



Hotel employees' perceptions on corporate social responsibility: The case of Hong Kong

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ABSTRACT

This study examines the perceived importance of corporate social responsibility (CSR) attributes of Hong Kong hotel employees and their hotels' performance on those attributes, and to determine underlying performance factors that ultimately lead to the perceived overall CSR effectiveness of hotels. The importance–performance analysis results show that Hong Kong hotels generally performed well on 17 out of the indicated 30 CSR attributes. Furthermore, the attribute “promote innovation in products and services” was considered to be overkill, and another attribute, “demonstrates a commitment to the environment,” requires the immediate attention of hotels. Six performance factors were extracted and Hong Kong hotels performed best in the area of finance. The factors “state of affairs” and “novelty” positively and significantly affected employees' perceived overall CSR effectiveness of their hotels. Almost 70% of the respondents agreed that Hong Kong hotels had been effective in carrying out their CSR. Hotels in Hong Kong should find our study results helpful in pinpointing CSR attributes considered of various importance and performance levels from the perspective of one of their important stakeholders, their employees. In particular, the relatively low awareness toward the environment of both the employees and the hotels should alert the hotel management to invest greater efforts in environmental protection.

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1. Introduction

Corporate social responsibility (CSR) has become a growing concern for businesses (Jones et al., 2006; Moir, 2001; Papasolomou-Doukakis et al., 2005). The emergence of CSR is underlined by some international standards as set by the International Standardization Organization and the United Nations Global Compact, guidelines, and global pressures (Halme et al., 2009). In the context of the hospitality and tourism industry, the concerns on CSR are a response to the guidelines established by the World Travel and Tourism Council and the United Nations World Tourism Organization (UNWTO), as well as the environmental awareness raised by the Green Hotels Association.

Debates and discussions on the topic of CSR were brought into boardrooms and management conferences (Porter and Kramer, 2006). Corporate managers were eager to respond to this issue by showcasing their proficiency in the language of CSR in public talks and media debates (Graafland and van de Ven, 2006). Company stakeholders, including but not limited to customers and investors, are becoming more sophisticated, well-educated, and well-informed. As a result, they are demanding higher standards

in many aspects of the company, including being good corporate citizens. These stakeholders may consider a company's behavior when making decisions on investing in or choosing whether or not to buy products from the company (Idowu and Papasolomou, 2007; Pomeroy and Dolnicar, 2009; Sen et al., 2006). To address these escalating concerns for CSR and stakeholders' expectations, companies are becoming more active in performing social responsibilities in their business. An increasing number of companies, including hotels, contribute to and invest in social projects (Jušćius and Snieška, 2008), and they often disclose their voluntary CSR activities in annual reports (Campbell, 2000; Deegan and Gordon, 1996) and on company websites to project themselves as socially responsible enterprises.

Various studies have supported that CSR affects consumer behavior; in worse cases, consumers may boycott companies that behave unethically as a punishment to those companies (Alexander, 2002; Brown and Dacin, 1997; Creyer and Ross, 1997; Gelb, 1995; Schrader et al., 2006; Vassilikopoulou et al., 2005). In other words, CSR may help build up and strengthen corporate reputation when consumers perceive a company as ethical. For the hotels, reputation is crucial and decisive for their survival in the competitive business world. Maintaining a good reputation is vital for every hotel because a bad reputation would likely lead the business to undesirable outcomes such as disappointing occupancy rate or low repeat patronage. A number of CSR-related research have been conducted in relation to wealth creation, image and brand

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building, and the well-being of shareholders, most of which however were carried out in the Western context (Ang and Leong, 2000; Henderson, 2007). CSR-related studies in the Asian context, particularly related to the hotel industry, have been scarce.

As a thriving hub in Asia for businessmen and holiday makers alike, the Hong Kong hotel industry could maintain its competitive edge by partaking of responsibilities on the sustainable development of the industry. While CSR could be a key driver for such purposes (Garay and Font, 2011), one critical constituent in CSR implementation and efforts is employees, who are not only important assets of the hotel industry, but also the ones who have a direct influence on the performance of their hotels. CSR is not just about the motivation for leaders to behave and manage. Unfortunately, the views of employees in the context of CSR are often neglected. The key challenge for companies is that CSR is merely identified as a program instead of being transformed into an integral part of the company's values (Hassan, 2007). Therefore, it is requisite for the company and its employees to share the same, or at least similar, values or beliefs in order to achieve the greatest benefits of CSR within the company and toward the society at large. Transparency of CSR plans takes a dominant role if CSR is set to become an organizational norm (Jušćius and Snieška, 2008). If employees are not aware of the effort made by the management, they would not be able to deliver the message to the guests accurately. Clarkson (1995) discussed that if at least one of the stakeholders is dissatisfied or gives up, it could be very harmful or even disrupt the entire development of the program. Elkington (1997) shared that stakeholder consultation, certainly including employees, is the key to establishing the triple bottom line, through which a company could expand its responsibilities to ecological and social performances besides financial performance.

