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How corporate social responsibility influences employee job satisfaction in the hotel industry

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HOW CORPORATE SOCIAL RESPONSIBILITY INFLUENCES

How Corporate Social Responsibility
Influences Employee Job Satisfaction in the Hotel Industry

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HOA 788 – Professional Paper

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Part One

Introduction

In the last few decades, Corporate Social Responsibility (CSR) has grown in importance, which is reflected by an increasing demand from consumers, employees, legislative systems, and the society for inclusive evaluations about how corporations are meeting acceptable standards. Previous studies have concentrated on the links between CSR and a company's financial performance, whereas less research has focused on how certain part of CSR influence the perceptions of the internal stakeholders, especially those of employees. Because of the relatively high employee turnover rate in the hotel industry, it is essential to understand how major hotels utilize CSR to gain a competitive advantage in achieving greater profit and growth. Furthermore, it is important to understand that CSR can be used as a human resources management strategy for improving organizational commitment and employee retention.

Purpose Statement

The purpose of this paper is to investigate whether strategic CSR programs in the hotel industry influence individual job satisfaction. Based on Valentine and Fleischman's study in company ethics programs and employees' perceived CSR, job satisfaction is related to many significant organizational factors and is usually a major concentration of business research that investigates employee-based phenomena (Valentine & Fleischman, 2008, p. 160). In addition, this paper will seek for the literature supporting the positive correlation between a company's strategic CSR activities and its employees' job satisfaction. In other words, this study will identify whether and how employees' perceptions of their company's external CSR practices influence their commitments to the organization. Ultimately, the information summarized in this paper should provide the hotel industry's management and operators with the information they need to utilize CSR strategies that will improve the

company morale and job satisfaction rate for their employees.

This paper will be presented in the following sequence. In the first section, the implications that arise from the concept of CSR in the hotel industry will be briefly discussed. The second section will review previous studies' findings on strategic CSR and employees' reactions to these practices. The third and final section of this paper will analyze the rationale and effectiveness of strategic CSR and summarize its findings and conclusions.

Justification

Increasing numbers of businesses realize that a competitive advantage and growth in profitability are dependent upon the corporation being responsible for the social and environmental consequences of its transnational businesses. For instance, the 100 companies pronounced the Best Corporate Citizens in the Business Ethics' list were proven to be more profitable than all other corporations in the S&P 500 Index¹ (Clark, 2006, p. 42). Thirty hospitality and travel brands listed in the Fortune Corporate Reputation Index² have reported a strong correlation between CSR and their bottom-line. The same research also suggested that larger company size benefited more from better CSR performance (Brands that Do Good, 2003, p. 40). In fact, there are increasing numbers of top hospitality companies including Marriott, Hilton, Starwood, Choice Hotels, Starbucks, and McDonald's constantly sharing CSR performance information on company Websites or publications (Kang, Lee, & Huh, 2010, p. 72)

Organizational commitment to CSR has also become an issue that is important to prospective employees, and a good CSR reputation of an organization might be beneficial in recruiting excellent candidates (Cotterill, 2007, p. 48). People would rather work for companies that care about consumers, employees, and the general public for the sense of being valued and respected. In fact, the development of CSR has considerable influences on many functions of Human Resources Management (HRM). HRM's functions are

accomplished by various CSR-related tasks that range from maintaining a company's ethical principles when interact with major stakeholders to fostering employment practices that enable employees to become socially involved by volunteering (Lockwood, 2004, p. 1). For instance, local restaurants may incorporate CSR activities into business by encouraging customers to be involved in the farmers' market events or other communities' charitable activities. In 2006, the *IRS Employment Review* conducted a survey of 58 organizations to investigate their ethical employment practices and how they benefited from utilizing those strategies (Egan, 2006, p. 9). Twenty-three of the survey's respondents believed that their ethical practices had improved the commitments of their employees, and the overall result indicated that employee commitment was the area most positively affected by the implementation of ethical policies (Egan, 2006, p. 9).

Therefore, companies need to integrate CSR into their organizational culture and operating policies for satisfying both external and internal stakeholders' demands. McWilliams and Siegel (2001) have also confirmed that employees are one major group of stakeholders demanding CSR (p. 119). 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). Those results are very similar to the positive feedback related to ethical organizational cultures (Koh & Boo, 2001, p. 320; Trevino, Butterfield, & McCabe, 1998, p. 447; Valentine & Barnett, 2003, p. 359). 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).

Constraints and Limitations

The focus of this paper is to analyze the correlation between external CSR practices and employee job satisfaction by reviewing existing literature and summarizing current thought on strategic CSR in the hotel business. It is important to know that most of the existing studies about specific CSR programs have focused on employee volunteer programs and corporate relations with local communities. Examples are taken from global businesses not limited to the hospitality industry, such as computer software firms and footwear manufacturers. The information collected and discussed in this paper can be adjusted to the hotel industry's specific needs. Strategic CSR has become a powerful tool to attract talent, especially during periods of high turnover in the hospitality industry; therefore, other industries may provide new perspectives that will stimulate fresh ideas within the hotel business.

