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**CORPORATE SOCIAL RESPONSIBILITY IN THE NEW ZEALAND**

**HOTEL INDUSTRY: AN EXPLORATIVE STUDY**

A thesis

submitted in fulfilment

of the requirements for the degree

of

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by

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## **ABSTRACT**

This explorative study examines the extent to which New Zealand 4 and 5 star hotel managers have adopted CSR practices and their commitment through CSR participation. Additionally, this study investigated the influence that New Zealand Government CSR sponsored incentives (“Qualmark” and “Enviro Awards”) have on the adoption of social and environmental practices into the hotel industry and the effect this has on hotel employees' CSR participation. Importantly, previous studies have indicated that employee involvement in CSR has been shown to result a more committed and loyal workforce. This study has indicated that through a greater CSR participation, hotel managers can influence attraction and retention of employees, therefore lowering employee turnover.

A pragmatic interruptive methodological approach was adopted in designing the research method for this study. By employing a mixed method research approach the findings of this study reveal that Chain hotel is more likely to incorporate a CSR approach in daily operations. However, evidence from this study has indicated that a hotel's involvement in social and environmental activities have no significant affect upon employee decision to seek employment with that hotel. This study also provides evidence that the initial cost of CSR implementation affected the type and range of CSR involvement. Although employee involvement in CSR activities was viewed as important, there was a lack of related rewards and incentives for CSR participation in line with organisational and employee goals and perception offered in this study. Evidence from this study also implies that an employee's social and environmentally responsibility, although beneficial, was not looked upon as essential in employee selection criteria. However, some hotels had incorporated social and environmental questions when selecting employees, indicating a gradual change in adopting a more knowledgeable and socially involved employee.

These findings will contribute to evaluating the impacts of a hotel manager's CSR decisions influencing employee turnover and CSR participation.



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## TABLE OF CONTENTS

<b>ABSTRACT .....</b>	<b>iii</b>
<b>ACKNOWLEDGEMENTS.....</b>	<b>v</b>
<b>TABLE OF CONTENTS.....</b>	<b>vii</b>
<b>LIST OF FIGURES .....</b>	<b>xix</b>
<b>LIST OF TABLES .....</b>	<b>xix</b>
<b>ACRONYMS .....</b>	<b>xxiii</b>
<b>CHAPTER 1 INTRODUCTION.....</b>	<b>2</b>
<b>1.1 BACKGROUND TO THE RESEARCH .....</b>	<b>2</b>
<b>1.2 GEOGRAPHICAL AND HISTORICAL BACKGROUND .....</b>	<b>7</b>
<i>1.2.1 Problem statement .....</i>	<i>8</i>
<i>1.2.2 Theoretical framework.....</i>	<i>10</i>
<i>1.2.3 Research questions .....</i>	<i>12</i>
<b>1.3 JUSTIFICATION FOR THIS RESEARCH .....</b>	<b>12</b>
<b>1.4 METHODOLOGY .....</b>	<b>15</b>
<i>1.4.1 Outline of the thesis .....</i>	<i>16</i>
<i>1.4.2 Limitations .....</i>	<i>19</i>
<b>1.5 CHAPTER SUMMARY .....</b>	<b>18</b>
<b>CHAPTER 2 LITERATURE REVIEW .....</b>	<b>21</b>
<b>2.1 CHAPTER INTRODUCTION .....</b>	<b>21</b>
<b>2.2 DEVELOPMENT OF BUSINESS.....</b>	<b>27</b>
<i>2.2.1 Early business development.....</i>	<i>27</i>
<i>2.2.2 Development of business in a western context .....</i>	<i>28</i>
<b>2.3 DEVELOPMENT OF SOCIAL RESPONSIBILITY IN A BUSINESS     CONTEXT .....</b>	<b>33</b>
<i>2.3.1 Charity principle.....</i>	<i>34</i>
<i>2.3.2 Stewardship principle .....</i>	<i>35</i>
<i>2.3.3 Emergence of a socially responsible business.....</i>	<i>36</i>

2.3.4	<i>Defining corporate social responsibility</i> .....	39
2.3.5	<i>Summary</i> .....	41
<b>2.4</b>	<b>DEBATE OVER MEANING AND RE-EMERGENCE OF CSR</b> .....	<b>41</b>
2.4.1	<i>Summary</i> .....	46
<b>2.5</b>	<b>ARGUMENT FOR CSR</b> .....	<b>48</b>
2.5.1	<i>Self-interest of the organisation</i> .....	48
2.5.2	<i>Public image</i> .....	49
2.5.3	<i>Environmentally sustainability practices</i> .....	50
2.5.4	<i>Socio-cultural norms</i> .....	51
2.5.5	<i>Ethical and moral decision making</i> .....	51
2.5.6	<i>Stakeholder influence</i> .....	53
2.5.7	<i>Financial return</i> .....	54
2.5.8	<i>Resources</i> .....	55
2.5.9	<i>Summary</i> .....	56
<b>2.6</b>	<b>ARGUMENTS AGAINST CSR</b> .....	<b>58</b>
2.6.1	<i>Maximisation of profits</i> .....	58
2.6.2	<i>Additional costs</i> .....	59
2.6.3	<i>Lack of universal agreement</i> .....	61
2.6.4	<i>Lack of accountability</i> .....	62
2.6.5	<i>Organisational size</i> .....	62
2.6.6	<i>Lack of management and corporate support</i> .....	63
2.6.7	<i>Summary</i> .....	64
<b>2.7</b>	<b>HUMAN RESOURCES IN THE HOSPITALITY INDUSTRY</b> .....	<b>66</b>
2.7.1	<i>Growth in the hotel industry</i> .....	67
2.7.2	<i>Attracting and retaining and employees to the hotel industry</i> .....	68
2.7.3	<i>Areas of concern with human resource management in hotels</i> .....	69
2.7.4	<i>Summary</i> .....	72
<b>2.8</b>	<b>RESOURCE BASED THEORY</b> .....	<b>75</b>
2.8.1	<i>Development of resource-based theory</i> .....	76
2.8.2	<i>Core capabilities</i> .....	77
2.8.3	<i>Summary</i> .....	80
<b>2.9</b>	<b>LEADERSHIP AND ETHICAL CONDUCT</b> .....	<b>82</b>

2.9.1 Leadership in the hotel industry .....	84
2.9.2 Codes of conduct in the hotel industry .....	86
2.9.3 Ethics in the hotel industry .....	87
2.9.4 Commitment and loyalty of employees .....	89
2.9.5 Leadership influencing employee's role in future CSR strategies.....	93
2.9.6 Summary .....	95
<b>2.10 SOCIAL IDENTITY THEORY.....</b>	<b>97</b>
2.10.1 Development of social identity theory .....	97
2.10.2 Foundation of social identity theory.....	99
2.10.3 Group affiliation and social loafing .....	101
2.10.4 Leadership and social identity theory.....	102
2.10.5 Summary .....	104
<b>2.11 ORGANISATIONAL REWARDS AND INCENTIVES.....</b>	<b>107</b>
2.11.1 Intrinsic and extrinsic rewards and incentives .....	109
2.11.2 Types of rewards and incentives.....	111
2.11.3 Today's labour force.....	113
2.11.4 Summary .....	115
<b>2.12 STAKEHOLDER APPROACH .....</b>	<b>117</b>
2.12.1 Stakeholder identification.....	117
2.12.2 Stakeholder influence.....	121
2.12.3 Summary .....	123
<b>2.13 STAKEHOLDER THEORY .....</b>	<b>125</b>
2.13.1 Foundation of stakeholder theory.....	125
2.13.2 Stakeholder theory and CSR.....	127
2.13.3 External stakeholder obligation .....	129
2.13.4 Summary .....	132
<b>2.14 TRIPLE BOTTOM LINE APPROACH AND SUSTAINABILITY</b>	<b>134</b>
2.14.1 Development of the triple bottom line approach .....	134
2.14.2 Sustainability .....	137
2.14.3 Improved value for the hotel industry.....	139
2.14.4 Summary .....	141

<b>2.15 SUSTAINABLE DEVELOPMENT IN HOSPITALITY.....</b>	<b>144</b>
2.15.1 <i>Assessment of the sustainable environment .....</i>	144
2.15.3 <i>ISO 14000 series environmental management system.....</i>	145
2.15.4 <i>Summary.....</i>	149
<b>2.16 SOCIAL RESPONSIBILITY, ENVIRONMENTAL MANAGEMENT</b>	
.....	<b>151</b>
2.16.1 <i>Customer's willingness to pay .....</i>	153
2.16.2 <i>Greening of the hotel industry.....</i>	155
2.16.3 <i>Summary.....</i>	158
<b>2.17 ROLE OF GOVERNMENT AND CSR .....</b>	<b>161</b>
2.17.1 <i>Government and CSR.....</i>	161
2.17.2 <i>New Zealand government and CSR involvement with the hotel industry</i>	
.....	163
2.17.3 <i>Self-regulation.....</i>	165
2.17.4 <i>Changing role of government.....</i>	166
2.17.5 <i>Qualmark quality assured grading system.....</i>	168
2.17.7 <i>Government limitations .....</i>	171
2.17.8 <i>Summary.....</i>	172
<b>2.18 CHAPTER SUMMARY.....</b>	<b>172</b>
<b>CHAPTER 3 THEORETICAL FRAMEWORK.....</b>	<b>178</b>
<b>3.1 CHAPTER INTRODUCTION .....</b>	<b>178</b>
<b>3.2 GOVERNMENT SPONSORED CSR INCENTIVES.....</b>	<b>179</b>
<b>3.3 EFFECTIVE CSR TEAMS, CHAIN OR INDEPENDENT HOTELS</b>	
.....	<b>181</b>
<b>3.4 ORGANISATIONAL LEADERSHIP .....</b>	<b>183</b>
<b>3.5 REWARDS AND INCENTIVES .....</b>	<b>185</b>
<b>3.6 FINANCIAL COST INFLUENCING CSR ADOPTION .....</b>	<b>187</b>
<b>3.7 HOTEL TO PAY FOR CSR ADOPTION .....</b>	<b>189</b>
<b>3.8 ATTRACTING, MOTIVATING, RETAINING EMPLOYEES .....</b>	<b>191</b>
<b>3.9 CHAPTER SUMMARY.....</b>	<b>193</b>

<b>CHAPTER 4 METHODOLOGY .....</b>	<b>196</b>
<b>4.1 CHAPTER INTRODUCTION .....</b>	<b>196</b>
<b>4.2 RESEARCH PHILOSOPHIES, APPROACHES AND STRATEGIES</b>	
.....	<b>196</b>
4.2.1 Paradigms.....	196
4.2.2 Pragmatism.....	197
4.2.3 Interpretivism.....	198
4.2.4 Positivism.....	199
<b>4.3 RESEARCH RATIONALE.....</b>	<b>202</b>
4.3.1 Introduction .....	202
4.3.2 Qualitative and quantitative research approach.....	203
<b>4.4 RESEARCH DESIGN .....</b>	<b>207</b>
<b>4.5 METHODOLOGICAL TRIANGULATION .....</b>	<b>208</b>
<b>4.6 THEORETICAL FRAMEWORK .....</b>	<b>209</b>
4.6.1 Introduction .....	209
<b>4.7 RESEARCH METHODS .....</b>	<b>213</b>
<b>4.8 QUALITATIVE RESEARCH QUESTION DESIGN .....</b>	<b>216</b>
4.8.1 Interview questions .....	217
4.8.2 Pilot study: in-depth semi-structured interviews.....	222
4.8.2.1 Altered questions.....	223
4.8.2.2 Additional questions.....	224
4.8.2.3 Excluded question .....	224
4.8.3 Sample frame .....	224
4.8.4 Targeted interviewees .....	225
4.8.5 Interview procedures .....	226
4.8.6 Data screening.....	228
<b>4.9 QUANTITATIVE RESEARCH: ON-LINE SURVEY.....</b>	<b>229</b>
4.9.1 Introduction .....	229
4.9.2 Quantitative research .....	230
<b>4.10 STRENGTHS AND WEAKNESSES OF ON-LINE SURVEYS.....</b>	<b>231</b>
4.10.1 Advantages of on-line surveys .....	231

4.10.2	<i>Disadvantages of on-line surveys</i> .....	231
4.10.3	<i>Qualtrics on-line survey</i> .....	232
<b>4.11</b>	<b>QUANTITATIVE SURVEY QUESTIONNAIRE DESIGN</b> .....	<b>234</b>
4.11.1	<i>Decide on information required</i> .....	234
4.11.2	<i>Define target informants</i> .....	235
4.11.3	<i>Choose method(s) for reaching target respondents</i> .....	236
4.11.4	<i>Decide on question content</i> .....	237
4.11.5	<i>Develop question wording and format</i> .....	238
4.11.6	<i>Check length of the questionnaire</i> .....	239
4.11.7	<i>Pilot questionnaire</i> .....	240
4.11.7.1	<i>Survey questions altered</i> .....	240
4.11.7.2	<i>Questions added</i> .....	241
4.11.7.3	<i>Questions excluded</i> .....	241
4.11.8	<i>Finalise questionnaire</i> .....	243
<b>4.12</b>	<b>DEVELOPMENT OF QUESTIONS FOR THE SURVEY</b> .....	<b>243</b>
<b>4.13</b>	<b>DATA COLLECTION, CODING AND ANALYSIS</b> .....	<b>251</b>
<b>4.14</b>	<b>CHAPTER SUMMARY</b> .....	<b>251</b>
<b>CHAPTER 5</b>	<b>QUALITATIVE RESEARCH FINDINGS</b> .....	<b>254</b>
<b>5.1</b>	<b>CHAPTER INTRODUCTION</b> .....	<b>254</b>
<b>5.2</b>	<b>SAMPLE SIZE AND PARTICIPANT DEMOGRAPHICS</b> .....	<b>255</b>
5.2.1	<i>Interviewee demographics</i> .....	256
5.2.2	<i>Hotel demographics</i> .....	258
<b>5.3</b>	<b>KNOWLEDGE AND UNDERSTANDING OF CSR</b> .....	<b>260</b>
5.3.1	<i>Word association</i> .....	260
<b>5.4</b>	<b>INDIVIDUAL OR TEAM</b> .....	<b>261</b>
<b>5.5</b>	<b>CURRENT AND FUTURE CSR PRACTICES</b> .....	<b>262</b>
5.5.1	<i>Community support</i> .....	263
5.5.2	<i>Environmental involvement</i> .....	264
5.5.3	<i>Employee involvement</i> .....	265
5.5.4	<i>Employee CSR additional community activities</i> .....	266