Through media coverage and annual reports, CSR efforts are presented to the general public, interested parties and shareholders. In consideration of the increasing concerns on CSR and hotels' efforts to perform their part in taking care of the well-being of all their stakeholders, how do hotel employees perceive the CSR effort made in the hotel industry? Furthermore, are the efforts and commitments made by the top management aligned or communicated properly to the hotel employees? Despite the mounting significance of CSR, relevant research investigating Hong Kong hotels' CSR efforts from the employee's perspective are lacking. Our study will address this research gap by conducting an importance–performance analysis (IPA) of CSR attributes to identify the discrepancy between employees' perceived importance of and hotels' performance on CSR activities. Furthermore, the study will explore the underlying performance dimensions of these attributes that contribute to employees' overall evaluation of hotels' CSR efforts. The study results should contribute to the body of knowledge by helping hotel owners/management in Hong Kong assess how well, or poorly, they have done their jobs in performing their CSR activities and in sharing their CSR initiatives with their employees. The results could also offer implications for hotels in other regions sharing similar cultures or employing similar profile of workforce to re-examine and develop their CSR strategies.

The rest of the paper is organized as follows. Relevant literature is reviewed and methodology is then introduced, followed by presentation of results and discussions. The last section concludes the study.

2. Literature review

2.1. Definition of CSR

There does not seem to be a universally agreed-upon definition of CSR despite the fact that this concept has been evolving for

decades (McWilliams et al., 2006). The basic idea behind CSR is that a corporation should be responsible for more than simply making a profit (Godfrey and Hatch, 2007) and be aware of social values and take part in improving the social environment on top of its economic functions (The Committee for Economic Development, 1971), which is termed a broader view of CSR perceiving companies with a much broader set of obligations (Devinney, 2009). In contrast, Friedman (1982) argued that CSR is fundamentally subversive and for profit making only and Manne and Wallich (1972) viewed CSR as pure voluntary acts, which is considered a narrow focus of CSR obeying what the law stipulates (Devinney, 2009). The broader view of CSR seems to catch more attention from academia and relevant literatures are reviewed below.

Carroll (1979) introduced the social responsibility categories and classified the obligations that society has assumed to businesses into four tiers: economic, legal, ethical, and discretionary responsibilities. In 1991, Carroll re-examined these four categories and assembled the CSR hierarchy into a pyramid construct, signifying that the four responsibilities are not mutually exclusive but are aggregative instead. Carroll's (1979) conceptualization outlined the scope of responsibilities businesses ought to fulfill; however, details and guidelines of the responsibilities were limited, making it difficult for a corporation to collect, organize, and evaluate the CSR data (Clarkson, 1995).

The stakeholder approach introduced by Freeman (1984) appears to be more practical in assessing CSR (Jamali, 2008; Jonker and Foster, 2002; Wood, 1991). The theory has evoked firms to speak to stakeholders beyond the traditional parties, including shareholders, customers, employees, and suppliers. The stakeholder theory acknowledges that governmental bodies, trade associations, communities, prospective employees, customers, and the public are the external stakeholders of the business; therefore, firms are responsible for looking after the interests of these parties as well. The stakeholder approach has been adopted by several authors when examining CSR and the grid of values is developed based on this theory (Longo et al., 2005). The grid is used to assess the social behavior of companies to assess whether or not they have satisfied the expectations of each stakeholder value class. The stakeholder approach was also espoused in a study in Cyprus (Papasolomou-Doukakis et al., 2005), where six key stakeholders, namely, employees, consumers, communities, investors, suppliers, and the environment, were identified and asked to evaluate their business. Different CSR actions were illustrated with regard to different stakeholders, which demonstrated their distinctive areas of interest.

The concept of CSR has been described under the notion of the triple bottom line coined by Elkington (1994). The idea of the triple bottom line outlines three main aspects of CSR activities – economic, environmental, and social – and involves setting bottom lines to achieve economic prosperity, environmental quality, and social justice. The World Business Council for Sustainable Development (WBCSD) has recognized the view raised by Elkington and has further exemplified CSR as a continuous commitment of a business through ethical behavior in their trade. CSR not only contributes to economic development but also improves the quality of life of the workforce and their families, as well as the local community and society at large (WBCSD, 1999). Another advantage of the notion of the triple bottom line is that a quantifiable gauge for CSR activities is available. In the current study, we adopted Elkington's triple bottom line to CSR and based on the Stakeholder Theory to evaluate the importance and performance of CSR efforts from the perspective of employees in the Hong Kong hotel industry. It is not only important to investigate whether three areas have been covered in the CSR programs, but also to investigate whether the programs have taken care of the well-being of all the stakeholders.

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