Another constraint is that the variables investigated in this paper are not intended to be complete or extensive. For instance, employee commitment and job satisfaction are only two of many possible organizational effects of a company's CSR practices. Other benefits may include but not be limited to a better reputation in the community, additional advertising exposure opportunities, and improved productivity. For example, while many global businesses have tried to lower their operating costs by implementing sustainable practices, Clark (2006) indicated that operating costs could be significantly reduced by sustainable strategies such as natural resources reduction and conservation (p. 43). Companies should advertise these strategies to both their current and prospective customers because these activities are responding to the public's demand for sustainable business practice.

Conclusion

This paper will review the various strategic CSR activities used in the hotel industry to enhance employee commitment and thus reduce turnover. In addition, this paper will

review the literature that investigates the relationship between the company's CSR strategies and their employee job satisfaction. Employee motivation and performance are only partially determined by rewards and compensations; today's workers also consider the image of the business when choosing employers. Therefore, this paper hopes to prove that utilizing CSR strategies is essential to improving employee job satisfaction.

Glossary

CSR (Corporate Social Responsibility) – The contribution a company makes to society through its core business activities, its social investment and philanthropy programs, and its public policy engagement. CSR also takes into account the manner in which a company manages its economic, social, and environmental relationships and the methods it uses to engage with its stakeholders (shareholders, employees, customers, business partners, governments, and communities) because these relationships have a powerful impact on the company's long-term success (Society for Human Resource Management³ [SHRM] glossary).

Corporate Culture – The beliefs, values and practices adopted by an organization that directly influence employee conduct and behavior (SHRM glossary).

Employee Engagement – The method of creating a work environment that empowers employees to make substantive decisions that affect their jobs. Employee engagement is also referred to as “employee involvement.” It is further defined by the Corporate Leadership Council in its 2004 study, “Driving Performance and Retention Through Employee Engagement” as “the extent to which employees commit to something or someone in their organization, how hard they work, and how long they stay as a result of that commitment” (SHRM glossary).

Employee Commitment – An employee's willingness to persist in a course of action and reluctance to change plans, often owing to a sense of obligation to stay the course (The SHRM Foundation's Effective Practice Guidelines).

Job Satisfaction – The level of fulfillment, contentment, or happiness that an employee experiences at his or her job, taking into account the work environment, compensation, and benefits (SHRM glossary).

Volunteerism – Organizational support, often in the form of paid leave or sponsorship, awarded to employees who pursue volunteer opportunities or perform services in their communities (SHRM glossary).

PART TWO

Introduction

As explained in Part One of this paper, CSR is now considered a strategy to create, develop, and sustain positive company reputations and brand images. CSR has become an increasingly important element in corporate success, especially in talent recruitment and retention. Previous studies on the effects of CSR on organizational outcomes have produced diverse results. While many studies revealed a negative relationship (MacKinlay, 1997, p. 27; Vance, 1975, p. 20) or no significant relationship (Aupperle, Carroll, & Hatfield, 1985, p. 446; Davidson & Worrell, 1990, p. 7) between CSR and organizational performance, other studies suggested a positive relationship (Bragdon & Marlin, 1979, p. 9; Graves & Waddock, 1994, p. 1034; Moskowitz, 1972, p. 72; Spencer & Taylor, 1987, p. 7).

CSR has previously been defined as “actions that appear to further some social good, beyond the interests of the firm and that which is required by law” (McWilliams & Siegel, 2001, p. 117). Among the different views of CSR in the past few years, Schwartz and Carroll have concluded that “economic, legal, and ethical domains are the most common components of CSR” (2003, p. 503). According to the Department of Trade and Industry (DTI), CSR basically concerns a business’s actions and thoughts in its economic, social and environmental impacts (Herridge, 2003, p. 12). In summary, companies that practice CSR would involve themselves in voluntary, philanthropic actions that extend beyond the minimum requirements of laws to achieve both operational goals and the benefits of the public.

Although a universally approved definition of CSR has not yet been adopted, most definitions include a positive impact on the community (Lantos, 2002, p. 207) and meeting or exceeding public expectations of good corporate citizenship (Brands that Do Good, 2003, p. 42). Previous studies have indicated that CSR strategies may not only strengthen business

images and increase profitability but support human resources management functions (Crook, 2005, p. 3; Franklin, 2008, p. 3). It is widely recognized that the hotel industry has a relatively higher employee turnover rate than other industries do. Researchers at Cornell University estimate the cost of turnover in the hospitality industry to be approximately \$5,000 in lost productivity and earnings per associate (Davies, 2006, p. 20). From the perspectives of CSR and HRM, studies have also shown that morale might be enhanced if employees participated in workplace volunteer programs, which can improve job satisfaction and decrease employee turnover (Lantos, 2002):

When volunteerism leads to higher employee morale and hence higher productivity, attracts customers to a “caring” corporation, or contributes to the local community, making it easier to attract desirable employees, there is a “win-win” situation that benefits both the firm and its constituencies (p. 207).

