Corporate Social Responsibility and Employee Commitment
An exploratory study for the Ibero-American Hospitality Industry

Key words: Social Responsibility; Employee Commitment; Hospitality Industry

Introduction

The transformations that take place in the corporate world impact on the life of the community, how it lives and behaves. In turn, the transformations that take place in the socioeconomic environment impact on how work is organized. In this sense, organizations seek to establish congruence between the social values associated with or implied by their activities and the norms and acceptable behaviors in the larger social system of which they are a part.

In this new business paradigm, concepts such as diversity management, moral capitalism, social capital, good corporate governance, Corporate Social Responsibility, social and environmental sustainability, social economics and the concept on which this paper will focus, employee volunteering, have become increasingly popular.

There is no agreement among observers on why the concept of CSR has risen to prominence in recent history, or on the definition of what companies should be responsible for and how. Following Bansal (2013), sustainability is "the ability of firms to respond to short-term financial, social, and environmental demands without compromising their long-term financial, social, and environmental performance." This definition has its roots in the concept developed by Elkington in 1984. This author distinguishes a triple bottom line that measures the company's economic value, the "people account" – which measures the company's degree of social responsibility- and the company's "planet account" – which measures the company's environmental responsibility.

Evidence from surveys, management consulting, journalistic and corporate sources shows that CSR is an emerging and increasingly important driver of employee engagement. The academic literature has consistently identified an attitudinal as well as a performance dimension to CSR’s influence on employee attraction, retention and engagement. Research is being conducted that focuses on developing a better understanding of how engaged employees impact work and business outcomes, including productivity and profitability. But what is the connection between these two very important aspects of doing business in the 21st century?

As noted by Holcomb et al. (2007), socially responsible behavior has received increased attention over the past decade from the tourism and hospitality organizations and associations as well as public domain media outlets. Furthermore, ‘these socially responsible programs are strongly related to the broader corporate socially responsible initiatives that are occurring worldwide and in doing so have become more codified’ (Holcomb et al., 2007). Many of these new corporate social initiatives are taking on aspects commonly associated with corporate strategy; they are grounded in the core competencies of the firm and related to the firm’s long-term strategy.

On the other hand, CSR is heavy with implications for the area of human resources management (HRM) (Crook, 2005; Franklin, 2008). It is widely recognized that in this respect, the industry is characterized by certain distinctive aspects. The hotel industry’s propensity for high turnover rates, related recruitment problems (Kim et al., 2007; Lashley, 2001; People 1st, 2009a; Richardson, 2009), and an ever-increasing deficit of skills (Baum, 2002; Scottish Tourism Forum, 2009) are the most prevalent issues. This, in turn, neither facilitates the retention and recruitment of talented and ambitious employees nor helps strengthen job commitment and identification with a company. To this we must add the fact that there are a number of well-documented problems and issues, which continue to have an impact on the sector’s productivity.

Although there is certain literature that studies the impact of CSR on employee engagement in the Hospitality sector based on stakeholder theory (Freeman, 1998, 2004; Greenwood, 2007), for the moment, it has yet to produce conclusive results. This article focuses on the study of social corporate community involvement, which can create commitment among workers as long as they are related to the use of resources and competences that are in based on the organization's competitive advantage. Filling this existing gap in the
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extant literature our study goes one step further and aims to contribute to the existing literature on this topic from the perspective of the resource-based view of the firm.

Research objective

The aim of the present paper, therefore, is to discuss, from a HR and CSR viewpoint, the connection between a company’s CSR practices and its ability to attract, retain and engage employees, and, ultimately, to influence work and business outcomes in the Ibero-American Hospitality industry. We explore the “Social bottom line” of CSR (Elkington, 1984) and the employee engagement effect based on the core competences of the firm and key employee competences.

This paper seeks to offer an outline for a conceptual approach relating three concepts, Engagement-Corporate Social Responsibility and Human Resources, in the specific context of the Hospitality Sector, using empirical interviews performed among HR and CSR managers.

Rather than taking sides in the controversy, our intention is to show what selected firms operating in the hospitality sector have achieved in this area and, consequently, to disseminate best practices. As the purpose and nature of a study conditions (Yin, 2003) the research method chosen, a qualitative and critical interpretivist approach (Alvesson and Deetz, 2000) was adopted.