<b>5.6 COST OF CSR IMPLEMENTATION .....</b>	<b>268</b>
<b>5.7 PRESENT AND FUTURE CSR CHALLENGES.....</b>	<b>270</b>
5.7.1 <i>Government CSR incentives .....</i>	271
5.7.2 <i>Corporate CSR directives .....</i>	272
5.7.3 <i>Transient hotel employees .....</i>	273
<b>5.8 NEW ZEALAND HOTEL CSR REWARDS AND INCENTIVES....</b>	<b>274</b>
5.8.1 <i>CSR Incentives and rewards .....</i>	275
<b>5.9 GOVERNMENT CSR INCENTIVES.....</b>	<b>277</b>
5.9.1 <i>Government incentives.....</i>	277
<b>5.10 CURRENT AND FUTURE INTERVIEW CRITERIA .....</b>	<b>279</b>
5.10.1 <i>Employment selection criteria .....</i>	279
5.10.2 <i>Change in interview selection criteria.....</i>	282
<b>5.11 CHAPTER SUMMARY .....</b>	<b>283</b>
<b>CHAPTER 6 QUANTATITIVE RESEARCH FINDINGS .....</b>	<b>288</b>
<b>6.1 CHAPTER INTRODUCTION .....</b>	<b>288</b>
<b>6.2 RELIABILITY OF SURVEY QUESTIONNAIRE .....</b>	<b>289</b>
<b>6.3 SURVEY QUESTIONNAIRE RESPONSE RATE .....</b>	<b>290</b>
<b>6.4 DEMOGRAPHIC PROFILE OF THE RESPONDENTS .....</b>	<b>291</b>
<b>6.5 CSR UNDERSTANDING.....</b>	<b>295</b>
<b>6.6 CSR INDIVIDUAL OR TEAM .....</b>	<b>299</b>
<b>6.7 EMPLOYEE INVOLVEMENT IN CSR ACTIVITIES .....</b>	<b>302</b>
<b>6.8 HOTEL REWARDS AND INCENTIVES.....</b>	<b>305</b>
6.8.1 <i>Reward motivation of employees CSR participation (internal).....</i>	306
6.8.2 <i>Reward motivation of employees CSR participation (external) .....</i>	307
<b>6.9 CSR ACTIVITIES COORDINATED BY HOTELS .....</b>	<b>308</b>
<b>6.10 COSTS INCURRED WHEN INITIATING CSR ACTIVITIES.....</b>	<b>312</b>
<b>6.11 EMPLOYMENT OPPORTUNITIES .....</b>	<b>313</b>
<b>6.12 CSR AS EMPLOYMENT CRITERIA .....</b>	<b>315</b>

<b>6.13 CHAPTER SUMMARY.....</b>	<b>316</b>
<b>CHAPTER 7 DISCUSSION AND IMPLICATIONS .....</b>	<b>319</b>
<b>7.1 CHAPTER INTRODUCTION.....</b>	<b>319</b>
<b>7.2 INTERGRATION OF SUPPORTING THEORIES.....</b>	<b>320</b>
<b>7.3 DEMOGRAPHICS FROM QUALITATIVE AND QUANTATIVE DATA .....</b>	<b>323</b>
<b>7.4 CSR FAMILIARISATION AS AN INCENTIVE .....</b>	<b>323</b>
<b>7.5 RESEARCH QUESTION ADDRESSED.....</b>	<b>326</b>
7.5.1 <i>Research question 1 .....</i>	326
7.5.2 <i>Research question 2 .....</i>	331
7.5.3 <i>Research question 3 .....</i>	335
7.5.4 <i>Research question 4 .....</i>	340
7.5.5 <i>Research question 5 .....</i>	344
7.5.6 <i>Research question 6 .....</i>	349
7.5.7 <i>Research question 7 .....</i>	353
<b>7.9 CHAPTER SUMMARY.....</b>	<b>358</b>
<b>CHAPTER 8 PRACTICAL AND MANAGERIAL CONTRIBUTIONS ....</b>	<b>360</b>
<b>8.1 CHAPTER INTRODUCTION.....</b>	<b>360</b>
8.1.1 <i>Overview of the study.....</i>	360
8.1.2 <i>Research questions.....</i>	361
8.1.3 <i>Methodology.....</i>	362
<b>8.2 PRACTICAL CONTRIBUTIONS.....</b>	<b>362</b>
8.2.1 <i>Adoption of CSR in hotels .....</i>	362
8.2.2 <i>CSR teams .....</i>	364
8.2.3 <i>CSR leadership.....</i>	365
8.2.4 <i>Hotel Employee CSR participation .....</i>	367
<b>8.3 THEORITICAL CONTRIBUTIONS.....</b>	<b>368</b>
8.3.1 <i>Rewards/incentives.....</i>	368
8.3.2 <i>CSR Orientation.....</i>	369
8.3.3 <i>Employee employment expectations.....</i>	370

8.3.4 Recognition of CSR Participation .....	372
8.3.5 Costs of CSR adoption .....	373
8.3.6 Stakeholder influence.....	374
<b>8.4 SUMMARY OF FINDINGS.....</b>	<b>374</b>
<b>8.5 RECOMMENDATIONS .....</b>	<b>376</b>
<b>8.6 POTENTIAL FOR FURTHER RESEARCH .....</b>	<b>377</b>
<b>8.7 LIMITATIONS ENCOUNTERED .....</b>	<b>380</b>
<b>8.8 CHAPTER SUMMARY .....</b>	<b>382</b>
<b>REFERENCES.....</b>	<b>387</b>
<b>APPENDIX A INFORMATION LETTER.....</b>	<b>421</b>
<b>APPENDIX B CONSENT FORM.....</b>	<b>425</b>
<b>APPENDIX C INTERVIEW QUESTIONS .....</b>	<b>431</b>
<b>APPENDIX D ON-LINE SURVEY QUESTIONNAIRE.....</b>	<b>443</b>
<b>APPENDIX E INFORMATION LETTER FOF SURVEY .....</b>	<b>446</b>
<b>APPENDIX F SURVEY REMINDER LETTER.....</b>	<b>448</b>



## LIST OF FIGURES

Figure 2.1: Literature review flowchart .....	20
Figure 2.2: Development of business.....	26
Figure 2.3: Development of social responsibility in a business context.....	32
Figure 2.4: Debate over meaning and re-emergence of CSR: Argument for CSR .....	47
Figure 2.5: Debate over meaning and re-emergence of CSR: Argument against CSR.....	57
Figure 2.6: Human resources in the hospitality industry .....	65
Figure 2.7: Resource based theory .....	74
Figure 2.8: Leadership and ethical conduct .....	81
Figure 2.9: Social identity theory.....	96
Figure 2.10: Organisational rewards and incentives .....	106
Figure 2.11: Stakeholder approach .....	116
Figure 2.1: Stakeholder theory.....	124
Figure 2.13: Triple bottom line approach and sustainability .....	133
Figure 2.14: Sustainable development in hospitality .....	143
Figure 2.15 : Social responsibility, environmental management.....	150
Figure 2.16: Role of government and CSR.....	160
Figure 3.1: Theoretical framework: Government and industry lead bodies ...	179
Figure 3.2: Theoretical framework: CSR teams and hotel style .....	181
Figure 3.3: Theoretical framework: Management position.....	183
Figure 3.4: Theoretical framework: Rewards and incentives .....	185
Figure 3.5: Theoretical framework: Financial support .....	187
Figure 3.6: Theoretical framework: Financial support (Who should pay).....	189

Figure 3.7: Theoretical framework: Attraction to the hotel.....	191
Figure 4.1: Qualitative and quantitative research design .....	203
Figure 4.2: Inductive-deductive research cycle.....	206
Figure 4.3: Research design process for this study .....	208

## LIST OF TABLES

Table 2.1: Perspectives covered in sections of the literature Review.....	24
Table 2.2: Hospitality and Tourism awards: .....	121
Table 2.3: Moral and ethical values for Stakeholder Theory.....	130
Table 2.4: Qualmark grading system .....	169
Table 2.5: Enviro Awards grading .....	170
Table 4.1: Differences between a positivist and interpretive approach .....	201
Table 4.2: Summary of literature supporting final survey questions .....	222
Table 4.3: The eight stages of questionnaire design .....	234
Table 4.4: Categories of on-line survey questionnaire.....	242
Table 4.5: Summary of literature supporting final survey questions .....	250
Table 5.1: Demogrpahics of interviewees in this study .....	257
Table 5.2: Sample of classification of hotels .....	258
Table 5.3: Demographics of hotels in this study.....	259
Table 5.4: Interview participants words associated with CSR.....	261
Table 5.5: Team or Individual CSR contact coordinator .....	261
Table 5.6: Current CSR activity in hotel.....	262
Table 5.7: Who should pay the cost of CSR implementation .....	268
Table 5.8: Challenges when implementing CSR activities.....	271
Table 5.9: Rewards and incentives that motivate employees .....	275
Table 5.10: CSR rewards and incentive in New Zealand hotels.....	276
Table 5.11: Choice of CSR activities .....	278
Table 5.12: Selection interview criteria for potential hotel employees .....	280
Table 6.1: The geographical location, style and number of hotels surveyed.....	291
Table 6.2: Status position of survey respondent .....	291

Table 6.3: Length of employment in the hotel industry .....	292
Table 6.4: Length of time employed at current hotel .....	292
Table 6.5: Functional positions held by respondents .....	293
Table 6.6: Employment in current functional position.....	294
Table 6.7: Cross tabulation between functional position and status position.....	294
Table 6.8: Generation of survey respondents .....	295
Table 6.9: Hotel engagement in social and environmentally practices .....	295
Table 6.10: Respondents general understanding of CSR .....	296
Table 6.11: Frequency of word choice to describe CSR .....	297
Table 6.12: Respondents view of environmental responsibility .....	298
Table 6.13: Individual as main CSR contact .....	299
Table 6.14: Dedicated CSR team .....	300
Table 6.15: Number of people in CSR team .....	300
Table 6.16: Where CSR ideas originate .....	301
Table 6.17: Hotels current social and environmentally responsible activities ....	302
Table 6.18: Respondents social and environmental behaviour .....	302
Table 6.19: Personally involved in <i>socially</i> responsible activities (External)?... 303	
Table 6.20: Personally involved in <i>environmental</i> activities (Internal)?..... 304	
Table 6.21: Donation of time to socially responsible activities .....	304
Table 6.22: Donation of time to environmentally responsible activities.....	305
Table 6.23: Does the hotel have reward and incentives in place?.....	305
Table 6.24: Most frequent rewards and incentives for CSR participation .....	306
Table 6.25: Reward motivation of employees CSR participation (internal).....	307
Table 6.26: Reward motivation of employees CSR participation (external).....	308
Table 6.27: Respondents' participation in hotel CSR activities.....	309

Table 6.28: Participation in <i>socially</i> responsible activities .....	310
Table 6.29: Participation in <i>environmentally</i> responsible activities .....	311
Table 6.30: Who should pay for overall <i>cost</i> of CSR implementation? .....	312
Table 6.31: Main reason for seeking employment at current hotel.....	314
Table 6.32: Participants' view of including CSR into interview criteria .....	315



## ACRONYMS

AA1000	Account Ability 1000
AHA	Australian Hotels Association
CET	Cognitive Evaluation Theory
CSR	Corporate Social Responsibility
CSP	Corporate Social Performance
CFP	Corporate Financial Performance
CCMAU	Crown Company Monitoring Advisory Unit of New Zealand
EM	Environmental Management
EMSs	Environmental Management Systems
EPR	Environmental Performance Reviews
EU	European Union
EMAS	Eco-Management and Audit Scheme
EMASs	Environmental Management and Auditing Systems
FLA	Fair Labour Association
F&B	Food and Beverage
FO	Front Office
GM	General Manager
GMs	General Managers
GECP	Global Environmental Certification Programme
GHA	Green Hotels Association
GRI	Global Reporting Initiative
HANZ	Hospitality Association of New Zealand
HO	Hotel Operations
HR	Human Resource
HRM	Human Resource Management

IT	Information Technology
ISO	International Standards Organisation
NGOs	Non-governmental Organisations
NZ	New Zealand
NZAA	New Zealand Automobile Association
NZBCSD	New Zealand Business Council for Sustainable Development
NZCT	New Zealand Community Trust
OCVS	Office of Community and Volunteer Sector
IOS	Organisation of Standardisations
QM	Quality Management
QA	Qualmark Assured
RBT	Resource Based Theory
RANZ	Restaurant Association of New Zealand
RD	Rooms Division
IHEI	The International Hotels Environment Initiative
NZBCSD	The New Zealand Business Council for Sustainable Development
SME	Small and Medium Enterprises
SA 8000	Social Accountability 8000
SIT	Social Identity Theory
SR	Social Responsibility
SOEs	State Owned Enterprises
THC	Tourist Hotel Corporation
TNZ	Tourism New Zealand
TBL	Triple Bottom Line
URL	Uniform Resource Locator
UK	United Kingdom
UN	United Nations

USA	United States of America
WCED	World Commission on Environment and Development
WTORC	World Tourism Organisation and the Earth Council
WTTC	World Travel and Tourism Council
WTO	World Tourism Organisation



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## **CHAPTER 1 INTRODUCTION**

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## **CHAPER 1 INTRODUCTION**

### **1.1 BACKGROUND TO THE RESEARCH**

Many underlying forces have shaped the global business community. For example, the need for regulation to protect the general public against unlawful acts committed by organisations, the influence of stakeholders on organisations to adopt environmental measures, and government encouragement for business to become more environmentally and socially responsible. Traditionally, society's basic requirement from business was to efficiently contribute related goods and services to an acceptable level (Steiner, 1972). Friedman (1970) validated this when he famously stated that the only socially responsible position of business was to increase its profits within the rules. However, there has been an increased rejection of this concept of social responsibility (Kang, Lee, & Huh, 2010).