An employee volunteer program can sometimes be considered an informal training technique because it provides employees with opportunities to strengthen their professional and interpersonal skills (Ross, 1997, p. 14). In other words, volunteer programs offer employees with opportunities to develop skills that they might not ordinarily develop in their current position within the company. For instance, Wild believed that workplace volunteer programs could develop employees’ teamwork skills, communication skills, event management skills, and leadership/interpersonal skills (1993). In fact, many companies no longer rely exclusively on external training sections or professional development seminars since workplace volunteer programs have been so helpful in promoting employee development (Caudron, 1994, p. 41). Geroy, Wright, and Jacoby (2000) also indicated that employee volunteer programs have gained great popularity because more and more companies realize that these activities may actually help enhance employee morale and increase productivity (p. 280).

Literature Review

Why Should Companies Practice Corporate Social Responsibility?

In order to maintain highly competitive in the global market, many corporations choose to utilize CSR techniques as a business strategy to advertise their products or services with the emphasis of corporate social contributions. This is called “a subconscious level of advertising” because companies can earn public support for their businesses through having philanthropic promotions (Fry, Keim, & Meiners, 1982, p. 105). For instance, American Express successfully combined cause-related marketing and corporate philanthropy by strategically choosing the activities it would support. The company first bound its \$100,000 contribution to the San Francisco Arts Festival with customer card usage in 1981 when it noticed that its demographic profile of target consumers included people with an interest in the arts. Hunt (1986) noted “The program was a phenomenal success; card use increased 28% (they had estimated 19%), applications increased 45%, and \$1.7 million dollars were donated to the restoration project” (p. 23). Vice President of American Express Fred Williamson, Jr., stated that the purpose of the project was to operate business while “helping a worthy cause in the communities in which American Express does business” (Maher, 1984, p. 80). Two years later, American Express again confirmed that supporting charitable activities would reflect positively on its public recognition and profitability by contributing to the Statue of Liberty restoration fund (Stendardi Jr., 1992, p. 24).

This subconscious marketing strategy has successfully proved that a company’s good-cause investing can improve its financial performance and establish great relationships with charities and local communities at one time. Ultimately, the goal of a business is to pursue a maximum profitability with a minimum operation cost. Jensen’s stakeholder theory clearly pointed out that a company could not maximize its long-term success if it ignored the demands of different stakeholders (2001, p. 297). Other scholars have also confirmed a

positive relationship between CSR and a company's financial performance (Orlitzky, Schmidt, & Rynes, 2003, p. 423). Besides providing cost savings on sustainable activities and earning a positive public image, CSR programs can also prevent companies from being charged significant fines or being reliable for unethical or illegal practices.

The idea of "green hotel" is another good example in the CSR trend for the increasing public awareness of sustainable business concepts. With environmental issues at the forefront of global consciousness, the environmental practices of hotels are a major factor in attracting environmentally conscious customers. Therefore, hotels have begun to employ new marketing strategies, including the use of green programs and other CSR practices to target these customers. For instance, the Marriott Corporation created the Green Marriott program to encourage both hotel operators and consumers to be involved in environment friendly activities such as using recycled products, conserving water and energy, and protecting the natural environment (Lee & Park, 2009, p. 106). Tse and Ng (2003) noted, "Marriott's strong philosophy of developing and operating environmentally sensitive properties might be a key factor that contributes to the company's continued success, despite external challenges" (p. 7). In addition to creating a better business image to enhance profits, social impact theory suggested that CSR could also attract potential business investors and prospective employees (Turban & Greening, 1997, p. 659).

As social impact theory suggests, business image is proved to have influences on stakeholder decisions in different ways such as customers' sensitivity of price level for products or services, job applicants' consideration before looking for jobs, shareholders' decisions about investments, and employees' work attitudes and behaviors toward the corporation (Riordan, Gatewood, & Bill, 1997, p. 401). In other words, companies may reduce the associated costs on recruiting, training, and replacing the workforce if they efficiently utilized CSR strategy to enhance employee commitments. Employees often

evaluate their company's positions and responses on public issues for verifying value conflicts with their employer because they usually prefer to have similar values, which may lead to a better work attitude and greater productivity. In reality, employees' organizational commitment and job satisfaction rate may both decrease rapidly once they realize that their company only focuses on achieving greater profitability, not following appropriate ethical and legal standards (Koh & Boo, 2001, p. 311).

Employees' organizational commitment has been suggested to have important influences on other organizational performances as well, such as company profitability (Benkhoff, 1997, p. 717) and employee turnover intentions (Lum et al., 1998, p. 309). Locke (1997) described employee motivation as a stimulating energy that generates their work performance (p. 375). In order to successfully motivate employees to achieve a company's desired goals, management must firstly ensure a strong organizational commitment, which will fasten its workforce to the specific tasks. On the other hand, strong employee commitment may encourage positive work attitudes that will result in greater productivity or better service quality and therefore increase the employee job satisfaction rate. Studies have also shown that a company's CSR practices, especially external ones, would in fact have a significant positive influence on its employees' organizational commitment (Brammer, Millington, & Rayton, 2007, p. 1715).

Furthermore, since employee behavior and work performance are mostly influenced by the organizational culture, it is beneficial for companies to promote their external CSR practices, such as employee volunteer programs or charitable events, to their employees to reinforce a caring organizational culture. Hancock (2005) suggested that companies should promote a CSR culture that encourages socially responsible policies and activities to earn internal support and a good reputation from their employees (p. 19). Instead of only focusing on achieving greater profitability, a CSR culture may actually lead companies to a more

comprehensive direction, which will improve their recruiting, training, operating processes, and even business partner relations. Besides, employees may also feel more involved in their organization if those external CSR programs are combined with the company's business strategies, following ethical and environmental standards.

