be defined as the likelihood that the outcome from a process will not meet expectations" (Knechel, 2002). There are 4 phases of Risk Management: Identify Risks, Analyze Risks, Plan Risk Responses and Monitor/Control Risks (Tummala & Schoenherr, 2011). In recent years, many organizations have implemented enterprise risk management and the role of chief risk officer has become significant henceforth (Liebenberg & Hoyt, 2003; Aabo et al., 2005).

According to Thomas Stanton of Johns Hopkins University, the point of enterprise risk management is not to create more bureaucracy, but to assist in discussions regarding big risks that organizations are facing. Business enterprises are identifying the potential risks and opportunities prevailing in the market and thus protect and create value for their stakeholders, including employees, customers, regulators, and society overall.

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Historically, the organizations have done this by buying insurance: property insurance, liability insurance, and malpractice insurance to deal with detrimental losses, lawsuits and claims of damage, loss or injury (Mello, 2006; Baker, 2005; Hoyt and Khang, 1999). The companies are dealing with the ups and downs in currencies, interest rates, and equities, etc through the capital markets. In this modern era, businesses are facing a much more diverse collection of obstacles and potential dangers. Now companies should focus not only on the downside of risk but the upside as well. The traditional approach was to concentrate on negatives i.e. the losses from currency or interest rate trades in financial markets but now companies are supposed to consider competitive opportunities and strategic advantages such as decisions involving locating an office or setting up a plant abroad based on a risk analysis (Shao and Shao, 1996; Triantis, 2005).

A penny spent on risk management in an organization may give back million in return and sometimes this is only known when an event has happened. The most important and valuable asset of the company is their image, and nowadays companies are dealing smartly with such issues that might arise and cost them millions, hence companies are working proactively (Rasmussen & Suedung, 2000) when dealing with risk management failure.

Contemporarily, to manage risk Corporate Social Responsibility is being used as a strategic tool means rather than just benefiting society it is also considered for the benefit of the business. CSR is integrated into the business operation to have a strategic benefit from its activities. In fact, it is considered as an inventory of activities (Orlitzky et al., 2003) to be used in business for the benefit of society and business at large. The topic of research that is prevalent in the present scenario is on 'how' to solve the problems being faced by stakeholders rather than the 'what' and 'why' questions on CSR (Castello & Lozano, 2009).

From a strategic viewpoint Wilson, 1975; Wartick & Cochran, 1985, explains four strategies of social responsiveness: reactive, defensive, accommodative and proactive. To integrate or make CSR as a part of specific company's operations, it is very important to consider many factors such as society, company's culture, leadership, industry dynamics, and cross-sector influences (Mirvis and Googins, 2006).

For using CSR as a tool of risk management extensive review of Literature and observation of annual reports and sustainability reports of companies is done and on the basis of that, study examined that for bringing any change at strategic level, Hannan and Freeman's (1984) attributes should be considered that provides that; mission and vision of company, company's technology, structure of authority of company and company's differentiation and marketing strategies should be considered. However Castello & Lozano, 2009 emphasized to consider depth, span, degree of collaboration with stakeholders and leadership.

In hospitality industry where companies have to deal with people or customers on day to day basis, it becomes a necessity for the hotel industry to focus on health and safety and other food-related risks that they face. Chefs and other hotel staff members must be trained and proper CSR activities should be performed so as to avoid any mishappening. For example, a case that took place in October 2011 in the plim plaza, California based hotel group was sued for \$6 million over the water contamination which made customers sick and killed one. This controversy has become an eye opener for many. The long term success of any organization can be effectively measured in terms of brand value it creates in the market place, but more than that it is the brand image which matters the most. Not only customers but employees of the hotel or restaurants have to deal with the harassment by the employer and guest at times and the majority of them are female employees who are new and inexperienced in this sector (Mkono, 2010)

Many other risks include data privacy risk of big hotels that have information of thousands of customers, the behavior of guests and their safety risk, risk of staff members that they should not be hired by their competitors, theft of property risk of hotels like soaps, towels, etc. (Patterson, 2015)

The present study is emphasizing the role of Corporate Social Responsibility in risk management in the Hospitality Industry. The first section mentioned the various types of risk involved in the hospitality industry through an extensive review of the literature followed by explaining the stakeholder approach of CSR as the risk management tool in the hospitality industry. At last, the study provides the theoretical framework for managing various types of risk through CSR in the hospitality industry that can be used by various practitioners, academicians in their further studies.

II. LITERATURE REVIEW

Cushman & Wakefield (2009) explored that hospitality, travel and tourism sector is far apart but they are interdependent on each other. With the growth of the tourism and travel sector, hospitality industry got a boost particularly in India where tourism and hospitality is a major contributor to GDP.