The Sustainable Development Strategy for Europe, agreed to by the European Council in June 2001, stated that in the long term, economic growth, social cohesion and environmental protection go hand in hand (European Commission, 2001). Social responsibility now plays a progressively more important role in relation to political, economic, social and environmental factors (Babiak & Trendafilova, 2011). These factors reflect the importance of a country's development and its capacity to promote and increasingly shape social and environmental practices within organisations (Baughn, Bodie, & McIntosh, 2007).

The motives for social and environmental responsibility have changed from a marginal practice to a more strategic function embedded into the core values of an organisation (Vidaver-Cohen & Bronn, 2008). These motives play a significant

role in the social and environmental positioning of an organisation and its social responsibilities towards stakeholders (Vidaver-Cohen & Bronn, 2008). Therefore there has been a global shift towards organisations becoming more socially and environmentally responsible.

The topic of corporate social responsibility (CSR), has received increasing attention and importance as the role of CSR within society has grown. Policy makers over the past decade have defined CSR as a concept whereby companies volunteer to contribute to a better society and cleaner environment through a managed relationship with their stakeholders (European Commission, 2001). Although CSR has emerged as an organisational behavioural issue (Moura-Leite & Padgett, 2011), many factors drive the move towards further CSR involvement: citizen's concerns, environmental concerns, increasing influence in social criteria related to investments by institutions and individuals, and modern information and communication technology.

Williamson, Lynch-Wood, and Ramsay (2006) identified the need to examine an organisation's performance and regulation, both of which are recognised as causal drivers of social and environmental behaviour, with regulation creating greater levels of environmental activity. There is also a need to better understand the mechanisms that encourage how and why organisations adopt social and environmental responsibility practices. This can be demonstrated through research by Makower (1994) that illustrated how socially responsible businesses affect employee behaviour and that well-treated employees perform better in terms of productivity and innovation. Additionally, Kazlauskaite, Buciuniene, and Turauskas (2006) study concluded that encouraging and developing organisational

conditions for employee empowerment results in higher employee affective commitment to the organisation.

Another factor that has had a positive effect on socially responsible organisations has been the use of CSR rewards and incentives specifically targeting employees to generate creative and innovative ideas (Amabile, 1996). Consequently, the use of rewards and incentives as a motivational tool to increase CSR activities and organisational positioning has also helped to shape CSR policy and activities within communities. In addition, employees who believe that their organisation has a strong commitment to social and environmentally sustainable practices have a tendency to remain therefore reducing employee turnover and increasing financial return (Bohdanowicz & Zientara, 2009).

Previous research has examined the relationship between an organisation's CSR practices and attracting and retaining quality employees (Murray & Ayoun, 2010; Willard, 2002; Willard, 2005). Greening and Turban (2000) and Turban (2001) investigated the degree of hotel employees' community commitment, social values, environmental and philanthropic behaviour, concluding that employers who actively promoted CSR activities attracted better employees. Willard (2002, 2005) also highlighted the benefits that can result from implementation of sustainability strategies which included the ability to attract and retain talented employees. Weisband (2009) stated that as the standards of social responsibility require precise elaboration within the context of contemporary theories, ethical constraints remain too narrow. To further emphasise the uncertainty of social and environmental requirements by organisations, Vidaver-Cohen and Bronn (2008) stated that corporate responsibility is becoming a measure of pragmatic and moral

legitimacy and that the parameters of legitimacy for businesses have changed to involve accountability. Organisations need to embrace both excellences in leadership through learning and best practice with respect to benchmarking CSR practices.

An organisation's processes involve balancing the need for stability and change. The difficulties that befall organisations in general also affect the tourism and hotel sectors. The hospitality industry is not immune to the influences of the economy and business cycles. With the increased pressure on the hotel sector to become more socially and environmentally responsible, a growing number of hospitality organisations are embracing relevant stakeholder claims to become more transparent in reporting their social and environmental activities (Bohdanowicz & Martinac, 2003). Amongst hospitality organisations, international hotel chains have been the first to successfully create and implement CSR policies (Kasim, 2004). This has resulted in an increased focus on the hospitality organisation's core values and brand image in an effort to strengthen support within communities (Du, Bhattacharya, & Sen, 2007). As a result, hotel consumers tend to have more favourable attitudes about hotel organisations with well-established CSR policies, resulting in increased loyalty and advocacy (Du et al., 2007).

Unlike other industries, tourism in New Zealand attracts customers by marketing the country, the culture, the tourism experiences and the people. Tourism New Zealand has portrayed a clean and green global image most importantly to its global tourism and hospitality markets through successful marketing of its "100% Pure" branding. To attract domestic and, increasingly, international visitors, New

Zealand has to be seen as environmental sustainable, echoing the branding that “100% Pure” portrays. The tourism industry has been a major part of the New Zealand economy (Statistics, N.Z., 2013) therefore the New Zealand hospitality sector has had to adapt to the global changes in tourism markets. To illustrate the importance of tourism on the New Zealand economy, key results for the year ended March 2013 have been summarised from the New Zealand Statistics web site:

- Total tourism expenditure was \$23.9 billion, an increase of 2.3 percent from the previous year;
- International tourism expenditure increased 2.2 percent (\$213 million) to \$NZ9.8 billion; contributing 16.1 percent to New Zealand’s total exports;
- Domestic tourism expenditure increased 2.4 percent (\$NZ328 million) to \$NZ14.2 billion;
- Tourism generated 3.7 percent of New Zealand’s GDP at \$NZ7.3 billion;
- The indirect value added to industries supporting tourism generated 5.0 percent of GDP at \$NZ9.8 billion;
- The tourism industry directly employed 110,800 full-time equivalent staff (FTEs) (5.7 percent of total employment), a 1.8 percent increase from the previous year; and
- Tourists generated \$NZ1.3 billion in goods and services tax (GST) revenue. (Statistics, N. Z., 2013)

## **1.2 GEOGRAPHICAL AND HISTORICAL BACKGROUND**

New Zealand is a geographically isolated country located in the South Pacific Ocean. Its closest neighbour to the west is Australia, 2,161 kilometres from Sydney to Auckland. New Zealand's land mass consists of three main islands, the North Island, the South Island and Stewart Island a total of 271,000 km<sup>2</sup> ([www.stats.govt.nz](http://www.stats.govt.nz)).

The North Island and South Island are separated by 20 kilometres of ocean, the Cook Strait, while the South Island and Stewart Island are separated by Foveaux Strait, approx. 25.7 kilometres wide ([www.stats.govt.nz](http://www.stats.govt.nz)). During the latter half of the 1800s, New Zealand's natural wonders and opportunities for exploration and adventure attracted many travellers and immigrants.

The early tourism industry developed around the geothermal areas such as Rotorua (Tourism New Zealand, 2001). In 1876, the Government took control of the provincial railway system and the beginnings of a national tourist system emerged leading to the world's first national tourism organisation – the Department of Tourist and Health Resorts, formed in 1901 (Tourism New Zealand, 2001). New Zealand Government legislation has since laid the foundation and been the driving force for the development of Tourism New Zealand. As New Zealand tourism developed and visitor numbers increased, huts and hostels providing basic accommodation were replaced with motels and hotels. Established in 1956, the Tourist Hotel Corporation (THC) built and ran hotels throughout New Zealand. International chain hotels and independents now dominate the New Zealand tourist accommodation sector.

Numerous academic books and empirical studies have investigated the role of CSR in business and also the hospitality industry (Baron, 2010; Bohdanowicz, Zientara, & Novotna, 2011; Costantino, Marchello, & Mezzano, 2010); Willard (2002). Although social and environmental practices have drawn substantial interest from practitioners and academics, the motives driving those practices have received little attention in the academic literature, particularly from an empirical perspective (Babiak & Trendafilova, 2011). Margolis and Walsh (2003) suggested that further investigations about the contextual influences that have lead organisations to become socially and environmentally responsible are needed.

Given the growing role of sustainable CSR practice as a focus for organisations across diverse industries (Babiak & Trendafilova, 2011), the purpose of this study is to investigate the New Zealand hotel industry's understanding and commitment to CSR. In addition, identification of employee CSR participation and the influence that CSR rewards and incentives have upon hotel employee attraction, and commitment to the organisation within a New Zealand hotel context will be investigated.

### ***1.2.1 Problem statement***

CSR in the hospitality industry has recently received considerable attention due to its critical impact on the environment (Kasim, 2007b); stakeholder involvement (Sanchez-Gutierrez, Gaytan-Cortes, & Ortiz-Barrera, 2009); employee working conditions and job satisfaction (Lee & Way, 2010); and social concerns (Heisterkamp, 2009). As the hotel industry has matured and grown in New Zealand, its environmental and social impact have become a major concern. Since the early 1990s, a series of New Zealand Government sponsored initiatives

and incentives have been put forward in an attempt to establish guidelines on sustainability and best practice. As a result, local and regional social and environmental responsibility schemes have been embraced throughout the country as the New Zealand hotel industry is held more accountable for its actions (Gray, Matear, & Matheson, 2000). Government sponsored and industry lead initiatives have helped to encourage the identification of critical CSR issues, identify best practice for monitoring and reporting CSR activities, and improved employee health and safety and working conditions (Ministry of Tourism, 2007). All of these initiatives have highlighted the New Zealand hotel industry's social, environmental and community responsibility.

Critical CSR issues enable the identification of environmental and sustainable best practice (Babiak & Trendafilova, 2011), ethics and leadership (Brownell, 2010), stakeholder involvement concerning social responsibility (Barnett, 2007), employment turnover (Lee & Way, 2010), and service quality (Namkung & Jang, 2007). Although current CSR research within the hotel industry has investigated the extent to which CSR has been adopted into a hotel's core values, there have been few studies that have examined this in a New Zealand context. The influence that CSR rewards and incentives have on the attraction and retention of hotel employees has also been an area under research. Additionally, addressing CSR leadership roles and team participation have been recognised as an important factor in the hospitality industry and the need for further studies has been acknowledged (Guillet, Yaman, & Kucukusta, 2012). Leadership qualities can impact on the successful completion of stated goals including CSR activities as these play an important role in shaping the culture of an organisation especially

within the service industry (Gurerk, Irlenbusch, & Rockenbach, 2009; Schein, 2004).

Given this research gap, the primary questions the present study addresses will investigate the New Zealand hotel managers' understanding and commitment to CSR and influence on hotel employees CSR participation. Does a hotel's adoption of and participation in CSR activities influence the attraction and retention of employees to the New Zealand hotel industry? Do CSR practices in the New Zealand hotel industry further influence hotel employees' external adoption and participation in social and environmental activities?

The key motivation behind this study is to make an important contribution in bridging the gap in CSR literature relating to CSR leadership and the adoption of CSR reward and incentives and their influence over hotel employee attraction and retention. In addition, this research will extend existing studies in CSR and sustainability practices already reported in tourism and hospitality literature. The researcher is also motivated to promote and improve CSR practice within the New Zealand hotel industry through exploring the current state of CSR in 4-5 star hotels.

### ***1.2.2 Theoretical framework***

Resource-based theory, social identity theory, and stakeholder theory, originating in classical organisational research, will be employed to guide and support this study. Resource based theory emphasises all assets, capabilities, competencies, organisational processes, firm attributes, information, knowledge and the importance of human resources to the development and implementation of

strategies designed to improve efficiency, effectiveness and competitive advantage (Barney & Clark, 2007). Social identity theory suggests that employees' self-image is influenced by the image and reputation of their employers Herzberg (1968). Both theories have recently been applied in the context of the corporate social performance as a competitive advantage when attracting potential employees (Greening & Turban, 2000). Stakeholder theory, which addresses the morals and values when managing an organisation (Freeman, Harrison, Wicks, Parmar, & Colle, 2010), has also been viewed as a driving force to integrate a stakeholder approach to CSR (Jamali, 2008). Recent studies of stakeholder theory have shifted the focus away from a firm-centred approach to being either generic or issued-centred, whereby organisations can have more influence in multi-networking and more interaction between stakeholder groups (Crane & Ruebottom, 2011). Stakeholders, including local communities, government and employees, also guide this study's approach to stakeholder theory.

Mackey, Mackey, and Barney (2007) investigated the supply and demand for socially responsible investment opportunities and the extent to which they improved, reduced, or had no impact on, a firm's market share. The conclusion reached suggested that socially responsible activities can both increase and decrease the present value of a firm's cash flow depending upon favourable or unfavourable supply and demand conditions (Mackey et al., 2007).

Therefore, a critical question arises: To what extent are hotel managers influential in their CSR decision making? Seven research questions were developed to guide this investigation.

### ***1.2.3 Research questions***

**Research Question 1:** Have government sponsored incentives stimulated the development of CSR activities in hotels?

**Research Question 2:** Does the use of CSR teams make Chain hotels or Independent hotels more effective in their participation in CSR activities?

**Research Question 3:** Does a hotel manager's leadership in CSR activities influence hotel direction in CSR?

**Research Question 4:** Do rewards and incentives influence the extent to which employees participate in CSR activities?

**Research Question 5:** Does the financial cost of CSR implementation influence the adoption of CSR principles?

**Research Question 6:** Do hotels have the responsibility to pay for the adoption of CSR?

**Research Question 7:** Is social responsibility part of an employee's hotel attractiveness?

## **1.3 JUSTIFICATION FOR THIS RESEARCH**

The New Zealand hotel industry represents an appropriate setting for this study. A gap in the literature has been identified. Justification for this research is based on the importance of tourism to the New Zealand economy, the continued focus on CSR within the hotel industry, recent changes to the New Zealand hotel industry environment, a lack of previous academic research, and potential implications and application of the research findings.

Firstly, both domestic and international tourism are a major contributor to the New Zealand economy (Ministry of Tourism, 2007). The New Zealand hotel industry represents a major sector within the New Zealand tourism industry, with hotels located in recognised tourism centres including Auckland, Christchurch, Rotorua, Queenstown and Wellington (Statistics, N. Z., 2013). These hotels employ permanent, part-time and casual staff. These staff can be transient or from the local community, representing a mix of cultures and ethnicities. This highlights the importance of the hotel industry in the economic landscape of New Zealand.