To sum up, a company's CSR involvement is suggested to have positive impacts on both internal and external stakeholders as CSR practices improve its business image, financial performance, cost reductions, and employee organizational commitment. Most importantly, external CSR programs tend to generate a much stronger organizational commitment, which will motivate employees to have better work performance, thus enhancing their productivity and job satisfactions. By practicing CSR externally, companies may reinforce the positive image to the public and their employees and establish better relationships with the government and local communities. Therefore, it is essential for companies to understand the idea of external CSR and choose those programs based on their business models and desired goals.

External CSR – Employee Volunteer Programs/Community Involvement

In addition to creating a CSR organizational culture to promote legal and ethical business standards to the employees, companies are also encouraged to bring positive influences to various charitable groups and local communities, extending their CSR contribution to the surroundings. External CSR programs may provide additional channels to the public so that companies could advertise their products or services and acquire direct feedback from customers in order to achieve better quality. Carroll (1979) suggested that external CSR activities include charitable contributions, employee volunteer programs, community involvements, environmental and sustainability programs, and other outside projects that improve the company's social investment (p. 500).

Among many different kinds of external CSR programs, Lantos (2002) suggested that

companies should participate in those that also help the companies achieve their desired goals (p. 224). Moreover, companies may ultimately enhance their employee organizational commitment by involving them in the socially desirable actions such as employee volunteer programs or community development projects. In fact, corporate volunteer programs and community services can also improve the business image to the current customers and thus increase the attractiveness to the potential market as well. For instance, a coffee shop may decide to sponsor the arts to attract more business from museum visitors. Further, employee morale may increase if a company decided to participate in workplace volunteer programs, which may enhance their job satisfaction, thus decreasing the turnover rate (Lantos, 2002, p. 224).

In general, there are two different types of employee volunteering programs. Employer-supported volunteering usually happens in the employees' spare time (non-working hours), and employees are in charge of these activities without getting monetary rewards. On the other hand, employer-guided volunteering usually occurs during work time and the employer is in charge of these activities, choosing the voluntary and community projects that will achieve the company's strategic goals. For employee development purposes, a company often considers the employer-guided volunteer program as a technique to enhance employees' interpersonal skills or discover their potential because those volunteer activities are usually part of corporate business strategy. In addition, corporations are usually engaged in different levels when they participate in employee volunteer programs (Geroy, Wright, & Jacoby, 2000, p. 281). For instance, Business in the Community (BITC) is a corporation-led charity that promotes businesses by constantly monitoring their impact in the society (BITC website). Besides promoting the great advantages of corporate volunteering to its organization members, BITC helps establish the relationship between the members and various community projects, planning and managing volunteer activities, and donating goods

or money to different charities (BITC website).

Wild (1993) suggested that employee volunteer programs provide companies with additional opportunities for employees and their families who intend to volunteer time and skills to help community affairs (p. 20). By involving themselves in different areas of community projects, companies can develop employees' teamwork skills and communicate their CSR commitment with the public, thus enhancing their business image and encouraging a positive CSR culture within the organization. Companies may choose to work with counselors or community representatives to develop volunteer programs based on the community's needs, raising matching funds for community development projects, arranging team assignments, and recognizing employees' efforts in those programs. Although employees are mostly volunteering without monetary rewards, some companies are praising them for their philanthropic contributions in the periodical work performance evaluations with awards or extra time off from work (Wild, 1993, p. 20).

In order to accomplish the best result in corporate community projects, companies often modify their volunteer programs based on local needs and conditions in different business locations. For instance, Marriott International aligned its properties in Greece to encourage employees' participation in diverse community projects such as facility maintenance for local schools, public environment clean up and horticulture services, and food or clothing donations for homeless people. The employee volunteers from Marriott family have also raised money for a local charity in Hawaii and worked with the American Red Cross to rebuild safe and affordable shelters for people suffering from natural disasters around the world (Marriott website). Through involving employees in community development projects, Marriott has not only demonstrated to the public its strong commitment in giving back to the society but also enhanced its labor relations from improving the communities in which employees live and work. Another corporation,

footwear company Timberland, has also obtained positive feedback from employees on corporate volunteer programs, stating how participation in the volunteer activities is one of the major reasons why they chose to work for the company (Pereira, 2003).

While corporations and employees both benefit from employee volunteer programs, many charity organizations benefit from volunteers' supports for various philanthropic projects such as volunteer recruiting, fundraising, and goods donations. In fact, companies may also increase the public recognition of their products or services by participating in charitable projects. Marriott International has been donating furniture to homeless shelters and providing free suites in selected locations to many charities that help others during holiday seasons (Marriott website). Another good example is IBM's On Demand Community (ODC) program. It provides a Web-based platform that helps employees manage their global volunteering activities through technology solutions (Hills & Mahmud, 2007, p. 30). In addition to the employee volunteering, IBM provides improvement funding to nonprofit organizations and offers professional consultations to charities that need assistance in computer technology. The ODC program is designed based on IBM's business strategic goals since it has helped a large number of potential customers to understand the power of IBM's technology solutions (p.31). It has also successfully increased IBM's public recognition, communicating corporate social values and product innovations with internal employees, business partners, and clients on a global basis.