Finkelstein et al. (2009) stressed on the diversification risk that hotel industry faces when they open branches in various diverse locations according to the type of customers and their disposable income. As the demand of consumers in the hotel industry is very volatile so restaurants have to face such risks. However, Bharwani and Mathews (2012) emphasized on the key risks that are common to the hospitality industry and have a significant impact on the hotel industry in today's ever-growing global surroundings with reference to the Indian hospitality industry. This paper has identified various internal (strategic risk, commercial risk, financial risk, etc.) and external risks (operational risks, completion risk, change in customer preferences) that can impact the industry and has also proposed a general model for the same. With the growing customer base and disposal income, the pressure has been building upon the hospitality industry to curb such risks so as to face the ever- growing competition and also to maintain a positive image in the eyes of their customers.

On this front Bhattacharyya, 2010 emphasized that the CSR activities with strategic sense will help firms to enhance their credibility, generate its good reputation and help in spreading the good image among internal and external stakeholders. Maignan & Ferrell (2004) suggested that for a business to enjoy tangible benefits from CSR activities, they have to communicate their initiatives to their stakeholders intelligently. Ettinger et al., (2018) explored how online websites can become a very useful medium for CSR communication with stakeholders. For this purpose, he conducted three studies. In the first study he focussed on how hotels are communicating CSR activities to its stakeholders on their websites, in the second study he analyzed customers reviews and in the third study, he reviewed the response of hotels to the online customer reviews. At last, he concluded that issues related to the environment and relations with suppliers are mostly addressed by hotel and customers on the website. However, these days CSR activities of companies are considered as part of their business operations (Yuan et al., 2011). Therefore CSR is not considered merely as corporate philanthropy but as a Strategic CSR that will also benefit the company along with society (Burke and Logsdon, 1996).

Jauhari and Sanjeev (2012) pointed out various other types of strategic and financial risks that are impacting the hospitality industry adversely like cost management risk, land management, and policies risk, revenue

management risk, branding risk, growth issues, and talent management risk. Kapur and Sen (2012) also explored various strategic risks that hospitality industry face in this global environment in context to India where high land cost and non-availability of dispute free land is harder than many other developed nations. Due to strict rules and regulations regarding licensing policies for setting up a hotel, it takes 110 licenses for doing so which is a very cumbersome process. Also, floor area ration in India ranges from 1-4 that is very less compared to other cities in developed nations. High Leveraging cost is also contributing to the risks that the industry faces. Guha (2016) explored that the integrated approach is beneficial for revenue management in restaurants. As the number of international visitors to India is rising, new tourists destinations are getting a boost by tourism business, revenue manager has vast customer database which they can utilize in an efficient way to generate profits in long run. Integrated approach in which sales, marketing, and revenue department work closely will be beneficial for the hotel revenue management and generate market efficiencies and profits in the long run.

Munjial and Sharma (2012) pointed out the least explored area in the hospitality industry that is food inflation-cost management by identifying innovative ways to manage the effect of inflation on the food industry. He emphasized on cost reduction by buying in bulk from international or national vendors, training staff to improve the yield, make changes in menu items and include those which have low inflationary impact, use of creativity by chefs to make food presentable, including items with high margin of profit, using new cooking methods to reduce costs, along with this reducing the cost that is not food related such as general administrative, payroll etc. Also, results show that 50% of restaurant owners were not focusing on increasing prices for customers but managing the cost themselves so as not loose customer loyalty.

Rodríguez and Cruz (2007) emphasized that as the awareness of customers is increasing hotels are concerned about the social, economic and cultural environment as it is crucial for the satisfaction of their customers and also determine the level of service provided by the hotel. Kytile and Ruggie (2005) explain that to manage social risk companies should firstly identify and understand stakeholders and their issues and further should integrate CSR to core business operation that can improve its approach towards CSR management. This will not only helps to manage present risk but also helps in anticipating future risk. Martínez (2013) studied the formation of scale to measure the CSR practices in the hotel industry. It is done on the basis of three disciplines which include social aspect, economic aspect, and environmental aspect. Based on 1924 questionnaires he concluded that customers focus more on economical aspect and social aspect than the environmental aspect. De Grosbois (2012) emphasized that customers are becoming more conscious regarding the social environment that surrounds them and expect the hotels and organizations to implement CSR.

Zingales (2000) explored that modern firms rely more on the human resource of the organization than traditional and old enterprises. Ram (2018) emphasized on the bullying and harassment that employee faces in their workplace in the hospitality industry. Although many social media platforms and local groups are addressing such issues and spreading awareness regarding the same but intervention of strong leadership related to the hospitality sector is still missing. However, Swaen and Chumpitaz 2008; Freeman, 1984, 2000; Wheeler et al., 2003 explains that CSR is the social responsibility which should not be considered as to apply only to shareholder but should be applied or cover the broad category of stakeholders including their responsibility towards employee welfare.