The second justification concerns stakeholder influence on CSR within the New Zealand hotel industry. Previous research has addressed the environmental impacts of hotels within tourism destinations (Erdogan & Baris, 2006; Goldstein, Cialdini, & Griskevicius, 2008; Kasim, 2007a), environmental management systems (ISO 14001) (Chan, 2009), and energy saving and supply chain management (Garcia Rodriguez & Armas Cruz, 2007). There has also been an increase over the past decade in the number of “green hotels”, environmentally sustainable hotel practices, and studies focusing on employee participation in hotel CSR activities, (Bohdanowicz & Zientara, 2008; Lee & Way, 2010). Recent scholarly work in the area of hotel environmental management and sustainable management practices has indicated an increase in hotels engaged in CSR activities and practices (Babiak & Trendafilova, 2011; Bohdanowicz, 2006; Cetindamar & Husoy, 2007; Chan, 2009; Kang, Stein, Heo, & Lee, 2011; Kasim, 2006, 2007b; Tzschentke, Kirk, & Lynch, 2008). This has been described as the “Greening of the Hotel Industry” (Alexander & Kennedy, 2002). As such, stakeholder pressure has pushed environmentally responsible organisational

practices and the greening of the hotel sector forward to become fundamental practices within the hotel industry (Chen & Peng, 2012) as reflected in New Zealand's hospitality industry.

The third justification for this research relates to recent changes in the New Zealand hotel industry environment. Governmental regulations have long been viewed as an important change agent which influence corporate behaviour through defining policy and procedures for organisations to adhere to (Albareda, Lozano, Tencati, Midttun, & Perrini, 2008; Bichta, 2003; Qu, 2007). As a result of increased New Zealand Government and stakeholder involvement, New Zealand hotels have made significant changes in their operational procedures. For example, the New Zealand Government sponsored "Qualmark" and "Enviro Award" incentives have influenced the direction of CSR within the New Zealand hospitality sector (Ministry of Tourism, 2007; Taylor, 2010-11). The "Qualmark Assured" award has been adopted as a benchmark for hotels taking part in this study.

The fourth justification for this research has been the need to investigate the influence that hotel CSR participation has on an employee's attraction to, retention by and commitment to the organisation. Previous research has shown that employees form an emotional attachment to the organisations that implement CSR activities (Maroudas, Kyriakidou, & Vacharis, 2008). These employees are more likely to engage in CSR activities affecting their overall organisational commitment (Lee & Kim, 2013). Research has highlighted the importance of employee perception on an organisation's CSR commitment (Lee & Kim, 2013; Lee, Kim, Lee, & Li, 2012).

The fifth justification for this research has been the financial cost associated with CSR implementation in the New Zealand hotel industry. Associated financial costs have driven a shift in management thinking to evaluate whether socially responsible decisions and activities increase an organisation's profile and financial return (Tsai, Hsu, Chen, Lin, & Chen, 2010). It is, therefore, important to gain further insight into how CSR decisions impact and influence hotel managers' decision making processes.

Lastly, the six justification for this research is the potential implications for management practice and the application of this research for the New Zealand hotel industry.

The next section will discuss the methodological process to be employed in this study.

#### **1.4 METHODOLOGY**

This section will describe the major methodological approaches employed in this study, which are further discussed in Chapter 3.

Evidence from Weber (1990) has suggested that to achieve the most balanced result, a research study should utilise both qualitative and quantitative approaches. Onwuegbuzie, Johnson, and Collins (2009) argued that it was possible to integrate quantitative and qualitative research through collecting a variety of data using different methods. This can be achieved by utilizing differing sources which provide greater coverage, resulting in a more complete picture of the research being undertaken than would have been achieved otherwise (Bonoma, 1985). By

using multiple research methods, the robustness of the results will be strengthened through triangulation (Creswell, 1994; Gray & Densten, 1998; Jick, 1979; Yin, 2003). An additional reason for combining quantitative and qualitative research methods is to address the possible weaknesses of each approach. Taking this into account, evidence suggests that both the quantitative and qualitative approaches will deliver greater validity into the research (Jick, 1979).

The qualitative data collection for this study involved 33 in-depth semi-structured face-to-face interviews with hotel managers from 4-5 star New Zealand hotels undertaken over a six month period. Hotel CSR activities, employee attraction and identification with organisations' CSR values and the hotel manager's influence over employee CSR participation are investigated. A quantitative on-line survey questionnaire was employed to collect data from New Zealand hotel employees' on their attitudes to specific CSR activities and participation in CSR activities. Data from this quantitative survey was used to support results from the qualitative interview results.

Both quantitative and qualitative approaches were employed. A more in-depth and detailed explanation for this is presented in Chapter 3

#### ***1.4.1 Outline of the thesis***

This thesis has eight chapters.

**Chapter 1: Introduction** identifies the issues that are investigated and outlines the theoretical and practical significance of this study. This introductory chapter also identifies the research questions and theories that guided this study. Relevant

details pertaining to the justification of this study and research contexts are also presented in Chapter 1.

**Chapter 2: Literature Review** presents and discusses the relevant literature supporting this study's direction. This chapter begins by describing the early business development and the principles that have influenced the evolution of CSR. This chapter draws on literature from fields such as human resource management, leadership, sustainability and the role of governments in CSR development and implementation. This chapter also discusses, in depth, the theories guiding this study and the application of CSR to the hospitality industry

**Chapter 3: Theoretical Framework** provides a justification and discussion for the theoretical framework employed in this study. The constructs forming the theoretical framework are identified, reviewed and discussed. Key concepts from Chapter 2 and their relationship with the theoretical framework are identified and discussed.

**Chapter 4: Methodology** describes the philosophical approaches and strategies employed in this study. This chapter begins with an overview of the pragmatic, interpretive paradigm informing this study. This is followed by a justification and detailed description of the research methods in this study: qualitative in-depth interviews and a quantitative on-line survey. Steps outlining the procedures undertaken in the development of the in-depth interviews and the survey instrument including, targeted audience, limitations and analysis methods are presented and discussed.

**Chapter 5: Qualitative Research Findings** provides analysis and presentation from the in-depth semi-structured interviews with hotel managers employed in this study. The chapter commences by presenting data concerning interviewee and hotel demographics and continues by presenting relevant data from the in-depth interviews with hotel managers.

**Chapter 6: Quantitative Research Findings** provides analysis and presentation of the quantitative data from the on-line survey in this study. The chapter commences by presenting respondent demographics and response rates. Data concerning respondents' knowledge of New Zealand hotel CSR practice and its influences on the respondents CSR participation are presented in this chapter.

**Chapter 7: Discussion and Implications** presents and discusses the findings from this study. This chapter revisits the research questions and draws upon the data collected and analysed from the in-depth interviews, the survey instrument and literature review. This chapter presents and discusses the overall theoretical and managerial implications from the research questions and draws upon the theories that have guided this study progress.

**Chapter 8: Practical and Managerial Contributions** is the final chapter and commences with an overview of this study. The recommendations arising from this study, areas for further research, and limitations encountered during this study are then presented and discussed.

### ***1.4.2 Limitations***

The research setting for this study was restricted to the 4-5 star hotels in the New Zealand hotel industry. There are distinctive circumstances present in this thesis setting that may not be found in other service industries; therefore, the findings from this research may not be able to be generalised to other service sector settings. Further discussion of limitations encountered during the course of this study are presented in Chapter 8.

## **1.5 CHAPTER SUMMARY**

This chapter has introduced the context and justification of the study and has presented the background to the research problem and relevant research issues. The research problem was clearly stated. The research has been justified on theoretical and practical grounds. Relevant theories and definitions have been presented and key aspects of the methodology, theoretical framework and thesis structure have been outlined.

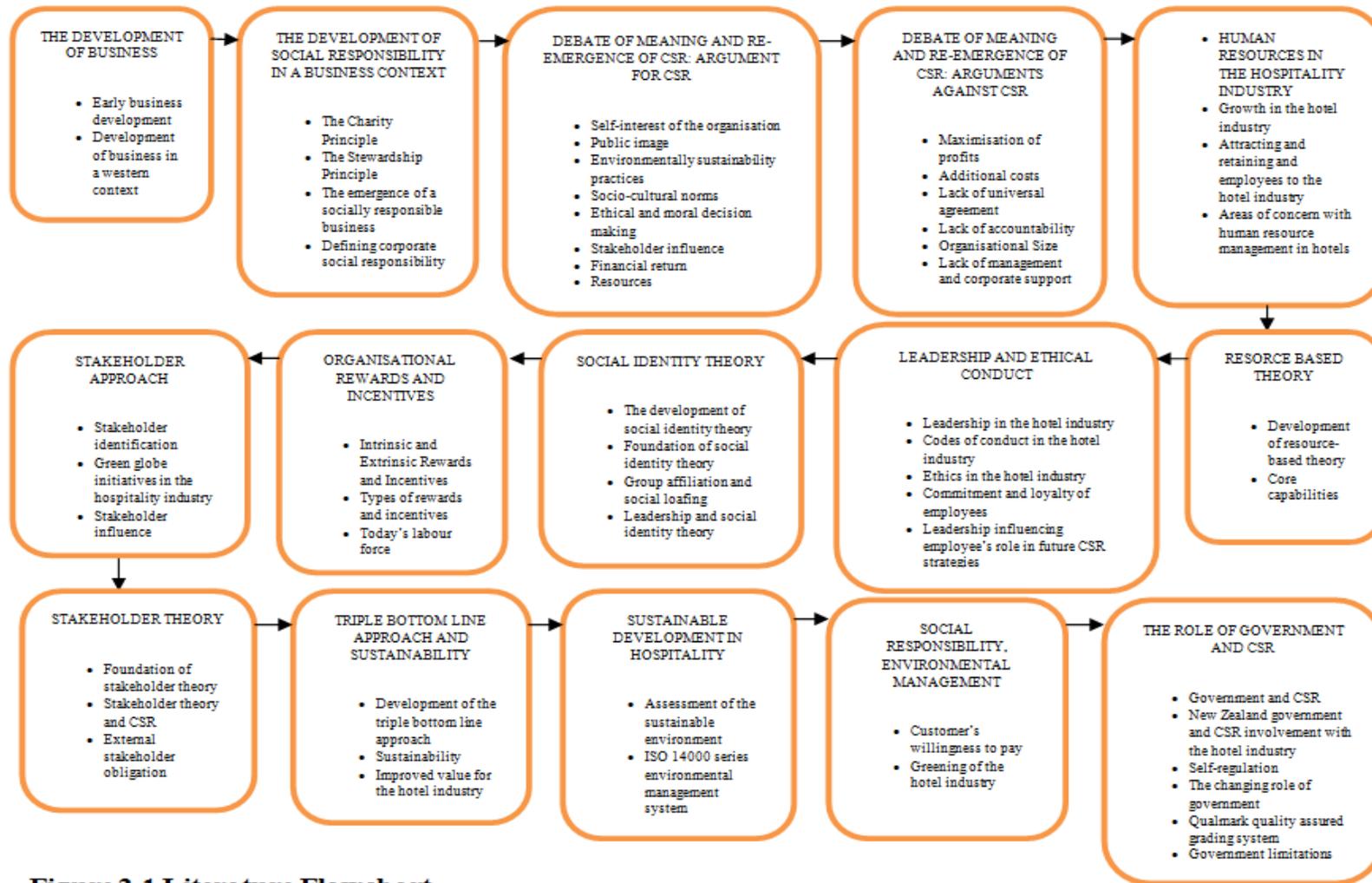
Chapter 2 addresses the body of literature relevant to the historical background of CSR within the business environment. Literature pertaining to the adoption of CSR activities within a hotel context emphasising leadership, team participation, human resources in the hospitality industry, stakeholder participation and financial repercussions will also be presented. Further to the CSR debate, the discussion then moves to environmental and sustainability CSR practices found within the hotel industry. Literature emphasising the importance of employee participation, focusing on rewards and incentives and their influence on employee commitment is reviewed as this has a direct influence on the core research

questions. Finally, literature pertaining to sustainability, social and environmental responsibility in the hotel industry and government CSR initiatives is presented.

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## **CHAPTER 2 LITERATURE REVIEW**

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**Figure 2.1 Literature Flowchart**

## **CHAPTER 2 LITERATURE REVIEW**

### **2.1 CHAPTER INTRODUCTION**

The previous chapter has outlined this thesis. The background to this study was introduced, justification and methodology were presented. The research questions and major research focus were identified. To reaffirm, the main purpose of this study is to investigate the New Zealand hotel industry's understanding and commitment to CSR, through the identification of hotel employee CSR participation and the influence CSR rewards and incentives have upon the attraction and commitment of New Zealand hotel employees. Relevant leadership and team participation literature is presented. Finally, literature highlighting CSR activities in the industry further influencing hotel employees' adoption and participation in social and environmental activities is presented.

There have been a number of valuable studies on the general impact of CSR practices, both internally (within organisations) and externally (within local communities) (Carroll, 1991; Davis, 1973; Jamali & Mirshak, 2007; Lee, 2008). These studies have offered a number of conceptual theories, ethical frameworks and corporate strategies on the acceptance of CSR into main stream business operations. There have also been several recent studies completed in countries within Europe, North America and Asia that have emphasised the importance placed upon CSR by the hospitality industry. These studies have focused upon the hospitality industry and its relationship with key stakeholders: shareholders, governments and employees (Bohdanowicz & Zientara, 2008; Henderson, 2007; Holcomb, Upchurch, & Okumus, 2007; Lee & Heo, 2009). These studies have presented evidence on a number of specific examples of CSR practices that have

been undertaken in the hospitality industry such as incorporating responsible technical and behavioural practices, and initiating greater “green” practices. In addition, studies on the improvement of quality of life and well-being of hospitality employees in local communities and the type of leadership roles required when pursuing CSR practices have been investigated (Guillet et al., 2012). This literature review illustrates a distinction between CSR research in a business and hospitality context which represents the greater part of the literature review undertaken and its adoption by the hotel industry, which appears to be relatively under-represented in research studies to date.

The purpose of this chapter is to review the literature underpinning CSR. Firstly, in a historical context and as a general business concept, then comparing its applications to the hospitality industry in different countries, and finally, reviewing literature with a specific focus on the hotel industry, with the aim of locating the existing gaps in the literature. The literature review commences with an investigation of the cultural and contextual differences through the early business development of CSR practices and the influence of a sustainable approach now being adopted by businesses. Following this, the discussion then addresses business theories and their contributions to present day business thinking in relation to social and environmental practices. The remaining literature then leads from the historical background of CSR through the emphasis on the Charity and Stewardship principles as the foundation of CSR thinking. This is followed by the re-emergence of CSR into today’s business environment. Literature for and against CSR acceptance, with an emphasis on the effects that social and environmental responsible practices have upon organisational design and culture of organisations is also presented at this stage.