Generally, companies and management can improve their internal communication and leadership by encouraging employees to participate in planning, managing, and evaluating corporate volunteer programs. Similar to the functions of marketing, public relations, and human resources, a corporate volunteer program is another channel that enables companies to communicate with both internal and external stakeholders. Esrock and Leichty (1998) suggested that ninety percent of corporate Web pages have revealed at least one socially

responsible subject, with the most popular topics on community involvement, sustainable business practice, and public educational support (p. 305). Through sharing information about corporate investment in socially responsible issues, companies' volunteerism and community development have certainly helped create a healthier business environment and many positive examples. Moreover, corporate community projects may also provide additional opportunities to expand existing markets and resolve conflicts or problems. For example, insurance company State Farm has worked with a charity group in Chicago that provides inspection for potential safety risk of houses in low-income neighborhoods, offering them insurance advices and financial assistance for necessary repairs (Ford Foundation, 2001).

In summary, corporate community involvement and employee volunteerism are the most common external CSR practices nowadays because they strategically combine a company's business missions with meaningful altruistic activities. Employee commitment may increase due to workplace volunteering or community projects because of the emotional attachments to the areas where employees live and work. Through involving themselves in different areas of community projects, organizations may also benefit from having extra opportunities to develop teamwork and interpersonal skills outside the workplace. In addition, companies participating in corporate volunteering and community projects may obtain direct feedback from their employees and consumers in order to achieve better product design or enhanced service quality. A well-planned community development project should consider both business strategic missions and the conditions of the local community for a better match, thus increasing a company's public recognition and improving its business image while giving back to the community.

Correlation Between CSR Practices and Employee Job Satisfaction

In spite of the economic recession since last year, statistics show that a majority of U.S. corporations have not modified their CSR policies or practices. Eighty-three percent of executives from the major companies still confidently approve of the benefits of employee volunteer programs and other corporate social investments (Boston College Center for Corporate Citizenship, 2009). Companies in the global market are moving beyond monetary donations toward more strategic intentions to involve their employees in improving the environment and the community. As Porter and Kramer suggested, many corporate philanthropic programs are designed for establishing good faith and a positive business reputation, thus improving employee morale and productivity (Porter & Kramer, 2002, p. 57). In addition, corporate CSR culture may generate a sense of belonging and enhance employees' self-esteem by providing volunteering and community service opportunities for employees to discover their potential as they help others and bring good influences to society. As IBM continuously motivates its employees to participate in corporate volunteer and community development projects, the company has successfully enhanced employee job satisfaction and improved organizational morale (Lewin, 1991).

To achieve the best effects of CSR programs, companies should plan these activities based on their core values and business strategic missions. Another motivator to encourage employees' participation in external CSR events is selecting those activities that engage both the employer and the team members to communicate on their important values and beliefs about social issues, therefore improving employee commitment. Once employees agree with their company's core values and beliefs, they are more willing to bring positive influences to others, strengthening the organizational CSR culture. Moreover, Brewis (2004) suggested that employees' participation in corporate volunteering and community projects has a positive influence on employees' perceptions of the organization (p.18). Laverie and

McDonald (2007) also suggested that employer-guided volunteering is linked with better employee commitment and enhanced positive recognition of the employee with the company (p. 286). Being involved in a social caring activity helps to establish superior loyalty among employees (Carroll, 1990). In other words, a strong organizational commitment may create a greater employee loyalty; as a result, employee retention can improve significantly.

A strong employee commitment can generate positive work attitudes that will result in greater organizational morale, and therefore enhance employee job satisfaction. Said another way, when employees are happy about their jobs, they are strongly motivated to have better work performance and a better relationship with the organization. CSR programs are proven to bring benefits in establishing a more committed workforce because employees feel positive about their charitable efforts as they observe the favorable reputations of their company in the community and society. Based on Peterson's social identity theory (2004), company social performance is more likely to contribute enormously to the recruitment, retention, and commitment of employees since they prefer to work for the company with strong, positive CSR values (p. 313). Corporate community involvement and employee volunteerism can emphasize a company's strong commitment in CSR, thus creating a more favorable business image to the public and exerting great influence on improving employee job satisfaction.