Munjal, et al.(2016) identifies after conducting round table discussions with many experts , concluded that cultural traditional food prepared using traditional utensils and practices is getting preference over the processed food and practitioners and managers should look for the methods to bring the traditional dishes, freshly prepared to the table of their respective customers. Chefs should also play a role to guide people about the health benefit of freshly prepared food over frozen foods and employees must be trained to work with fresh produce along with tying up with supply chains and local vendors for fresh produce on daily basis.

Sanjeev (2016) explored types of innovation that can help hotel overcome various risks that they face in the industry. Various risks identified are functional innovations that can be copied by competitors in the same industry and eventually lose its value over time whereas it focuses on providing experiential innovations that cannot be copied by the competitors and includes more customer involvement. He also identified various innovations that hospitality industry can work on which includes customer services, culinary, cost competitiveness, revenue management, and introduction of technological amenities to position themselves in the industry by providing differentiated products. Still, there are problems that restaurants face in the implementation of these innovations. CSR activities performed by companies acts as 'insurance-like' protection of companies during their unfavorable time. It helps them to preserve Corporate Financial Performance (CFP) during its negative event (Godfrey 2005; Gardberg and Fombrun, 2006). To analyze the impact of CSR activities on shareholders gain Godfrey et al., 2009 did event study of 178 negative legal actions and find that their activities provide insurance-like protection to secondary stakeholders like society at large and not beneficial to firm's trading partners.

Sharma (2016) pointed out that innovation in technological amenities in hotels can improve customer experience and can give a competitive edge among other hotels in the same location or industry. But few problems that hoteliers face in innovating technological experiences for customers include providing training to employees, finding the vendor and cost that will be spent on implementation of those technological devices. Also, need and types of hotel and types of customers and their preferences can help in innovating technologically in hotels.

Vij (2012) investigated the innovative practices that give a competitive edge to the restaurants. It includes not just service quality but also designing the structure of the hotel and its ambience. Also, human resource plays a very crucial role in building competitiveness in the long run as the entire hospitality industry is dependent upon the efficiency of people deployed in it. Along with all these factors, green hotels get a competitive edge over others in the same industry. However, Du et al. (2007); Drumwright (1996) emphasized on using CSR as a highly effective strategy of differentiation. Tonkiss and Passey, 1999; Kennett, 1980 consider CSR activities as voluntary 'gift giving' to stakeholders and emphasized that gift giving also have a reciprocal effect of buying respect.

Jung, et al. (2018) focused his study on the relationship that exists between corporate social responsibility activities (includes both negative CSR activities and positive CSR activities) and internationalization of organization in the context of US food industry to reduce the systematic risk. When an organization moves to a foreign land for its business it is faced with various types of risks like foreign exchange risk, legal and political risks. The study has come to the conclusion that negative CSR activities like poor waste management have moderating effect on the systematic risk whereas positive CSR activities have no strong impact on reducing

systematic risk in case of internationalization of firm as such. So restaurants must focus more on curbing negative CSR activities if they want to remain in the competition for the long run.

Zhang, et al. (2019) examined factors that has impact on hotel industry's risk-taking ability by recognizing 17 factors and then dividing them in three broad categories i.e. company related factors, environment-related factors and decision makers related factors based on interviews from two large hotels, one of which was risk taker and other risk-averse in its day to day activities. He finally found that factors like rules and regulations inhibit the risk-taking ability whereas factors like compensation of employees, objectives of a firm have the positive impact of the ability of the hotel to take the risk.

III. RESEARCH GAP

The literature review highlights the following research gap that is considered in this research paper:

- How does a company can practically use the CSR as Risk Management tool for sustainability in Hospitality Business?
- Need for a comprehensive and practical framework to employ Corporate Social responsibility as a risk management tool towards sustainability that is feasible in a dynamic environment.

This research paper considers these gaps and provides the framework of Corporate Social responsibility as a Risk Management tool in the Hospitality Industry.

IV. OBJECTIVE OF THE STUDY

To develop the theoretical framework of employing Corporate Social Responsibility as the risk Management tool towards sustainability in the Hospitality Industry.

V. METHODOLOGY

The study is based on the extensive review of the literature. Hence it is exploratory in nature. Along with this, analysis of annual reports and sustainability reports of companies in the hospitality industry is done to identify the risk being faced by the hospitality industry and to know the various ways they are employing to mitigate these risk.