The discussion then moves onto human resources in a hospitality context with literature on attraction of, commitment to, retention of employees and attendant areas of concern. A core resource of any organisation is its employees and the resource-based theory forms one of the guiding theories for this study's theoretical framework. Therefore, the resource-based theory approach shapes the next section of this chapter. Discussion of good leadership capabilities and ethical conduct leads into the following section. The second guiding theory for the proposed theoretical framework, social identity theory, is then discussed. Next, literature pertaining to employee rewards and incentives centred on CSR practices is reviewed.

Literature discussing external stakeholders such as community, government, consumers and employees, frame the next section of this chapter. This then leads into the final supporting guiding theory for the proposed theoretical framework, stakeholder theory. Following this, evidence connecting the triple bottom line approach and sustainability is presented. In the next two sections, the discussion moves from a business context to a hospitality industry context with the literature addressing the constructs that have driven the emergence of a socially and environmentally sustainable approach now being adopted by the hotel industry. The final part of the literature review discusses government and industry-lead bodies' influence concerning hotel participation and successful completion of CSR activities related to the hotel industry.

CSR presents a complex structure making it difficult to define a solid foundation describing its emergence and subsequent development from a historical context to present day. Throughout, CSR has continually challenged social and economic

values, and consequently much has been written about businesses' social and environmental responsibility. The following table will help the reader to negotiate their way through the different perspectives presented in this literature review.

Table 2.1: Perspectives covered in sections of the Literature Review

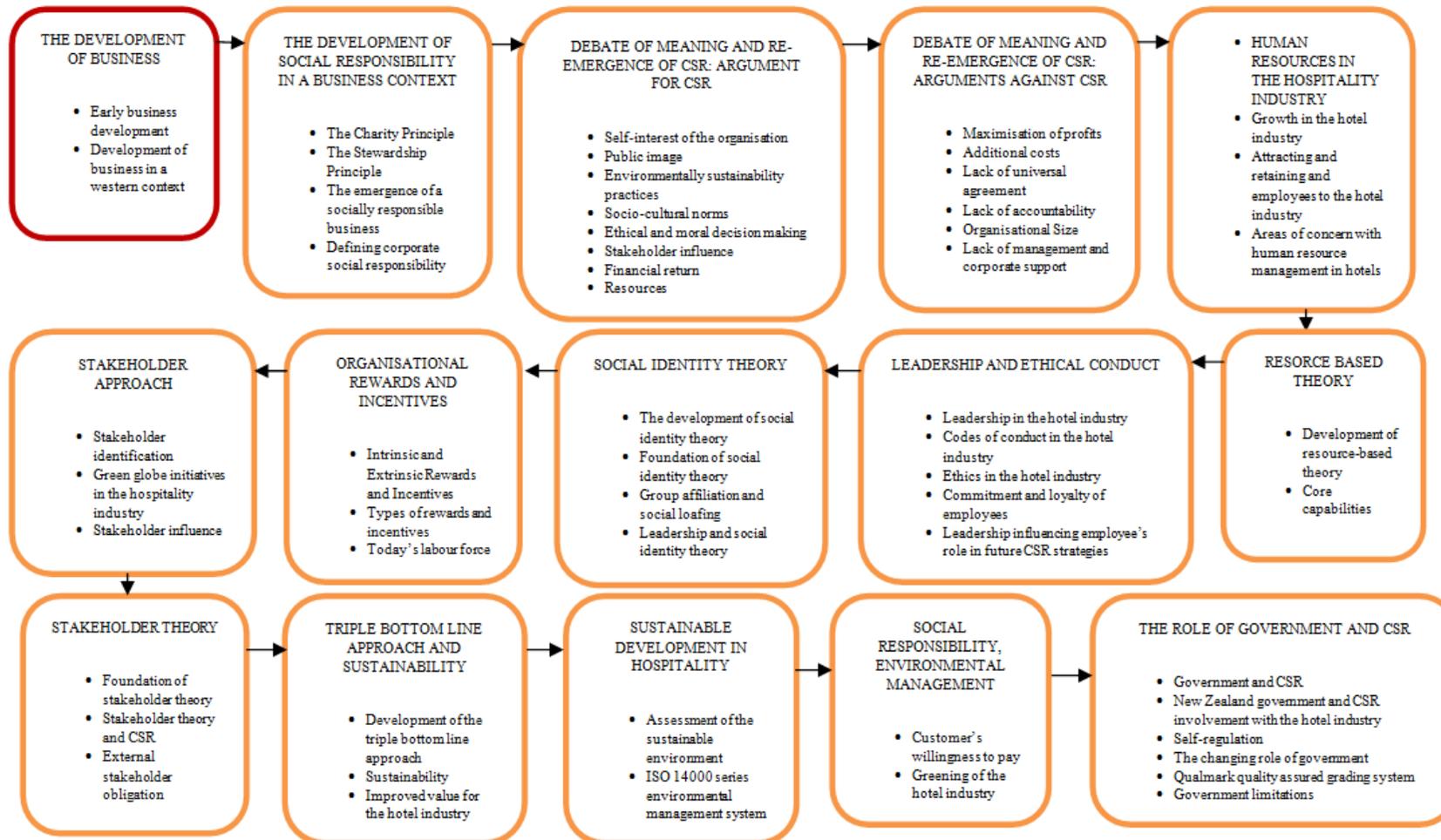
Section	Perspective	Description
2.2	Development of Business	Presents historical patterns that shaped business thinking (profit maximization), emphasising the effect on the cultural and socioeconomic environment and instrumental changes in light of public criticism.
2.3	Development of Social Responsibility in a Business Context	Builds on the historical patterns in business development and presents early advances in social responsible and ethical thinking. The foundation of CSR that emerged from the Charity and Stewardship principles is presented.
2.4	Debate over Meaning & Re-Emergence of CSR	Discussion surrounding re-emergence of CSR as a core strategy in today's business environment is presented in this section.
2.5	Argument for CSR	Arguments for CSR and the rationale for organisations to support and adopt CSR practices.
2.6	Arguments against CSR	Balances the argument with the opposing view of CSR adoption into the business environment.
2.7	Human Resources in the Hospitality Industry	Human resources are a key aspect in the growth of the hospitality industry. Literature is presented on attraction, commitment and retention of employees in the hospitality industry. This forms the justification for related questions in the quantitative survey.
2.8	Resource Based Theory	A resource base theory (RBT) approach is presented and discussed. RBT is fundamental to the inclusion of CSR as a strategic goal within a hotel operation. RBT forms the first foundation for the theoretical and conceptual framework of this study.
2.9	Leadership & Ethical Conduct	A manager's leadership and influence on employees' affecting the adoption of social responsibility by an organization is presented in this section. Questions for the in-depth interviews are developed.
2.10	Social Identity Theory	The correlation between personal identity and organisational CSR values is presented and discussed. This forms the justification for related questions in the quantitative survey and is the third foundation for the theoretical and conceptual framework of this study.
2.11	Organisational Rewards &	Rewards and incentives are considered as one of the most efficient HR practices (Delery & Doty, 1996).

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	Incentives	Empirical analysis has provided evidence of the significant relationship between CSR and the CEO's incentives (Fabrizi, Mallin & Michelon, 2014). Presents literature emphasising the role rewards and incentives maintain in affecting organisational goals and CSR commitment.
2.12	Stakeholder Approach	A stakeholder approach is presented, this integrates organisational strategy with organisational interests that directly affect CSR decision making (McDonald, 2007).
2.13	Stakeholder Theory	The development of a stakeholder theory and its natural fit between CSR and an organisations stakeholders is presented. Stakeholder Theory forms the third foundation for the theoretical and conceptual framework of this study.
2.14	Triple Bottom Line Approach & Sustainability	CSR on-line reporting has become a strategy that organisations now use to meet their social and environmentally obligations. The Triple Bottom Line (TBL) approach adopted by organisations is presented.
2.15	Sustainable Development in Hospitality	The correlation between TBL and sustainable development in the hospitality industry is discussed. Environmental Management Systems and ISO 14001 series literature is presented.
2.16	Social Responsibility, Environmental Management	Draws together literature from sections 2.16, 2.15 and 2.14 demonstrating a hotel's possible long term financial gains through social and environmental responsibility and obligation to the community.
2.17	Role of Government & CSR	The role of governments in promoting sustainable development is presented. New Zealand government initiative, Qualmark Quality Assured Grading System is also presented as the benchmark for participating hotels in this study.

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The next section sets the scene of early business development in a western context, from small scale family run businesses in the nineteenth century to large organisation of the twenty-first century. This expansion of the business environment will form the foundation for the early development of social responsibility in business as we it know today.



**Figure 2.2 Literature Flowchart: The Development of Business**

## **2.2 DEVELOPMENT OF BUSINESS**

### ***2.2.1 Early business development***

This review will commence with a brief overview of the historical patterns that have shaped business during the early nineteenth century. The emphasis will be on the early development of business throughout this period until the present day.

Carroll (1999) carried out extensive studies on CSR's long and diverse history and was able to trace concern for society from the business community back to the industrial revolution during the eighteenth and nineteenth centuries. At that time, major changes in manufacturing, mining, agriculture, transportation, and technology had a profound effect on the cultural and socioeconomic environment. CSR has enjoyed periods when business extended its control over employees' working conditions and corporate profit taking, to periods when governments and society have attempted to regulate the growth of business (Lepoutre, Dentchev, & Heene, 2004) and business has attempted to re-position itself in the face of public criticism (Jenkins, 2005).

Early business leaders were more inclined to view profit maximisation as the pursuit of business rather than viewing business as being a responsible partner in accepting a social obligation beyond the requirements of the law (Davis, 1973). This was also evident in an article by Friedman (1970) who stated that owners of the business have a responsibility to make as much money as possible while doing no more than complying with the basic rules of society. History has also shown changes in how business has been conducted and how this occurred depending upon different aspects such as the size, focus and goals of business at that time.

Kurtz's (2010) model viewed business history through six periods dating back to the first colonial settlements in the USA: the Colonial period, prior to 1779; the Industrial Revolution, from 1760-1850; the Industrial Entrepreneurs, late 1800s; the Production era, through the 1920s with innovations such as the assembly line; the Marketing era, since 1950s and customer orientation; and finally the Relationship era, from the 1990s with a long term approach to customer, employee and supplier interaction (Kurtz, 2010). What was evident from this model was the shift to a more strategic approach from business to involve the customer, employee and the wider community. However, this strategic approach from business did not evolve until the gradual expansion of business organisations bringing with them an increase in employment opportunities, leading to growing communities and, in turn, a social conscience.

### ***2.2.2 Development of business in a western context***

Before the middle of the nineteenth century, most businesses in developed western countries were of small scale (Boyce & Ville, 2002). Size was determined by the limited diversity and the geographical extent of the market at that time. Away from the metropolitan areas, small and scattered rural populations dominated by the family farm traditionally served by subsistence and barter, provided few opportunities for large scale production (Boyce & Ville, 2002). Some areas required more specialised skills, which were provided by artisans such as carpenters, saddlers, shoemakers and weavers. In areas that enjoyed sustained demand, some segments of the domestic economy developed a few large sectors with higher efficiencies such as brewing, distilling, construction, iron making and mining (Boyce & Ville, 2002).

As a consequence, there was an increased demand for a labour force which gave rise to a demand for material and commodities resulting in sustained improvements in inland transport from the late eighteenth century. Shipping was the most efficient and heavily utilised mode of transport at that time (Kurtz, 2010). Thus, many of the larger firms engaged in international trading activities and were based in port cities: Liverpool and Bristol, for example. This provided an important trading link with settler economies in Northern and Central America, Africa, Asia and Australasia (Czinkota, Ronkainen, & Moffett, 2011). European chartered trading companies made up the majority of the large private enterprises (Boyce & Ville, 2002). These companies, often English in origin, traded with distant regions and were also regarded as national vehicles of exploration and settlement. These companies also benefited from a charter granting them a monopoly over national trade with particular geographical areas and charters were also used by governments to raise loans and conduct diplomacy (Boyce & Ville, 2002). Examples of these companies include, East India Company, Hudson's Bay Company and the Royal Africa Company. Companies in industries of military and strategic importance provided excellent growth opportunities through naval contracts for iron and engineering products, large scale enterprise could also be found among plantations and land estate owners throughout established colonies in Asia, Africa and the Americas.

Most of these chartered trading companies declined when their monopoly rights were terminated in the early nineteenth century (Boyce & Ville, 2002). This brought various benefits to the remaining fragmented market structure through flexibility, cooperation and shared costs to small firms. This was evident through cooperative relationships which included subcontracting between small and large

firms in the same related industries such as building, transportation and engineering (Kurtz, 2010).

During the late nineteenth century large scale enterprises became more common across many industries and railway companies pioneered the growth of big business (Kurtz, 2010). Eventually surpassed by firms from other sectors such as textiles and iron, railway companies remained the largest employers throughout the inter-war years. Steam shipping also came to the fore as a provider of long distance capital intensive transport during the second half of the nineteenth century. P&O and Cunard dominated shipping during this time. During the late nineteenth century, developments in transport contributed to a clustering of large firms in mining, oil, metals and transport equipment (Schmitz, 1993). By 1937, General Motors had become the largest industry corporation in the world due to the demand for motor vehicle transportation (Schmitz, 1993).