Employer-guided volunteer programs and community development projects are the important external CSR practices with the company's support and guidance, giving employees opportunities to contribute their time and efforts in those meaningful activities on the behalf of their companies. Wayne and Green (1993) reported a strong connection between organizational citizenship behavior and a positive impression of management (p. 1438), which means that employees may feel more motivated in corporate charitable activities when they believe in the company's good reputation on social issues. In addition to

having philanthropic intentions of giving back to the society, employee volunteers are motivated also by doing something meaningful and helping people as they achieve personal satisfaction (Dolnicar & Randle, 2007, p. 135). Furthermore, workplace volunteerism may create additional advantages to the employees, such as interacting with management and coworkers, self-enhancement, and sharing extra responsibilities other than their jobs. Crouter (1984) suggested that employees' involvement in non-work projects can support, inspire, or improve their work life (p. 430) as companies provide great resources and recognitions to their social responsible actions. Likewise, employees who participate in corporate volunteer programs often receive personal benefits, such as skill development, social networking, and group identification (Caldwell & Andereck, 1994, p. 35). For instance, a research on a group of professional women who participated in corporate volunteering reported that 83% stated that volunteering has improved their leadership development, 78% cited enhanced communication techniques, and more than half suggested that volunteering strengthened their event planning abilities and other workplace skills, such as marketing, training, and problem-solving (Markitects & WOMENS WAY, 2006).

Studies have also indicated a variety of attitudes and attributions in the social exchange process between employer and employees, especially the relationship between a company's CSR values and employee involvement in those employer-guided activities, which includes organizational justice (Moorman, 1991, p. 846; Organ & Konovsky, 1989, p. 162), employee commitment (Egan, 2006, p. 9), job satisfaction (Moorman, 1991, p. 846; Organ & Lingl, 1995, p. 341), and a faithful relationship, one in which the employees agree with the organization and believe in similar social values (Hancock, 2005, p. 20). In addition, employee volunteer programs are suggested to have positive influences on individual work performance as research indicates that employees who participate in corporate volunteering displayed their morale up to three times higher than that of employees

who do not involve in those programs (Lewin, 1991). Previous studies on the advantages of organizational citizenship behaviors also suggested greater organizational commitment and job satisfaction among employees who participate in workplace volunteer programs and community services. In fact, employee volunteer programs are associated with better employee loyalty, especially if the CEO is personally involved in those activities (Carroll, 1990).

Besides a more favorable work environment and greater employee commitment, companies can also receive positive support and recognition from the customers and investors, so they can easily communicate with them for business enhancement suggestions. In summary, literature findings have suggested a positive relationship between a company's CSR involvements and employee job satisfaction (Phillips, 2000, p. 10). These organizational citizenship behaviors have been proven to increase company morale, enhance employee loyalty and retention, and help companies recruit superior-quality candidates (Caudron, 1994, p. 39; Miller, 1997, p. 14). Most importantly, corporate community involvement can help to improve individual work performance, thus enhancing employee productivity and company profitability (Franklin, 2008, p. 3).

Workplace volunteerism not only creates competitive advantages for organizations and employees; it also helps achieve healthier communities and a better business environment that generates greater opportunities in the global economy. A study from Points of Light Foundation investigated 200 U.S. companies' executives and reported that the majority of them are strongly approve of the various benefits of a corporate volunteer program, especially when it combines with a company's strategic mission (See summary chart 1 below). Eighty-seven percent believed that employee volunteering has helped their companies to achieve strategic goals and 94% believed that participating in workplace volunteering has increased their employee morale. On the other hand, Deloitte consulting

firm conducted Volunteer Impact survey in the United States with 1,000 eighteen to twenty-six year olds workforce (Deloitte defined them as ‘Generation Y employees’) regarding their experiences of workplace volunteering, the result (see the summary chart#2 below) suggested the majority of them were benefit from the satisfaction of what they have accomplished, including the volunteering outcomes and their personal achievement. Therefore, companies should consider organizational CSR as part of their corporate culture for better employee development, enhanced business reputations, and the long-lasting organizational success.

Summary Chart 1

The corporate volunteer program as a strategic resource, Points of Light Foundation

(Mathieu et al., 2004, p. 10).

Employee Volunteer Programs Build Value for Companies

<u>Employee volunteering is a way to...</u>	<u>Agree</u>	<u>Strongly Agree</u>	<u>Total Agree</u>
Implement corporate business goals	53%	34%	87%
Implement community relations	61%	34%	95%
Create healthier communities	85%	15%	100%
Help employee morale	38%	56%	94%
Improve company’s image	74%	26%	100%
Improve company’s teamwork	53%	44%	97%

Summary Chart 2

Caring companies: Engagement in employer-supported volunteering, Deloitte Institute for Volunteering Research (Hochberge & Reynolds, 2007, p. 4).

Benefits of participation in employer-guided (corporate) volunteering

Satisfaction from results	67%
Personal achievement	43%
Enjoyment	41%

Mixing with different people	35%
Feeling less selfish	31%
Learning transferable skills	11%
Changing scenery	11%
Gaining new contacts to help career	6%
Gaining Something for CV	5%
Prompting volunteering regularly	2%
Other	1%
None of these	4%

Conclusion

In the global business environment today, studies have shown that highly competitive companies are often strategically merging CSR programs into their organizational core values for achieving the maximum effects. Besides improving a company's financial performance, CSR can boost the confidence of customers and investors and enhance employee morale and organizational commitment. It is critical for companies to understand how to utilize workplace volunteering and corporate community development projects to increase the employee job satisfaction rate and thus enhance company loyalty and retention. Previous researches reported that employees who participate in the corporate volunteer programs have greater organizational commitment, better work attitudes, and increased productivity. Corporate volunteer program is also beneficial in that it offers employees the opportunities to develop skills that may not be required in their positions within the company. Through working closely with colleagues, employees can develop several self-enhancement abilities such as leadership, teamwork, communications, and interpersonal skills.