The objective is refined into a set of research questions, which are to be answered by hospitality HR/CSR managers:

1. *Which social community practices are being implemented by companies operating in the hospitality industry in Ibero-America?*
2. *In the opinion of HR and CSR managers, are these practices creating Employee Organizational Commitment? And why?*
3. *Are these practices based on employees' core competencies?*

Having defined our theoretical contribution and research objective, the paper is laid out in the following manner. First, the implications of the concept of the social dimension of CSR are briefly discussed. Second, we explore the effect on employee engagement of the social responsibility activities and practices and, third, we analyze the critical issue of employee engagement in the hotel industry. The following section focuses on the methodology and findings. We then move on to analyze the initiatives implemented by Hotels considered as CSR champions, i.e., those that have embedded CSR in the core of their operations, making it the centerpiece of their strategy and business model. Finally, we conclude with the main contributions and limitations of our research.

Theoretical Framework

Social dimension of corporate social responsibility: Community evolvement

The practice of corporate philanthropy has evolved significantly over the past decades to a point where it is becoming an important part of corporate strategy. Social responsibility is the newest of the three dimensions of corporate social responsibility and it is getting more attention than it has previously had. Many organizations are becoming increasingly active in addressing social concerns. Social responsibility means being accountable for the social effects – including the indirect effects – that the company has on people. This includes the people within the company, in the company's supply chain, in the community that the company operates in and the people who are the company's customers, which means all of the stakeholders. It refers to the management’s obligation to make choices and take actions that will contribute to the welfare and interests of society as well as those of the organization.

According to Belal Uddin et al., 2008: 206, three aspects have been found to be key to the social aspects of CSR for an organization: Responsibility towards Customers, Employees and Community. As we have said above, for the purposes of our study, we focus our analysis on the responsibility towards the community. Companies depend on the health, stability, and prosperity of the communities in which they operate. Often,
most of the company’s employees and customers come from the surrounding area – and especially so for Hotels operating in developing countries. Many companies become involved in community causes, for example, by providing additional vocational training opportunities, recruiting socially excluded people, sponsoring local sports and cultural events, and through partnerships with communities or donations to charitable activities.

Hess et al. (2002) affirmed that the practice of corporate philanthropy has evolved significantly over the past several decades to a point where it is becoming an important part of corporate strategy. Firms are increasingly devoting more resources to their social initiatives and making them a key factor in establishing a competitive advantage. At the same time, the communities in which corporations operate, both at home and abroad, are demanding a share of the benefits that a firm receives by operating in their community.

Social community initiatives are connected to the firm’s core values, are responsive to moral pressures, and are based on the firm’s core competencies. Firms are adopting these initiatives as a part of a strategy seeking a competitive advantage through reputation assets and/or in response to perceived pressures from the moral marketplace.

**Employee engagement as a critical factor in Hospitality industry competitiveness**

According to research, when employees are engaged in their work, they have good relationships with their coworkers, and the company climate is better for service. Also, engaged employees help fulfill the company's promise to customers. Customers who receive better-quality service make repeat purchases and recommend the company to friends, thus promoting customer loyalty (Salanova, Agut, & Peiro, 2005). Empirical studies by Wagner and Harter (2006) and Vance (2006) showed that engaged employees scored between 12% (Wagner & Harter, 2006) and 34% (Vance, 2006) higher on customer satisfaction rating scales. On the other hand, Konrad (2006) suggests that disengaged employees often force or hurry through interactions with the customers, provide inadequate or incomplete service, complain in front of the customers, and fail to put forth anything but the minimal effort. Employee disengagement can be the result of several different factors.

In the hospitality industry, providing quality products and services cannot be replaced by machines, so hospitality employees are the main actors in delivering service quality (Bettencourt & Brown, 2003; Chung & Schneider, 2002; Schneider & Bowen, 1992). Thus, employee attitudes and behaviors are critical to the quality of the product that hospitality firms sell to customers, and accordingly, have a tremendous influence on customer satisfaction (Bitner, Booms, & Tetreault, 1990; Parasuraman, Zeithaml, & Berry, 1988; Schneider & Bowen, 1992). This unique nature of labor intensiveness and “moment of truth” (Gronroos, 1990) increases the importance of employee engagement. Excellent service provided by engaged employees should help create a sustainable competitive advantage in the dynamic, service-oriented business environment of hospitality. However, employee engagement remains underreported in the hospitality literature (Karatepe & Olugbade, 2009).

Employee engagement in the hospitality industry plays a critical role in determining a company's competitiveness. Indeed, successful organizations can be distinguished from unsuccessful organizations by looking at the levels of employee engagement.