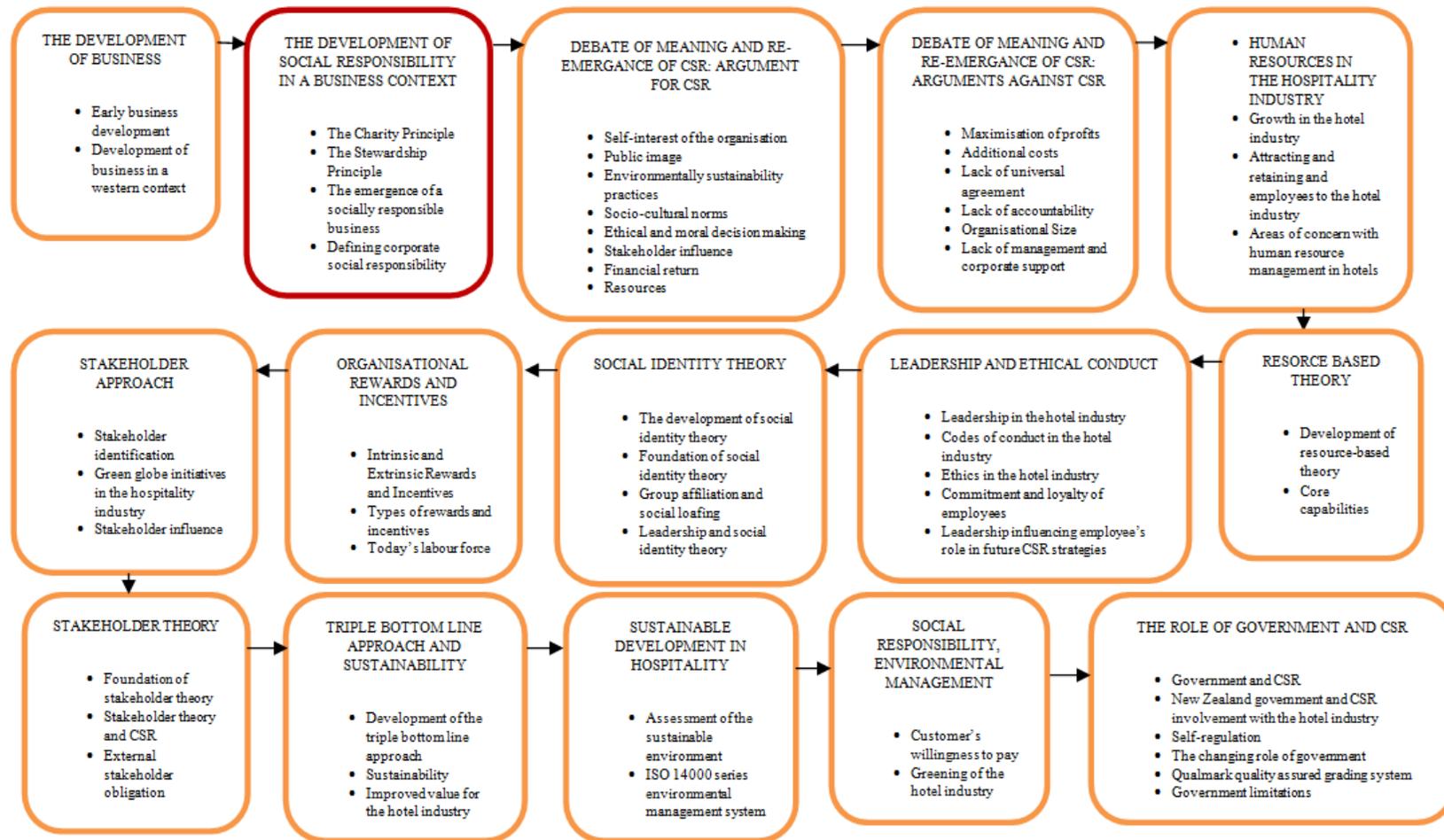
Food processing and textile companies had also reflected the growth of scale in customer demand during the late nineteenth century. This led to large food, drink and tobacco companies making up the major industries at that time (Boyce & Ville, 2002). Company names such as Rowntree, Cadbury, Guinness and Imperial Tobacco were leading figures employing a large labour force and controlling a large share of their respective markets. Although the focus had been on manufacturing, large firms also emerged in the service sector, particularly finance, retail, and utilities. Public utility firms such as American Telephone and Telegraph emerged as the largest company of any sector in the world during this time (Czinkota et al., 2011). From the late nineteenth century, USA was the source of many of the largest business enterprises in the world (Mason, 1970).

Although it was unusual for businesses to become large before the middle of the nineteenth century, some did in response to opportunities such as government contracts and monopoly charters, concerns had been raised of businesses' ethical and social responsibility (Cannon, 1994; Mintzberg, 2007). This became more evident during the early stages of twentieth century when business was becoming too big and powerful and in some cases guilty of antisocial and anticompetitive unethical behaviour (Post, Lawrence, Weber, & Frederick, 1996).

### **2.2.3 Summary**

The development of business from that early thinking (profit maximisation) to what has become apparent through relevant literature, has been the expanding role of social and environmental practices that have been undertaken in today's business environment, thus providing the beginning for CSR adoption and the first section of this chapter.

The next section will discuss the early development of socially responsible and ethical business thinking. The foundation of social and environmental thinking and the emergence of the Charity and Stewardship principles as the foundation to CSR and its adoption by business will be presented and discussed.



**Figure 2.3 Literature Flowchart: The Development of Social Responsibility in a Business Context**

## **2.3 DEVELOPMENT OF SOCIAL RESPONSIBILITY IN A BUSINESS CONTEXT**

Sustainable solutions for problems arising from unethical behaviour were diverse and complex and beyond the capability of any single individual. As organisations grew by location, by scale, by scope, and by function, unethical behaviour that impacted upon social and environmental issues became more apparent (Boyce & Ville, 2002; Cochran, 1972) . Organisations saw ethics as safely operating within the law, only responding to social and environmental obligations with varying degrees of commitment dependent upon perceived financial value (McDonald, 2007).

Critics tried to curb the growth of inappropriate behaviour through government regulations, policies and consumer protection laws. However, many respected corporations and organisations still perceived their role as being limited to becoming successful in their market and benefiting their shareholders. Thus, if organisations and society were to thrive and prosper, their sustainable and mutual interests had to be balanced (Klaus, 2007). This balance had to reflect a fair division of social and environmental duties and obligations as corporations and organisations were not going to solve the world's social and environmental problems alone. Emerging from this philosophy, two broad principles, the Charity Principle and the Stewardship Principle, have shaped business thinking about social responsibility and laid the foundation for what we now know as corporate social responsibility (CSR) (Post, Lawrence, & Weber, 2002).

### *2.3.1 Charity principle*

The Charity Principle implies that there is an obligation for those who are wealthy to help those who are not so wealthy (Rolland & Bazzoni, 2009). Through the ages, royalty and those with vast properties and land have been expected to provide for the poor. This kind of aid to the poor and needy members of society was especially important during the early decades of the past century (Lawrence & Weber, 2008) as there were no medical, unemployment, or pension benefits. However, a few organisations such as those that sheltered women and children, treated the mentally ill, people with special needs, and helped through voluntary participation in community projects were in place. Eventually, the community needs exceeded the resources of the wealthy and business firms and organisations then took on this mantle. The symbol of this shift from individual to corporate philanthropy was the Community Chest Movement during the 1920s in America (Lawrence & Weber, 2008).

A business leader who reached out and supported social and environmental measures, was accepting a degree of responsibility for improvement in the community (Lawrence & Weber, 2008). In doing so, a business portrayed an image of being a caring and responsible employer. This helped to counteract claims to the contrary. While such actions can be viewed as philanthropic (Rolland & Bazzoni, 2009) the justification has been that organisations have an obligation to function with a socially and environmentally responsible conscience. This has been viewed as “an inescapable demand made by many stakeholders in society” (Lawrence & Weber, 2008, p. 45).

### ***2.3.2 Stewardship principle***

The Stewardship Principle evolved from external environmental pressures for organisations to be more socially responsible when developing policies and conducting daily operations. In short, an obligation on management that all stakeholders benefit from the actions of the company (Rodriguez Cano, Sams, & Schwartz, 2008); meaning that managers from corporations and organisations have been placed in positions of trust and therefore have a responsibility to exercise due care. This was especially true concerning the development of strategies and policies involving a social and environmental impact on communities. Business leaders who follow the stewardship principle believe that they are obligated to interact with all groups, particularly those who are in need, at risk, or benefit from their organisation's actions, in effect becoming a public trustee (Lawrence & Weber, 2008). The stewardship principle forced companies to start questioning the validity of their attitude of profit maximisation. Consequently, many organisations have asked the question why they should be motivated to adopt the stewardship principle.

Rodriguez Cano et al. (2008) tested the assumption that a favourable attitude toward an organisation's social and environmental behaviour leads to positive word-of-mouth advertising resulting in a greater likelihood of purchase. This then illustrates the basic element of marketplace behaviour which answers the question for adopting the stewardship principle. This positive consumer approach lends support for the stewardship principle through resulting consumer attitudes and intentions.

From this philosophy, the traditional CSR motivational base (moral, economic and rationale arguments) of the charity and stewardship principle reflected the belief that many business leaders subscribed to at that time (Rolland & Bazzoni, 2009). Both the charity and stewardship principles still support the current CSR philosophy due to an increased awareness and changing public expectation of an organisation's role in the community.

### ***2.3.3 Emergence of a socially responsible business***

The implications of CSR philosophy are that organisations must fulfil their social and environmental obligations to their community, adhere to their own values and principles, as well as meet stakeholder concerns and expectations. This became more apparent from a number of books and articles that were written over the next four decades which commenced with Bowen's (1953) book *Social Responsibilities of the Businessman*. This work was considered to be the first definitive book on the subject on CSR, and identified the role played by CSR; "...decisions and actions of the businessman have a direct bearing on the quality of our lives" (p. 3). Bowen also suggested that "ultimately business exists not for profit, for power, or for personal aggrandisement, but to serve society" (p. 135). Bowen went further and examined a business's social responsibility not only to its employees but also the community upon which their financial survival depends. Bowen's book was followed by a number of books and articles that developed the CSR concept still further. However, due to this proliferation, there was some difficulty in establishing the meaning of CSR and its fundamental concept. Not only was there a single definition of CSR, the concept was expressed in a multitude of terms such as corporate sustainability, corporate citizenship,

corporate responsibility, corporate social performance, sustainable practice, sociably responsible, responsible business, and corporate philanthropy. All these terms had been used to indicate a socially and environmentally responsible mindset and practice, causing much confusion.

In common with other scholars, Selekman (1959) acknowledged the difficulty of defining CSR concepts. Following this, Eels and Walton (1961) gave some insight into the fundamental ethical aspect that social responsibility was based upon and which characterises the relationship between business and society. There were some scholars, such as McGuire (1963), however, who viewed business holistically. This practical approach looked at the business environment and how the view of society affected business thinking and behaviour over time. This is evident through recent studies which have focused on the improvement in employee working conditions by creating supportive environments and situations (DiPietro & Condly, 2007). Additionally, the environmental impact and the pressure on organisations to adopt green practices (Babiak & Trendafilova, 2011) are also evident.

McGuire (1963) had difficulty in defining CSR's goals, values and ethics. These definitions were limited by actions that impair business efficiency, are too costly, too complex, and unrelated to the goals and abilities of the organization (McGuire, 1963). McGuire did, however, discuss the role of the businessman and how various groups in society, such as youth development groups and environmental societies, interacted with organisations and the concept of social responsibility. This was controversially viewed at that time. This controversy was illustrated when Davis (1973) stated that the most prevalent arguments against business

adopting a socially responsible conscience were pressures from shareholders and their desire for profit maximization. However, Greenwood (1964) looked at the future challenges of business and its social and environmental obligations by promoting the role of business in society.

From Greenwood's (1964) studies, the emergence of a "corporate conscience" became apparent; also the recognition that business and society were intertwined and interdependent (Greenwood, 1964). Carroll and Buchholtz (1993) summed this up by stating that, "this mutuality of interests places a responsibility on business to exercise care and social concern when formulating policies and conducting normal operations". Carroll (1991) extended the "corporate conscience" (p. 43) concept still further by asking, What does it mean to be social responsible? Carroll suggested that for CSR to be accepted by business it should be framed in such a way that the range of business responsibilities were embraced. To achieve this Carroll depicted CSR as a pyramid incorporating four social responsible areas: economic, legal, ethical and philanthropic. This conceptual pyramid portrayed the four components of CSR as being the basic building blocks that drive economic performance.

Carroll's (1991) conceptual pyramid of organisational stakeholder relationships and moral business management emphasised the development of an ethical environment that would have an influence on maintaining an organisation's competitive advantage. Nevertheless, not every business can build its entire value proposition around social issues, although adding a social dimension to the value proposition does offer a new competitive advantage (Porter & Kramer, 2006). However, government legislation, consumer awareness, exposure by the public

and consequent legal ramifications resulting from social or environmental issues is increasing. The number of organisations and industries where competitive advantage can involve social and environmental issues has steadily been increasing (Porter & Kramer, 2006). Companies such as General Electric have initiated their “ecomagination” initiative that has provided fresh drinking water to over two million people in Africa through water purification technology. In the hospitality industry, multinational chain hotels such as Accor Hotels have accelerated and intensified their sustainable development commitment through their Planet 21 programme, that all their hotels are expected to achieve by 2015.

#### ***2.3.4 Defining corporate social responsibility***

The difficulties in defining CSR have been partly due to the way in which the concept has developed. In earlier literature, CSR was often referred to as social responsibility rather than CSR (Carroll, 1999). For some researchers, CSR has grown out of the corporate philanthropy and community involvement with a clear goal of social improvement (Brammer & Millington, 2006; Davis & Blomstrom, 1975). For others, CSR has been a concept whereby companies integrate social and environmental concerns into their business operations and interactions with stakeholders (Nehme & Wee, 2008). Yet other researchers see an organisations' promotion of CSR as meeting development changes by reducing poverty and building human capital (Blowfield & Frynas, 2005). Others regard CSR through the prism of environmental management between the business activity and its natural environment. However, this may depend upon whether the business is independently owner-operated or part of a larger organisation (Bohdanowicz et al., 2011). Other studies relate CSR more to the market place, the workplace, and the

community, and commitment to this at both a corporate and individual level (Jones, Comfort, & Hillier, 2006). CSR can be conceptualised in many different ways.

As the traditional motivations for CSR (moral, economic and rationale arguments) became well established (Rolland & Bazzoni, 2009), scholars such as Werther and Chandler (2011), had progressed to looking at CSR by examining the ways that products are delivered to customers while taking account of stakeholder concerns. Other scholars view environmental concerns as the primary reason for adopting a CSR focus (Babiak & Trendafilova, 2011). Some scholars studied specific regions and noted that some Asian firms lagged behind their Western counterparts (Baughn et al., 2007; Low, 2004; Welford, 2004, 2005). A recent study by Baughn et al. (2007) suggested that the relationships between CSR and a country's economic, political and social contexts have also been reflected in that country's subsequent development. Consequently, there are substantial differences across countries wherever CSR activity can be linked to a given country's economic development, economic freedom or level of corruption (Baughn et al., 2007).