In addition to having an ethical organizational culture and following legal standards at the workplace, companies now focus on external CSR to encourage employee participation

and give back to their communities and society. Sustainable community development programs are more likely to enhance the public reception of the company than promoting fundraising or goods donations. Companies can recruit and retain their workforce more easily if they possess a strong commitment to CSR (Turban & Greening, 1997, p. 658), which benefits also in attractiveness to consumers and investors. It is not sufficient to simply sponsor corporate volunteer programs or community development projects. Companies need to incorporate their CSR programs and policies into their business strategic missions, making it simple for employees to participate and evaluate programs so that companies can be more profitable from an inspired, knowledgeable, well-organized employee base. Although many of the cases found in the literature were from companies outside of the hotel field, hotel companies should be able to tailor and combine these strategies with their own programs.

PART THREE

Introduction

Tourism is an essential element that contributes to transforming the economic fortunes of local communities as well as a driving force behind the circulation of resources that support mutual understanding and peaceful balance in the global economy. Nowadays, it is extremely important for major hotel chains to succeed only if they carefully considered CSR as part of their business strategy. CSR is about the faithful attitude and charitable actions that companies share with different stakeholders including customers, employees, the entire society, and even future generations. Instead of waiting for federal regulation to make CSR mandatory, many hotels have enjoyed the vast benefits of cost saving, a better business image, and enhanced organization commitment through involving employees in socially responsible activities. Employees often feel more passionate about their jobs when they work closely with their coworkers and management on making the environment and community a better place to live and work. On the other hand, hotel companies have realized that it is equally important to treat the host community fairly and be responsible for the sustainable environment. In fact, it has become a common interest that customers are supporting hotels' CSR practices, and taking hotels' CSR performance into consideration as a benchmark when they travel.

In fact, many hospitality organizations were the first to develop and implement CSR programs and make them the centerpiece of their business strategies. When many major hotel companies planned their corporate sustainability programs in the 1990s, they began to consider the more broadly defined social responsibilities (World Travel and Tourism Organization and International Hotel and Restaurant Association, 1999, p. 1). Many of these hotel companies—such as Banyan Tree, Fairmont Hotels and Resorts, Marriott International Inc., and Hilton Hotels Corporation—have been providing comprehensive information about

their CSR commitment, programs and accomplishments on corporate Web sites and annual reports (Kasim, 2004, p. 70). Other hotels have been sharing their philanthropic activities and organizational contributions with their customers and the public. Furthermore, research of the corporate annual reports on CSR efforts of the top ten hotel groups revealed that while eight companies have constantly reported their charitable contributions, four of them have also included their social responsibility commitments in the corporate mission statements (Holcomb, Upchurch, & Okumus, 2007, p. 471).

Although the literature review provided many examples of CSR practices from other fields, the hotel industry can modify and incorporate such techniques as Points of Light Institute's EVP Four Steps and Volunteering England's Employee Volunteering Guide to adapt their specific company structures and strategic needs. Because of the relatively high employee turnover rate in the hotel industry, it is essential to utilize CSR to gain a competitive advantage in achieving greater profit and growth and as a HRM strategy to improve employee retention. Based on the research findings, hotel companies should focus on increasing external CSR programs, such as community involvement and corporate volunteer programs, to enhance their business image, attract and retain quality workforce, and lower associated costs. Most importantly, they should design CSR strategic plans with corporate missions and values for achieving long-term advantages. This section will provide general recommendations for the hotel companies that can work as an effective guideline to develop successful CSR strategies.

Results

According to The National Centre for Volunteering in UK (Volunteering England website), there are many employee skills within the Human Resource area that employee volunteering best supports, including the following:

- Organizational and time management skills

- People skills (caring, negotiating, and listening)
- Accountability and assessment reporting
- Planning skills
- Leadership development and teambuilding
- Budgeting skills
- Survival skills (stress management, prioritization)

From the literature review, employees who participate in corporate volunteer programs benefit from strengthening self-esteem, meeting new groups and making friends, feeling satisfied about making positive changes, and health benefits generated by assisting others or having social interaction with different groups of people. In fact, nearly 90% of companies in the United States actively encourage employee volunteerism each year (Tuffrey, 1997, p. 33), and more than two-thirds of those companies offer time off for employee volunteering participants (Wild, 1993). Similarly, 58% of UK employees believe that it is very important for their companies to take CSR into considerations (Dawkins, 2004). Corporate social and environmental performance has also affected the attractiveness of an employer while recruiting new graduates and top-level candidates (Cotterill, 2007, p. 48). Moreover, corporate support of charitable organizations is also financially significant, with more than \$9 billion in cash donated by U.S. companies in 2001 (Cone, Feldman, & DaSilva, 2003, p. 95).

Recommendations

Business management gurus Michael E. Porter and Mark R. Kramer won the 2006 McKinsey Award for their *Harvard Business Review* article “Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility.” They believed that companies should act as good corporate citizens, “doing the right thing” by eliminating harms and supporting local communities even when there is no direct benefit to be gained

(Porter & Kramer, 2006, p. 2). This article introduced an intersection approach that, for maximum effect and sustainable profitability, CSR programs and policies should be aligned with a company's strategic planning to find the areas where social needs and long-term business needs intersect. By embracing shared value with the surroundings, businesses can have the greatest beneficial impact on society while maintaining the sustainable use of resources.