On the basis of the above review of the literature and after analyzing annual reports and sustainability reports of two companies in the hospitality industry, the risks faced by the hospitality industry considered in our study are mentioned as follows:

5.1 Corporate Social Responsibility as Risk Management tool

Corporate Social Responsibility is “the continuing commitment of business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large” (The World Business Council for Sustainable Development (WBCSD) et al., 2000). It is the responsibility of the business to work for meeting the requirements of its stakeholders (Clarkson, 1995). CSR activities of companies may lead to the long-term sustainability of the company (KPMG CSR Survey, 2015).

5.2 Strategic CSR

Strategic Corporate Social Responsibility refers to the planning of CSR programs in such a way that will not only lead to the realization of objectives of carrying out these programs but is also advantageous for the firm itself and will help in the long-term survival of business (Samy et al., 2010). Hence it is clear that Strategic CSR is nothing but a way to manage risk and bring positive out of the company's activities that will further reduce the chance of risk in the future.

Through review of literature, it has been found that the various risks identified in the hospitality industry are more or less interrelated and these can be managed with the help of CSR. CSR not only means how companies are using their profits for the welfare of society but also how they are earning these profits (Kytte and Ruggie, 2005), whether Companies are following proper ethical code of conduct for earning their profits or just considering their goal of profit maximization irrespective of the fact that they are earning it ethically or not.

From the review of literature, the study has identified various risks associated with the hospitality industry. However, Bharwani and Mathews, 2012 has given the comprehensive framework of risk identification in the hospitality industry that is categorized under four heads- strategic risk, operating risk, commercial and financial risk, and other external risks. This framework covers almost all risk mentioned in literature. Firstly strategic risk involves those threats or opportunities that can affect the survival of the organization. It involves competition risk, new project viability risk, reputation risk, seasonality of business risk, external reservation channels risk, management contracts and joint venture risk, business portfolio revenue contribution mix risk, changing customer preference risk. Secondly, Commercial and Financial risk involves threats that are related to fund flows of the company as well as the legal and regulatory framework to be followed by a company in a particular location. These risks cover foreign exchange risk, property ownership risk, legal risk, interest and cost of financing risk, illiquidity of real estate risk, taxation risk, credit default risk. Further, Operating risks are the threats or opportunities that may occur during normal business activities in an organization and are connected with its employees, process, internal resources, and system. It includes operating cost risk, fire and explosion risk, employee relation risk, guest health and safety risk, recruitment and retention risk, property repair and upkeep risk, supply chain continuity risk, fraud and integrity risk, security of property and asset risk, IT and communication security risk, employee health and safety risk. Lastly, other external risk involves the risk that a company faces due to macro-environmental factors and are beyond the control of the company. The external risk includes- political risk, terrorist activities risk, economic cycle risk, natural disaster risk, pandemic diseases risk. The study has used the framework given by Bharwani and Mathews, 2012 for risk identification in the hospitality industry.

The research paper has used the *Stakeholder approach of CSR* (Jamali, 2008) to be used as a risk management tool in the hospitality industry. The study on the basis of literature review analyzed that through proper stakeholder engagement as CSR approach, Company can find the issue that may be a risk for the company in present as well as in future and can consider the intensity of those issues affecting company's position. Discussing with an example of how CSR can be used as a risk management tool in the hospitality industry (Kytte and Ruggie, 2005).

5.2.1 Example of CSR as a risk management tool

- Social risk- Obesity

Stakeholders (health and consumer advocates) targeted US and European food companies to be held responsible for the obesity of citizens. Being a social risk the issue related to obesity and nutritional content in particular processed food were addressed primarily by the CSR department.

- Political risk- Lobbying

Stakeholders like government authorities, health authorities, NGOs begins to discuss and publicize information on the significant health and mortality effect of the obesity epidemic. Now CSR department will consider the issue more seriously as it may lead to various contingent liabilities on companies.

- Economic risk- Legal cases and lose to the company

Stakeholders like customers and US advocates start putting “fat tax” on certain foods, seeking ways to restrict what foods are available to children in schools and suing fast food companies for responsibility in the onset of some diseases. Now here business with the help of CSR and risk mgt. dept. investigates ways to improve their food products and offer healthier choices in their menus.

- Operational risk:- Low productivity, absenteeism

Due to the poor reputation of the company and higher attention of the media legal suits were filed against companies, which lead to high employee turnover in the company which adversely impacted the working of the company.

CSR department with the help of other depts. through proper employee motivation, employee welfare schemes tried to overcome operational risks.

Also, various cases of employee harassment and bullying in the hospitality industry have come in the picture (Ram, 2018). Many people raised their voices against the same that started from the social cause but eventually lead to economic, operational, legal cases and eventually lead to a bad reputation of the organization.