For the purposes of this thesis, Davis' (1973) definition of corporate social responsibility will be followed, referring to the organisations consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the organisation. Davis also stated that it is an organisation's obligation to evaluate, through its own decision-making process, the social benefits along with the traditional economic gains which the organisation seeks to accomplish. In other words, it is the organisation's acceptance of a social obligation beyond the requirements of the law (Davis, 1973).

### **2.3.5 Summary**

This section has discussed early business development and the gradual realisation from businesses that they have a social and environmental obligation to adopt responsible sustainable practices as part of their daily operations. The foundation of CSR was then discussed further, followed by the acceptance and growth of this philosophy and subsequent scrutiny from those who viewed profit maximization as a business's sole responsibility. Throughout, CSR has remained difficult to define, it has continually challenged social and economic values, and consequently much has been written about business and social responsibility (Moura-Leite & Padgett, 2011). The re-emergence of CSR was evident as business became increasingly questioned as to its role in its continuing failure to respond to the rapidly changing social and environmental problems voiced by stakeholders and shareholders (Freeman & Reed, 1983). Thus, there was a need for social responsibility to be redefined, hence the re-emergence of CSR which will be discussed in the following section.

### **2.4 DEBATE OVER MEANING AND RE-EMERGENCE OF CSR**

As shown, the concept of CSR had proven to be a difficult to define: this would explain why business has been slow to respond. In many ways CSR can be described as the manifestation of the continuing debate involving relationships between business and society. Business has increasingly come under attack for its alleged failure to respond to a rapidly changing operating environment that required solutions to societal and environmental problems (Eilbirt & Parket, 1973). Friedman's (1970) concept that business was there to increase profits has been increasingly rejected (Steiner, 1972).

In the 1970s, proposed reforms of the CSR movement emerged through Carroll's (1979) three-dimensional connectional model of corporate performance and Davis's (1975) five proportions for social responsibility reflected in a social responsibility model. During this time, reformers also advocated further governmental intervention and accountability from large organisations and businesses. Consequently, a major debate over the meaning of CSR took place during the 1970s (Carroll, 1999). It was felt that due to a changing business environment, holding onto Friedman's (1970) belief, especially by managers in larger organizations, was not in the best interests of stakeholders or consumer (Hendry, 2005).

The 1970s saw a gradual shift in consumer behaviour, as evident from scholars such as Johnson (1971) who questioned the role of employees, suppliers, and communities in business, and the balance that managerial staff had to consider due to the "multiplicity of interests". Johnson presented a different approach to social responsibility, that of a socially responsible manager. A socially responsible manager needed to take more interest in other stakeholders, and fellow citizens were just as important as the manager's own wellbeing. Another significant author on CSR in the 1970s was Steiner (1972) who discussed the changing roles of business and its social responsibility, what philosophers and political theorists called the "social contract." This contract was a set of accepted relationships, obligations and duties between major organisations and consumers. Steiner then classified social responsibilities into those which were internal and external to the business.

Internal social responsibilities were those actions concerned with assessing due process: justice, equality and morality in employee selection, training promotional opportunities, terminations and improvement of employee working conditions. External social responsibilities referred to actions such as urban renewal and development projects; community environmental cleaning projects; and assisting the unemployed, elderly, homeless and needy. These changes were consistent with rapid change and accelerating social expectations placed upon business at this time. Davis (1973) also discussed the changing role and expectations of CSR. He argued that a firm is not being socially responsible if it merely complies with the law and concluded that society wants institutions to assume a more significant socially responsible role.

However, there was still some confusion as to the role of CSR. This was now recognised as a significant problem as CSR had been used in so many different contexts there was a confusion of meaning and, as such, CSR was devoid of structure (Sethi, 1975). To assist in clarification, Sethi made the distinction between corporate social performance (CSP) and CSR which identified the need for a structural framework to facilitate analysis of corporate social activities. Sethi's framework consisted of two major properties, stable classification and stable meaning, the latter applying consistent meaning across firms, industries and social systems, with the classification remaining consistent over time for historical comparison. The framework provided the rationale by which corporate social activities could be analysed and compared over time and across industries and nations. The dimensions and attributes of corporate social behaviour were measured through an organization's social obligation, social responsibility, and social responsiveness. Ethical context, operating strategies involving social

systems, government legislative activities were also held more accountable (Sethi, 1975).

The accountability from business was generated through government and societal concerns and focused attention on corporate responsiveness and the newly emerging responsibilities that business should assume to become more broadly involved in actively improving the social environment (Carroll, 1979). To take account of this shift in public and political concern, Carroll constructed a four part definition of CSR which was embedded into a conceptual model of Corporate Social Performance (CSP). Three distinct aspects of social performance that impact on the various views of social responsibility were identified and integrated into the conceptual model of social performance.

Firstly, there was a need for management to have a basic understanding of the definition of SR and the issues surrounding a socially responsible business. For a definition of Social Responsibility (SR) to fully address the range of obligations that business have to society, Carroll (1979) defined four components of business performance: *economic, legal, ethical, and discretionary responsibilities* that reflected definitions of SR previously identified in studies mentioned in this chapter. Next, the social and environmentally responsible areas in which business have a responsibility needed to be identified. To complete the conceptual model of social performance was the philosophy of the managerial strategy in response to acknowledged social and environmental issues, what Carroll identified as “social responsiveness”. Although the assumption had been made that business has a social and environmental conscience, this could range from no response to a proactive response. However, Carroll agreed that business does have a social

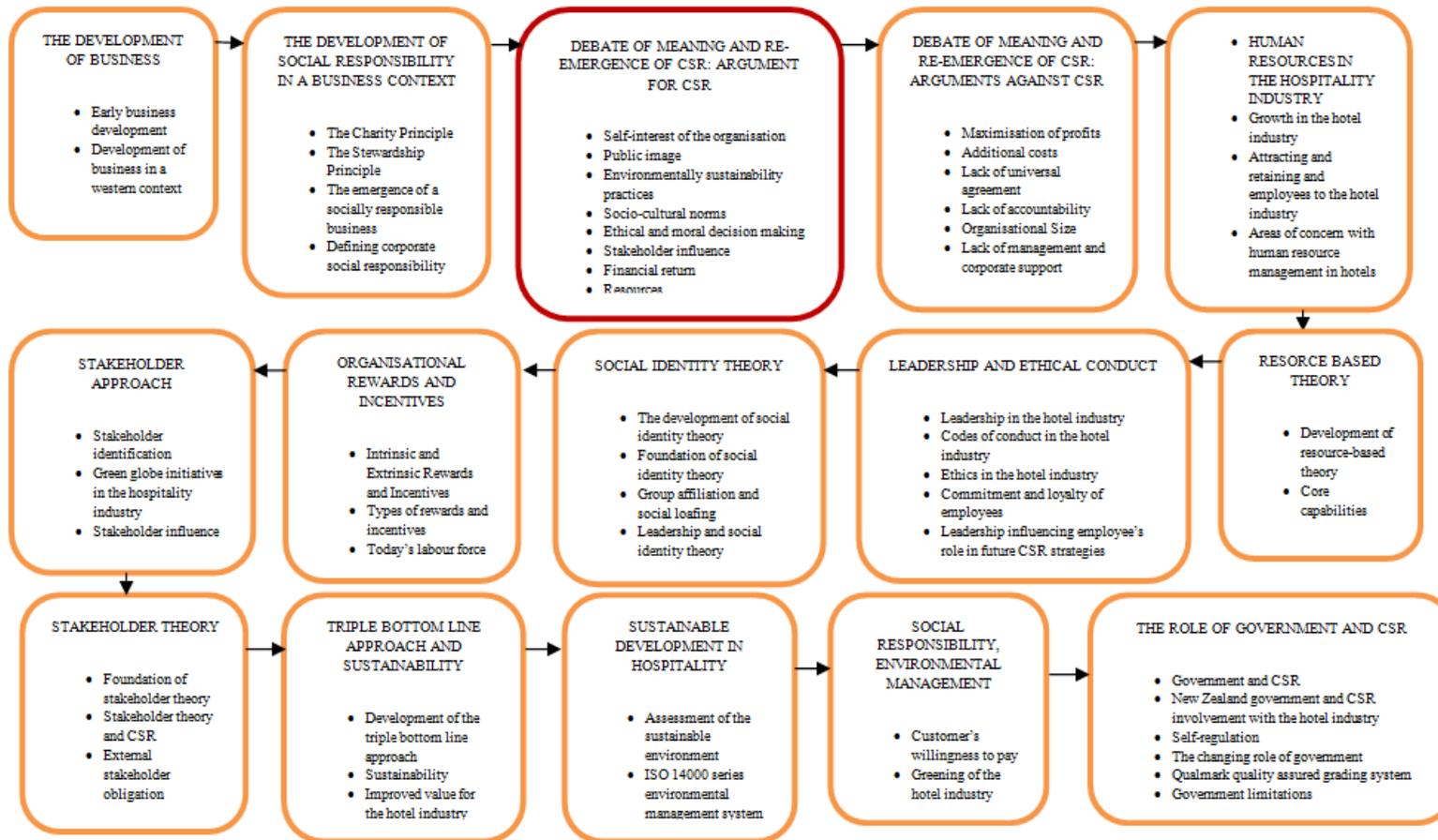
responsibility and that the major focus is not on management accepting a moral obligation but on the action that management takes. To complete Carroll's SR philosophy, the definition of CSR had to embrace the full range of social and environmental responsibilities that extended beyond profit maximisation but stayed within the law. Resulting from the proposed conceptual model of social performance Carroll (1979) proposed the following definition of CSR:

The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time. (Carroll, 1979, p. 500)

The re-defining and re-emergence of CSR during this time gave way to further research and studies into alternative concepts and themes such as, business ethics (Davis & Frederick, 1984), stakeholder theory (Freeman & Reed, 1983), and social identity theory (Tajfel, 1982). These concepts and themes can be rationalised in a number of ways: a result of actions or inactions of governments and changing global governance (Lepoutre et al., 2004); the expansion and development of global communication leading to a greater scrutiny of corporate and company activities by consumers (Verschoor, 2006); the active involvement of environmental groups and non-governmental organisations (NGOs) (Doh & Guay, 2004); and globalisation and the changing economic environment (Korhonen, 2002; Moore, 2001; Panda, 2009). This renewed interest in CSR did not fade, but rather the core concerns of business, the economic, legal, ethical, and discretionary responsibilities were further researched and explored which resulted in alternative concepts, theories, models and themes (Carroll, 1999).

### ***2.4.1 Summary***

There are many strong arguments for business supporting a socially responsible approach. To construct a more balanced judgment of CSR's position in society, the next section will discuss evidence from supporters and critics of CSR. The argument for CSRs integration into normal business operations will be discussed first followed by arguments against CSR adoption into normal business operations.



**Figure 2.4 Literature Flowchart: Debate of Meaning and re-emergence of CSR: Argument For CSR**

## **2.5 ARGUMENT FOR CSR**

The CSR concept has remained an essential part of business language and practice, underpinning many theoretical and empirical studies. However, demands for tighter government regulations for business to be held more accountable have been voiced. Many senior managers and board directors have shown their support through implementing a socially responsible work ethic within their organisation, for example businesses in Thailand have pursued a CSR strategy; to maintain a competitive advantage, enhancement of company reputation, and improvement in financial return through cost saving (Virakul, Koonmee, & McLean, 2009). The following section will discuss reasons for adopting a CSR model.

### ***2.5.1 Self-interest of the organisation***

One of the many motives for following a social responsible doctrine is that of organisational self-interest. Society now expects organisations to follow and accomplish social and environmental good in the community. If organisations expect to maintain a loyal customer base, and make a profit, they must achieve a positive outcome from social responsible activities and practices (Davis, 1973). Thus, organisations who are most responsive to community needs will, as a result, have a higher profile in the community. This then makes it easier to recruit and retain employees with the possible result being lower employee turnover (Davis, 1973). Research by Bohdanowicz and Zientara (2009), Murray and Ayoun (2010) and Lee and Kim (2013), also suggest this result. This reasoning is also supported through recent studies completed in the hotel industry that have given rise to the adoption of a more strategic approach when implementing CSR practices (DiPietro & Condly, 2007; Fisher, McPhail, & Menghetti, 2010; Wong, 2004).

However, CSR activities that an individual within an organisation undertakes can result in two outcomes. This is illustrated through research by Bhattacharyya where either a proactive or reactive consequence could result from uncoordinated or non-strategic social or environmental actions. For example, any socially or environmentally responsible activity which is an instinctive reaction that lacks strategic perspective will result in a negative outcome (Bhattacharyya, 2010). Although there are some occasions where inaction could have a positive outcome, for any CSR initiative to become a strategic CSR initiative, has to be proactive (Bhattacharyya, 2010), resulting in an enhanced company reputation, improved financial return and employee recruitment and retention (Davis, 1973).

Bohdanowicz and Zientara (2009) showed that when an organisation spends time and money on social and environmental programmes in their community, it will produce loyalty and increase profit.

### ***2.5.2 Public image***

Closely allied to self-interest is an organisation's popularity and image. As part of promoting their public image, organisations endeavour to justify their social activities in terms of service to the community rather than for mere profit (Bohdanowicz & Zientara, 2008). In this way, each organisation seeks to improve its public image in an attempt to gain more customers and attract better employees (Davis, 1973). Social goals are now viewed as important strategies by many organisations (Dentchev, 2004), thus if a business wishes to present a favourable public image it has to demonstrate how it supports social and environmental goals within the community.

Similarly, consumers are generally attracted to organisations that are doing good deeds socially and environmentally. Consequently, organisations that are concerned for their customer's and employee's health, safety and wellbeing tend to benefit from a loyal customer base and committed staff (Greening & Turban, 2000). In this sense, an organisation's social and environmental reputation is one of the tangible assets (Lawrence & Weber, 2008) that add to its reputation and overall financial return.

### ***2.5.3 Environmentally sustainability practices***

Another claim closely associated to public image is business strategies that surround environmentally sustainable practices central to corporate philosophy. Given the growing role of environmentally sustainable practices (Babiak & Trendafilova, 2011), there is increasing pressure to initiate environmental management practices. This has become evident in the hotel industry with the establishment of Environmental Management Systems (EMSs) (Chan, 2009). EMSs allow hotel organisations to control the impact of their activities, practices and services on the natural environment (Chan, 2009), leading to a more "transparent and systematic process" (Steger, 2000).