There are many different ways to organize employee volunteering and corporate community development programs. One recommendation for hotel companies' external CSR practice is to follow Points of Light Institute's Four Easy Steps. The Points of Light Institute developed the guidelines to assist companies planning their workplace volunteer programs. These guidelines incorporate the strategic goals of the company, the interests of the employees, and the needs of the host community. The first step is to identify business strategic missions that can be accomplished by the employee volunteer program. Companies should carefully choose volunteer activities that closely align with their strategic goals, thus effectively expressing their thoughts on social caring issues. Next is to identify employees' interests through communicating with them regarding their ideas and preferences or topics they want to address. By developing a volunteer program with the employees, a company may increase their participation since the employees feel more engaged in the strategic planning process. Companies then need to reveal what social issues are concerning the people in the host community, contacting them to determine if any action of social or environmental need has already been conducted in the area. After seeking a number of resources to collect and analyze information about corporate strategic missions, employees' interests, and community needs, companies are moving forward as creating a purpose statement that can explain the basic concept for the employee volunteer program. Furthermore, it is important to continuously measure and evaluate the outcomes of these

activities because appropriate assessments can help companies stimulate the best effects and achieve improvements when needed. In order to increase employees' motivations and commitments, companies also need to recognize and applaud their efforts, expressing the appreciation of their outstanding accomplishments to the company and the community.

Conclusion

Today, businesses are responsible not only for their ethical behaviors but also for their impact on a variety of stakeholders, especially when they are operating in the global basis. The argument of this paper found research evidence to demonstrate various techniques that companies utilize to encourage their employees to be sufficiently committed in different fields of CSR practices. It has become extremely important for those organizations to commit themselves to CSR programs because of their multinational business structures, where risk management must be done by strategic planning followed by federal regulations and regional standards of ethical business practices. For long-term sustainable corporate success, companies must seek the intersection where their CSR values and actions satisfy the demands of employees, customers, and the society.

External CSR, such as corporate community involvement and employee volunteer programs, has a great potential to bring various advantages to both internal and external stakeholders. It has become central to the corporate philanthropy projects of an increasing number of companies of different sizes across the United States and around the globe. Business social involvement in community development or charitable activities is fundamental to the issue of CSR. For employers, the literature review suggested such benefits as reinforced employee engagement with the sponsoring organization, increased morale and productivity, innovation supported by professional and personal development, positive business images, and better relationships with the host communities. For employees, studies suggested that employee volunteer programs could provide a sense of belonging, a

stronger attachment to the organizational culture, better self-esteem, and more networking opportunities for meeting new people and making friends.

Most hotel companies have included their core values and mission statement on the company Web site and employee handbooks or other marketing materials; therefore, it is especially beneficial if they acknowledge their CSR involvement in their mission statement, where they can clearly address their priorities to both internal and external stakeholders. In order to ensure the sustainability of a company's various social investment projects, management should make the social investment part of the company's operating strategies. As the literature review suggested, companies can utilize external CSR programs to improve a number of human resources functions including employee commitments, labor relations, work performance, recruitment and retention, training and development, and employee job satisfaction.

Although the main motivations for hotel companies to engage in community and charitable work seem to be varied and sometimes interlinked, a lot more can be accomplished through participating in traditional CSR-oriented activities such as food donation or community services. To sum up, CSR should not be treated as merely a mission statement in corporate conferences; it should be the central piece of a company's strategy planning. The key to a sustainable success is to engage the employees. It is necessary to explain to the employees why taking care of local communities and their environment represents such a strategic importance. CSR programs certainly require individual recognition and involvement to be more likely to result in the long-term benefits rather than short-time profit increase. It is especially true that most college graduates today believe that it is very important to work for a company that has a well-planned CSR strategy at the core values of the organizational culture. This, coupled with ensuring good working conditions, is likely to help attract talented individuals, make employees feel good about their company,

consequently enhance their commitment, and ideally improve their job satisfaction.

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Footnotes

¹The S&P 500® has been widely regarded as the best single gauge of the large cap U.S. equities market since the index was first published in 1957. The index has over US\$ 3.5 trillion benchmarked, with index assets comprising approximately US\$ 915 billion of this total. The index includes 500 leading companies in leading industries of the U.S. economy, capturing 75% coverage of U.S. equities (standardandpoors website).

²FORTUNE Corporate Reputation Index is an unique research product that surveys both business executives and consumers on what they admire most, and least, about companies in the FORTUNE 500 (encyclopedia website).

³The Society for Human Resource Management (SHRM) is the world's largest association devoted to human resource management. Representing more than 250,000 members in over 140 countries, the Society serves the needs of HR professionals and advances the interests of the HR profession (SHRM website).

⁴The Points of Light Foundation is a nonprofit, nonpartisan organization dedicated to engaging people and resources more effectively in volunteer service to help solve serious social problems. (Points of light Institute website).