VI. CSR AND RISK MANAGEMENT IN HOSPITALITY INDUSTRY

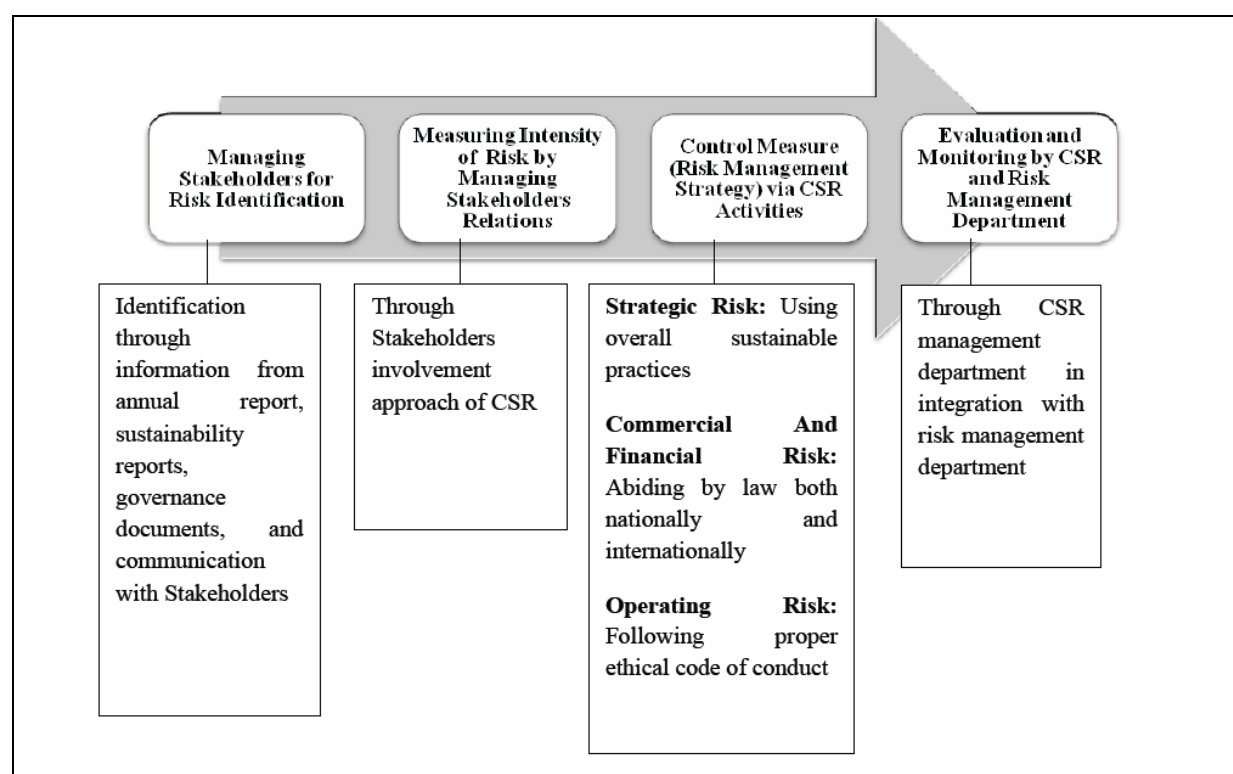


Figure 3: Process on Risk Management through CSR

Source: Prepared by authors

6.1 explanation of framework

Step 1: Managing Stakeholders for Risk Identification

It involves identification of risk through information from the annual report, governance documents (Wisniewski, 2015) and communication with stakeholders (Kytte and Ruggie, 2005).

Step 2: Measuring Intensity of Risk by Managing Stakeholder's Relations

It involves assessing the intensity of risk by analyzing risk for each group of stakeholders. For assessing the intensity of risk through stakeholder approach of CSR, stakeholder engagement model developed by World Bank is used which emphasized on managing stakeholders relationships to assess various risks. It specifies that at initial stage company needs to manage stakeholder by disseminating information to them which is further followed by managing stakeholder relationship (an engagement strategy) for involving stakeholders in the decision-making process also. At the first step, information is disseminated to stakeholders through which the company began to engage them before making any decision. After that, the stakeholders gain some influence addressing a particular social issue. At the highest stage, stakeholders are considered as co-decision maker to reach any solution. With the help of this, a complete feedback loop is formed which involves disseminating information to stakeholders and getting information from them about a particular social issue. The risk that refers to stakeholders whose scale of involvement is high should be a matter of particular interest, because it may result in serious losses. Apart from losses we need to remember about the likelihood of its appearance and adequacy of control measures.