**Social responsibility in community development and employee engagement**

Ample research is available on the effects of corporate social responsibility on employee organizational commitment. Studies have suggested that corporate social responsibility increases the level of employee commitment with the organization, because CSR interventions also include activities for the welfare of employees and their families. Many other studies (including Moskowitz (1972); Turban and Greening (1996); Albinger and Freeman (2000); Greening and Turban (2000); Backhuas et al. (2002); Peterson (2004); Dawkins (2004)) have stated that corporate social contribution attracts motivated potential employees and
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improves the level of commitment among existing employees. Brammer et al. (2007) noted that CSR increased employee organizational commitment. Sharma et al. (2009) discussed the role of HRM as a main contributor towards CSR. Scott (2004) stated that corporate social contributions build a better reputation for the organization in society, which in turn helps to attract new graduates.

When companies fulfill their employees’ expectations about CSR, they can achieve better work attitudes, greater productivity, and decreased turnover rate (Trevino & Nelson, 2004; Tuzzolino & Armandi, 1981, p. 21). For example, the Pacific Northwest Bell’s research suggested that employee volunteer activity was significantly associated with employees’ commitment and their job satisfaction (Peterson, 2004, p. 616).

Kanter (1999) has identified numerous companies in a new paradigm. Such firms “view community needs as opportunities to develop ideas and demonstrate business technologies, to find and serve new markets, and to solve long-standing business problems.” For instance, structured volunteer programs for corporate employees are a widespread example of this new phenomenon demonstrating the mutually beneficial nature of such programs. While the community benefits from the donation of the employee’s time and talent, the company benefits from more loyal employees, aid in recruiting, and the teaching of teamwork skills to employees (Wild, 1993). Management’s strategic objective should be to link employees’ capabilities with the opportunities presented in the external environment.

Methodology

As we said earlier, our paper analyzes the research question in the hospitality sector and, therefore, our empirical work will be carried out among the hotel chains themselves.

In line with our exploratory research objective, we have chosen a qualitative methodology based on in-depth semi-structured interviews.

The analysis has been carried out in Ibero-America (Spain, Portugal and certain Latin American countries), for three reasons: first, the considerable growth experienced by the hospitality sector in these countries; second, Spanish MNCs have traditionally invested heavily in these regions; and third, many of the places where hotels operate in these countries are economically depressed areas, which makes them highly conducive to performing volunteering projects.

The research team undertaking this project consists of academics from seven Ibero-American countries. 100 interviews lasting one and a half hours each have been carried out with Human Resources and Corporate Social Responsibility managers working at hotel chains in Spain, Portugal and a number of Latin American countries, namely, Argentina, Colombia, Costa Rica, Mexico and the Dominican Republic. The criteria chosen for the in-depth interviews have been the following: hotel chains that are either listed in different sustainability indexes (Dow Jones Sustainability Index, FTSE Good Environmental Leaders, Europe 40 Index, FTSE4 Good IBEX Index) or have received awards for their commitment to Corporate Social Responsibility and employee volunteering.

The field work, basically consisting of semi-structured interviews, focuses on the period between March 2011 and March 2013. The interviews have been recorded and transcribed. Our study focuses on the management viewpoint, obtaining the HR manager’s vision and, at the same time, that of the CSR manager in the same companies on our research questions. As a supporting tool in our analysis, we have used the ATLAS.ti software, which is specific for analyzing texts and interviews.

Preliminary results

Having transcribed all of the material, we are currently in the process of analyzing it. One thing we can in this early stage is that, from Corporate Social Responsibility managers’ viewpoint, social initiatives are not just a philanthropic activity but also a business matter that makes good economic sense: it does not require any significant investment but it brings a very high return. Consequently, social activities create a “win-win”
relationship, that is, mutually beneficial, between the company and society. As Lindgreen & Swaen (2010) stated, when organizations invest strong relationships with their stakeholders, both parties are more likely to work towards the achievement of common goals.

In order to present the results we will analyze the comments of the HR and CSR managers regarding the their perceptions about how and why the different social initiatives have an impact in employee engagement through the use of distinctive capabilities.