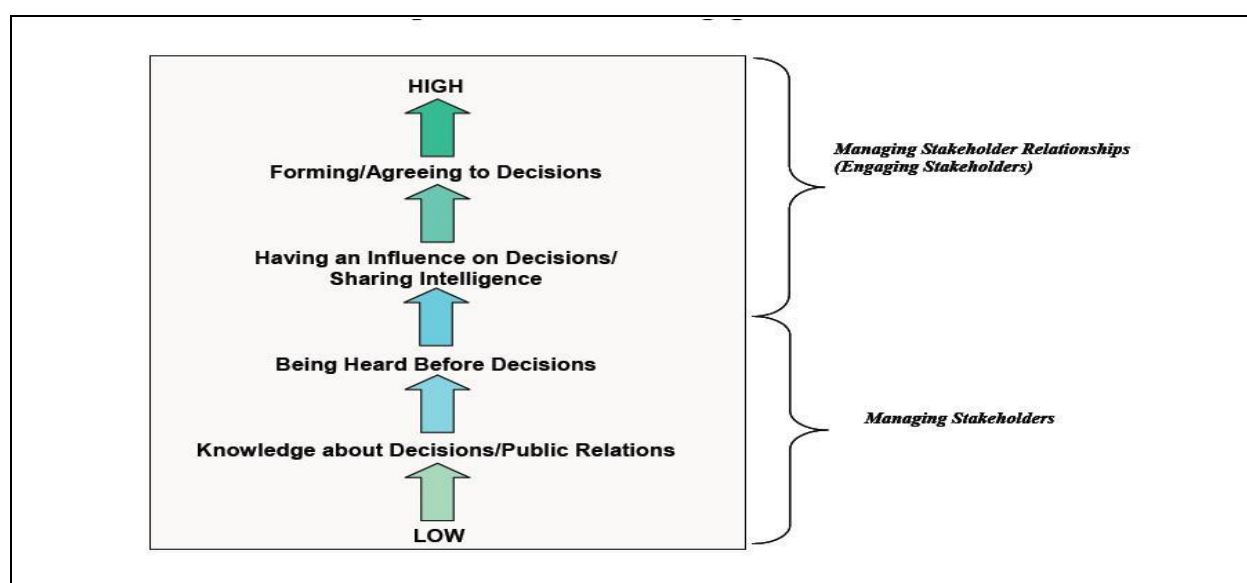


Figure 2: Scale of Stakeholder Commitment

Source: Calow et al. (1999)

Step 3: Control Measure (Risk Management Strategy via CSR Activities):

It involves risk management strategies through CSR

1. Strategic Risk: Using overall sustainable practices
2. Commercial and Financial Risk: Abiding by law both nationally and internationally
3. Operating Risk: Following the proper ethical code of conduct
4. Other external Risk: Proactively work on ethical grounds and having provisions for future contingencies

Step 4: Evaluation and Monitoring by CSR and Risk Management Department

It involves continuous evaluation of control measures adopted by the CSR management department in integration with the risk management department (Kytte and Ruggie, 2005; Wisniewski, 2015)

Table 1: Case Study of Companies explaining CSR as a tool of Risk Management in Hospitality Industry

STEPS TO RISK MANAGEMENT	THE INDIAN HOTELS COMPANY LIMITED (IHCL)	PARK HOTELS AND RESORTS INC.
ABOUT COMPANY	IHCL group is a leading hospitality group with more than 165 hotels, 32,242 employees working and 30,56,000 guests visiting it every year which accounts to total net sales of 2,583.95 crores.	Park Hotels & Resorts Inc. is one of the largest publicly-traded lodging real estate investment trusts (REIT) comprised of a geographically diverse portfolio of hotels and resorts with significant underlying real estate value. Its portfolio consists of 52 premium-branded hotels and resorts with over 30,000 rooms located in prime U.S. and