**HR/CSR managers perception of social community practices in employee commitment**

Any discussion on the HR Role in Employee Engagement is incomplete without addressing the nature of supporting processes created along the way. More recently employee engagement has become an area of focus within HR departments for the purpose of retention as a means of avoiding expensive employee replacement costs resulting from staff that voluntarily quit their jobs. The concept of commitment is central to Human Resource Management analysis, and the focus of this discipline is to ensure positive outcomes of arising employment commitments (Muthuveloo, Che Rose, 2005, p. 1078). For Human Resources Managers, social initiatives are a tool that helps channel altruistic action and generates engagement with and commitment to the hotel chain. Speaking in general terms about this matter a HR manager of a large hotel company states:

“Because of the nature of the hospitality sector, employees have a strong vocation to serve, which fosters participation in employee volunteering actions, and in turn strengthens their involvement with and commitment to the hotel chain they work for. Employees are encouraged to support their community; they are told repeatedly that they can use their professional abilities and skills to contribute to a better world. This type of action benefits everyone: the people you help, the people who do the helping because they feel proud and improve professionally, and managers, because of the brand value and strategic vision.”

This statement reveals how this manager gives a significant importance to the involvement of employees in social activities to achieve their organizational commitment. Perhaps the most interesting of his point of view is how reveals that the commitment is created when employees deploy their skills and capabilities in support of the community. This empirical result gives a practitioner first hand support to our theoretical argument.

There’s a debate in the CSR literature over whether corporate social initiatives that are socially responsible with the community, helps make employees more loyal and productive. However, what is the opinion of the CSR managers about this issue? Is their opinion coincident with HR managers view?

Reflecting in greater depth on the reasons why CSR managers view the issue in this light, one Corporate Social Responsibility manager said: “In order to satisfy the needs of the hotel’s customers, its employees must have a vocation for service. Productivity improves if my employees are aligned with the cause. This is easy to understand because we are a services company and, when we talk about services, we are people-intensive, because it is people who provide the service. The owner of a factory that makes bolts and screws has a particular view of Corporate Social Responsibility. We have another view because we are a service-giving factory and the services are given by people. The “delivering” (“service”) comes from people and the fact that it manifests in a particular way rather than another way may be because you involve them in more emotional projects that make them feel more proud of the company and give them the drive to contribute more to the company. Through such community support actions, you are communicating something more to employees than ‘how lucky you are to work for a big hotel chain’.”

This idea is consistent with the literature (Finkelstein et al., 2005), which states that employee cooperation in social activities increases the company’s so-called social capital. Along these lines, one Corporate Social Responsibility manager said, “the energy that is generated within the employee through such actions can be measured in the effectiveness of his day-to-day work.” So it is seen that CSR rates more highly the impact of social initiatives on the employee in terms of his engagement with the company, which has an impact on the
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business through the improvement in customer service. As service culture is a specific core competency in hospitality sector employees.

This statement reinforces the idea that employee engagement is based on core competencies. Furthermore, this testimony reinforces the idea of our theoretical framework that employee engagement is based on core competencies. Also highlights the importance of service culture as a key competence for employees in the hotel industry.

**Designing Engagement Social Initiatives in Hospitality Industry: corporate volunteering.**

Corporate volunteering is an integrating policy (Rothbard et al., 2005), since brings what is traditionally a personal role into the professional sphere (Houghton et al., 2009). Integrators are likely to be enthusiastic about corporate volunteering because it allows them to build multiplex relationships, express multiple identities, and fulfill multiple roles simultaneously in a "win-win" fashion (Rothbard et al., 2005).

Some examples of employee volunteering in the hotels interviewed are: the creation of a hotel school in Ethiopia to which employees specialized in hotel management were sent: “Another example within Up! For volunteering is the help we offered to start a hotel school in Ethiopia. One of the employees we sent there started a blog which is followed with keen interest by the other employees. The employees enormously enjoyed reading about the experience.”; workers from this same hotel met with young people in risk of social exclusion to show them what a hotel is like from the inside and the different jobs required in the hospitality sector.

For Human Resources Managers, employee volunteering is a tool that helps channel altruistic action and generates engagement with and commitment to the hotel chain.

**Preliminary main conclusion**

One preliminary conclusion suggests that when the social actions endeavor originates from Corporate Social Responsibility, it correlates more closely with the business and, consequently, its purpose includes a strategic aspect. When the social actions originate from Human Resources, they correlate more closely with a philanthropic aspect and depend more on the HR manager's sensitivity to such issues. Furthermore, HR is more concerned about social impact on employee development and motivation. To some extent, CSR goes further by relating this aspect with employee commitment to the company, customer satisfaction and business growth.

However, it is not possible to draw a clear delimiting line, among other reasons because, in many companies in the hospitality sector, the responsibility for HR and CSR is held by the same person. To conclude, it can be said that the community support actions performed as part of social responsibility become a motivational and strategy-alignment factor in the hospitality sector because of the payback in terms of improved customer service.

**REFERENCES**


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