		international markets with high barriers to entry.
MANAGING STAKEHOLDERS FOR RISK IDENTIFICATION	<p>A stakeholder approach to management is used in which communication with stakeholders is maintained via the company's representatives who directly interact with stakeholders. The issues are conveyed by the company's representative to the IHCL's sustainability governance bodies.</p> <p>Risks of the company are identified and categorized as:</p> <ol style="list-style-type: none"> 1. Strategic Risk 2. Operating Risk 3. Commercial and Financial Risk 4. Other External Risk 	<p>To identify risk and opportunities and to prioritize their responsibilities; Company engages key stakeholders: shareholders, suppliers, local communities, brand and management companies, and industry peers.</p> <p>Risks of the company are identified and categorized as:</p> <ol style="list-style-type: none"> 1. Strategic Risk 2. Operating Risk 3. Commercial and Financial Risk 4. Other External Risk
MEASURING INTENSITY OF RISK BY MANAGING STAKEHOLDERS RELATIONS	<p>Company after identifying risk, assess the intensity of these risk with proper stakeholders involvement not only in communication but also by taking feedback from them</p> <p>The company has many committees to manage the risk associated with the company for such purpose it has</p> <ul style="list-style-type: none"> • Risk committee, • Stakeholder relationship committee, • CSR and sustainability committee, • Audit committee (for managing financial risk). <p><u>Risk Assessment:</u></p> <p>Commercial and financial risk:</p> <p><u>Credit risk:</u> the company has a credit policy to check the creditworthiness of customers,</p> <p><u>Liquidity risk:</u> management monitors</p>	<p>The company continuously collaborates with stakeholders to ensure the sustainable management of the business.</p> <p>Company has the following committees for assessing and managing their risk:</p> <ul style="list-style-type: none"> • Nominating and Corporate Governance Committee of the Board- climate-related risks and opportunities. • Investor Relations Department- Annual Corporate Responsibility Report • Human Resources Department - Social objectives and strategy • Legal Department - Governance objectives and strategy. • Sustainability initiatives, - internal Energy Committee whose sole focus is to identify, assess and implement energy

	<p>forecast of the company's cash and cash equivalent and liquidity position on the basis of expected cash flows to ensure it's cash sufficiency to meet their day to day needs.</p> <p><u>Market risk</u>: always keep track of market prices such as foreign exchange risks, equity prices, and interest rates.</p> <p><u>Environment risks</u>: company is having proper sustainability policies, the precautionary approach is applied through environmental and social assessments conducted in the startup and pre-opening phase of all new hotels.</p> <p>Operating risk</p> <p><u>Employee and guest health and safety, talent management and retention</u>:</p> <p>Through personal interviews of employees and feedback from customers or guests, assessment through IHCLs sustainability reporting with the application of GRI standards.</p> <p>Strategic risk</p> <p><u>Project viability risk</u>: earth check requirements are considered while opening any hotel in any location.</p> <p><u>Customer preference risk</u>: assessed through the use of right technological platforms</p> <p>Other external risks</p> <p><u>Natural disaster risks</u></p> <p>Natural disasters are assessed through TATA disaster response network.</p>	<p>and sustainability projects.</p> <p>The committee consists of members from several disciplines, including Design & Construction Department, Asset Management Department, Financial Planning & Analysis Department, and hotel operating partners.</p> <p><u>Risk Assessment</u>:</p> <p>Commercial and financial risk</p> <p><u>Environmental Law Risk</u>: Climate-Related Risk</p> <p>Invest in proven sustainability practices in development projects</p> <p><u>Regulation compliance</u></p> <p>Proactively keeps track of changes in law and regulations</p> <p>Operating risk</p> <p><u>Property upkeep and repair</u>:</p> <p>Measuring depreciation of tangible and amortization of intangible assets.</p> <p><u>Operating costs</u> :</p> <p>Building assessments in newly constructed and renovation operations to decrease energy, water, waste, and carbon emissions and raise value through health and welfare programs and initiatives.</p> <p>Strategic risk</p> <p><u>New project viability Risk</u>: several factors are measured which includes market data for similar assets, expected future cash flows discounted at risk-adjusted rates and replacement cost for the assets to determine an appropriate fair value of the assets.</p> <p><u>Competition risk</u> :</p> <p>Assessed using occupancy rate, average</p>
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		<p>daily room rate of company's hotels</p> <p>Other external risks</p> <p><u>Terrorism Risk and Business Interruption Risk</u>: Measurement of risk by the insurance company</p> <p><u>Natural disaster</u>:</p> <p>Continuous disaster relief planning.</p>
<p>CONTROL MEASURE VIA CSR ACTIVITIES</p>	<p>Commercial and Financial Risk</p> <p><u>Credit risk</u>: Credit limit is set for giving credit to customers</p> <p><u>Liquidity risk</u>: Through forecasting company takes into consideration that the company complies with the internal statement of financial position ratios targets, covenant compliance, company's debt financing plans.</p> <p><u>Market risk</u>: Use of derivatives to manage foreign currency risks and interest rates risks, transactions carried as per guidelines of the risk management committee.</p> <p><u>Environmental risk</u>:</p> <p>Switching to LED lights to reduce energy consumption, Minimizing water wastage through water recycling and rainwater harvesting, Minimizing plastic usage, Sending hazardous waste generated to the licensed recyclers for proper handling.</p> <p><u>Other Commercial and Financial Control measures</u>:</p> <ul style="list-style-type: none"> Expanded the margins by improving EBITDA and optimizing costs by optimizing energy efficiency, organizational structure and coordinating globally distributed services. Follows the highest ethical standards, Anti-Bribery and 	<p>Commercial and financial risk</p> <p><u>Environmental Law Risk</u>:</p> <p>As Asset Management Strategy company analyze environmental performance and opt for best operational practices. Continuous review of all hotels for sustainability and energy efficiency and climate impact opportunities on an annual basis</p> <p>Other control measures:</p> <p>Use of environment-friendly building material, Energy Efficiency Investments, LED lighting, Renewable energy installations, High-efficiency HVAC equipment, Water Conservation Investments</p> <p><u>Regulation compliance</u></p> <p>Obeying the law, keep books accurately and fairly reflect the business transaction</p> <p>Operating risk</p> <p><u>Property upkeep and repair</u>:</p> <p>Proper care and maintenance of tangible and intangible assets</p> <p><u>Operating costs</u> :</p> <p>Every possible effort to decrease energy, water, waste and carbon emissions and raise value through health and welfare programs and initiatives.</p> <p>Other Control Measures</p> <ul style="list-style-type: none"> Health and Wealth Initiatives for employee and associated members:

	<p>Corruption Policy, the whistleblower and Vigilance Mechanism and the third party ethics helpline guide.</p> <ul style="list-style-type: none"> • Safety of food, Hygiene and Cleanliness are maintained by conducting audits annually or twice a year according to the requirements of each unit. <p>Operating risk</p> <p><u>Employee and guest health and safety, talent management and retention:</u></p> <p>Assessment of workforce engagement done through the annual Employee Engagement Survey, Growth and skill development is addressed through a comprehensive Learning and Development System and delivered through experienced trainers in each hotel.</p> <p>Strategic Risk</p> <p><u>Project viability risk:</u> Starts only those project that is viable and feasible to start considering the sustainability of business and environment.</p> <p><u>Customer preference risk:</u> Reinforced a multi-product, multi-segment brandscape covering each customer segment.</p> <p>Other External Risk</p> <p><u>Natural Disaster Risk:</u> emergency relief through TATA disaster response network and employee volunteers.</p> <p>Development of the community through the maintenance of public spaces and heritage sites and welfare initiatives taken in case of an emergency or disaster.</p> <p><u>Other Control Measures for the sustainability of business:</u></p>	<ul style="list-style-type: none"> • Embrace diversity of employees in the organization • Anti-corruption and Anti-bribery training to employees • Hotel employee waste training • Work of reducing the risk of negative impact during construction • Low-flow toilets • Showerhead aerators • Auto flush valves • Cooling tower sub-metering • Smart irrigation with performance audits • Water recycling and reclaiming heat systems • Drought tolerant/native landscaping • Waste Management Investments • Waste stream audits • Recycling and organics programs • Construction waste management <p>Strategic risk</p> <p><u>New project viability Risk:</u></p> <p>To determine the appropriate value of an asset, comparison of similar assets with expected future cash flows discounted at risk-adjusted rates and replacement cost for the assets.</p> <p><u>Competition risk :</u></p> <p>Proper cost assessment to beat the competition</p> <p>Other external risks</p> <p><u>Terrorism Risk and Business Interruption Risk:</u> Insurance by company</p> <p><u>Natural disaster:</u></p> <p>Collaborate with stakeholders to ensure the sustainability of a business</p>
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	<ul style="list-style-type: none"> • Provide Community Livelihoods through skill development activities like Taj Tata Strive Skill Development Programme that was initiated for underprivileged youth who left schools at an early age, 	
EVALUATION AND MONITORING BY CSR AND RISK MANAGEMENT DEPARTMENT	The company on employing the above-mentioned control strategies evaluate and closely monitor the activities undertaken to manage risk	The company on employing the above-mentioned control strategies evaluates and closely monitors the activities undertaken to manage risk along with other departments also.

VII. CONCLUSION

Corporate Social Responsibility is considered as the strategic tool for long term sustainability of the company that directly or indirectly helps in managing risk, increasing the goodwill of firm or long term success of the business. There are various risks that are being faced by the companies in the hospitality sector which can be controlled or curbed by CSR activities of the companies. The study highlights the various types of risk being faced by the hospitality industry, identified from the review of the literature. Further, the framework is provided for managing risk with the help of CSR that emphasized on managing stakeholder for identifying risk followed by managing stakeholder's relations for risk assessment, in the next step CSR activities are used a tool for mitigating risk. At last evaluation and monitoring will be performed by CSR and risk management department. The paper explains the process of risk management with the help of a case study of two companies in the hospitality industry by analyzing the annual and sustainability report of companies. The research paper emphasized on using CSR practices for doing business that will not only lead to mitigation of risk associated with the company but also helps in its long term sustainability.

VIII. ABOUT THE AUTHOR

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