There is also strong evidence to suggest that collaboration between hotel organisations and communities involving environmentally sustainable practices have been beneficial, by attracting a more loyal employee and increasing the customer base (Bohdanowicz, 2006). Kirk's survey identified that the major benefit of environmental management in hotels was an improvement in the hotel's public image resulting in a better relationship with the local community (Kirk, 1995).

#### ***2.5.4 Socio-cultural norms***

Another motivational factor for adopting social responsible strategy has been socio-cultural norms. Many people believe that business has a responsibility to compensate society for any harm it has caused (Lawrence & Weber, 2008). If an organisation pollutes the environment, then it is the responsibility of that organisation to clean up. If a customer is injured due to a defect in the product, then the manufacturer is responsible, and must also compensate. Society norms have changed an organisation's strategic planning (Ferrell, Fraedrich, & Ferrell, 2008) to take account of social and environmental issues that are both directly and indirectly related to that organization's operation. If society moves towards socially and environmentally responsible goals, as has been evident (Kasim, 2006; Williamson et al., 2006; Young, Ahlstrom, & Bruton, 2004), then an organisation should also move in the same direction (Davis, 1973). Public and government persistence on social responsibility has to some extent determined the socially defined behaviour of an organisation and its management, reflecting a sense of socially responsible direction. In this manner, an executive/manager is guided to pursue business economic goals through socially and environmentally responsible activities that are moral and ethical.

#### ***2.5.5 Ethical and moral decision making***

In addition to following socio-norms, an organisation's ethical leadership and moral conduct can also reflect a business's socially responsible approach (Minnett, Yaman, & Denizci, 2009). Understanding how leaders make ethical decisions and the factors that influence ethical decision making becomes critical to the CSR process (Selart & Johansen, 2011). Resolving conflicting interests fairly requires

ethical judgment and sound choices (Clarkson, 1995) that, in the long term, could affect social and environmental practices in the community.

Studies have shown that consumer groups, stakeholders and society approve when good ethics are driving business practice (Joyner & Payne, 2002). The public now expects authenticity and organisational support, i.e. the organisation actually means what it says (Morsing & Schultz, 2006).

This was evident in studies in Hong Kong where hotel managers' perceptions of the importance of ethics and social responsibility to organisational effectiveness were measured. Although there were various leadership styles, Hong Kong hotel managers agreed that CSR is important for the organization and should be prominent. The study also revealed that ethical issues are managed more effectively and efficiently by hotel managers who adopt a transformational leadership style (Guillet et al., 2012).

In order to perform their management role effectively executives/managers have also developed value systems that acknowledge social and environmental responsibilities to different parties (Keim, 1978). This has meant that organisations that have successfully dealt with the concepts of business values, business ethics and CSR and incorporated these into the culture and management of their organisation have been able to boost financial results (Joyner & Payne, 2002).

### ***2.5.6 Stakeholder influence***

Another strong justification for following an ethical mandate has been the connection between ethics and the influence from stakeholder groups, which encourages responsible and ethical behaviour from the organisation. Businesses have been encouraged to consider their responsibilities towards stakeholders with the overall goal of integrating economic, social, environmental and sustainability concerns into their strategies, operational activities, in short, going beyond compliance requirements (Russo & Perrini, 2010). Environmental and community support groups can be seen as essential links maintaining a positive presence and community awareness of an organisation's good deeds. Although society expectations are that organisations should work with stakeholders towards the pursuit of sustainable development, while achieving a financial return, management also has an obligation to contest those situations which they see as causing harmful consequences for their organisation. Thus, organisations are held accountable for fulfilling the responsibilities of the business and to the primary stakeholder groups (Clarkson, 1995).

Stakeholder involvement has become increasingly more important for ensuring that companies keep up with changing stakeholder expectations (Morsing & Schultz, 2006). Due to the continually moving field of CSR it is necessary to adapt and change according to shifting stakeholder expectations. Importantly, organisations need to influence these expectations through communication (Morsing & Schultz, 2006).

Involving stakeholders more closely in actual corporate CSR communication, is what Morsing and Schultz (2006) described as "sensegiving" and "sensemaking".

Morsing and Schultz (2006) suggest that, with the increasing significance of managers in the complex role of CSR decision making, stronger relationships with stakeholders should become increasingly possible.

### ***2.5.7 Financial return***

Another important reason for adopting a CSR approach is financial return. Organisations have been responding to society's social and environmental expectations, this has been seen as the recipe to success in a competitive environment (Henderson, 2001). Being seen to act in a socially responsible manner has been shown to enhance a company's reputation and in turn increase its profit margin (Bohdanowicz & Zientara, 2008). Lee and Park investigated the relationship between CSR, firm value and profitability for hotels. Their studies concluded that investing in CSR activities increased firm value and overall profitability. This gives hotel executives flexibility and the confidence to develop short and long term strategies for increased CSR investment (Lee & Park, 2009). Further, Lee, Singal, and Kang (2013) investigated the link between CSR and corporate financial performance (CFP) in the U.S. restaurant industry during favourable and unfavourable economic times. Their findings indicated that operational related CSR activities had shown no significant impact on a restaurant firm's value performance during favourable economic times; however, CSR activities appeared to help a firm's value during unfavourable economic conditions (Lee et al., 2013). Thus, during recessionary times, CSR activities and practices have a positive impact on firm value but may not help during non-recessionary times. In addition, socially responsible behaviour encourages a sense

of loyalty and support from customers, employees and suppliers which has resulted in a positive financial return for the organisation (Henderson, 2001).

Lee et al.'s (2013) study also suggested that restaurant managers should consider the type of CSR activities and practices they undertake; in that they should reduce non-operational related CSR activities during recessionary times. However, favourable economic conditions tend to produce the resources needed to then commit to CSR activities and practices (Lee et al., 2013).

### ***2.5.8 Resources***

One final point that supports the inclusion of CSR activities and practices into an organisation's daily operations is the utilisation of resources. Organisations have many valuable resources, human, functional and capital, that can be applied to social and environmental issues (Davis, 1973). A coordinated effort makes maximum use of a substantial management talent, functional expertise and capital resources to support CSR activities. As a further point, successful businesses have the innovation and resourceful ability to create and sustain a competitive advantage from well-developed CSR activities (Barney & Clark, 2007; Wright, Dunford, & Snell, 2001).

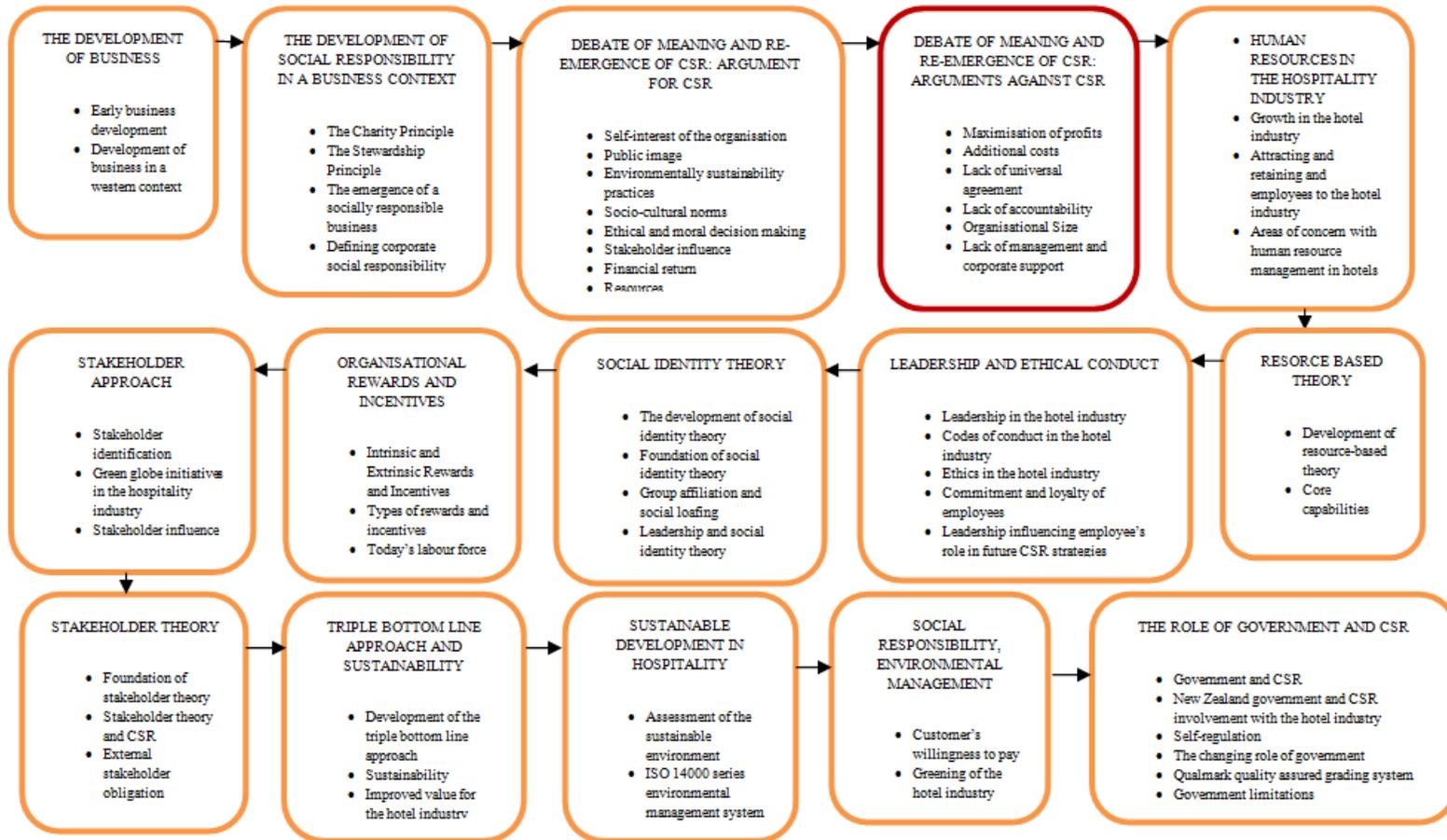
Although the hotel industry may have been a little late to embrace a sustainable approach (Lynn, 2009), many hotels and restaurant have now taken steps through organisations such as the "Green Restaurant Association". The Green Restaurant Association, established in USA in 1990, is a non-profit making organisation providing information and a cost-effective way for restaurants, manufacturers, distributors, and consumers to become environmentally responsible. Government

incentives such as Qualmark, (New Zealand public and private partnership to encourage sustainable practice in the hospitality industry) have also been established.

Analysis of the hospitality industry, in particular the hotel and restaurant sector, has also shown a positive impact resulting from CSR practices (Kang et al., 2010). Consequently, articles on CSR have been appearing more frequently in hospitality literature as will be illustrated later in this chapter. It must be noted, however, that organisations do not have the answers, nor the money or responsibility to solve all social and environmental issues. Nevertheless, they can go some way in ameliorating the negative impacts by undertaking socially and environmentally responsible projects.

### ***2.5.9 Summary***

When these points for CSR are measured as a whole, there is a strong rationale for organisations to support and adopt CSR practices. Nevertheless, there has not been universal agreement that CSR is the right path to follow. Strong opponents of CSR such as Henderson (2001), Jimena (2006) and Atkins, (2006) for example, advocate that CSR merely produces alluring but empty rhetoric about sustainability and responsible business practice. By examining these views in the next section, several points will be highlighted that evaluate the arguments against incorporating a CSR practice into organisational strategies and long term goals (Albareda, Lozano, Tencati, Perrini, & Midttun, 2009).



**Figure 2.5 Literature Flowchart: Debate of Meaning and re-emergence of CSR: Argument Against CSR**

## **2.6 ARGUMENTS AGAINST CSR**

Many people in the world of business oppose CSR and think that organisations should stick strictly to making a profit and leave social matters to others (Lawrence & Weber, 2008). Economists believe that if organisations were to adopt social goals, economic efficiency would be lowered, depriving society of important goods and services (Lawrence & Weber, 2008). Further, there are sceptics who believe that when it comes to trusting organisations with social and environmental improvements, they have more faith in government initiatives and incentive programmes, as only government has real legislative power. In support of this view, studies by Albareda et al. (2009) have confirmed the government's role as mediator and facilitator through working with civil society and the business sector to set initiatives and incentives in pursuit of achievable goals. There are also those more radical critics who believe CSR is no more than a public relations endeavour to hide the main goal of business, which is to produce sustained high level profits (Levitt, 1958; Zalewski, 2003). The following section will discuss reasons for rejecting CSR.

### ***2.6.1 Maximisation of profits***

One of the strongest justifications against adopting a social responsible policy has been one of profit maximisation. This suggests that the main function of an organisation is that of profit maximisation as this will be the sole criteria upon which it will be judged. To support this view, Atkins (2006) stated if a company were to apply its assets to social purposes rather than to profit this would be an irresponsible use of assets, because a manager using resources for non-profit social purposes is thought to be diverting economic efficiency (Balabanis.,

Phillips., & Lyall., 1998). Thus, the overall goal of the organisation is for management to act on behalf of the owners, who are the shareholders (Atkins, 2006) who are likely to be more interested in in profit than CSR.

Friedman (1970) argues that the only goal is for business to utilise its resources and engage in activities that increase profits, while staying within the law, for the benefit of its shareholders. Atkins (2006), goes further by giving an example of the irresponsible use of corporate assets when an organisation uses shareholders' money and invests in a social or environmental cause, such as relocation of their corporate headquarters, simply to lower environmental pollution.

Another argument is that involvement with socially responsible activities diverts the focus of the business away from economic productivity, which can both divide the interests of shareholders and managers and reduce profits. This division is known as agency theory (Eisenhardt, 1989). This theory is crystallized when the desires and goals of the principal (shareholders) and agent (company executives and managers) are in conflict. The outcome is that the principal and agent each take a different approach and attitude due to different risk preferences thereby reducing profit maximisation. This is exacerbated when business is assigned problems that are not really solvable, due to a lack of universal agreement and the nature of the problem (Davis, 1973).

### ***2.6.2 Additional costs***

Another prevalent justification against incorporating CSR into regular activities has been the additional cost that organisations will incur, according to Henderson (2001). Within any organisation, the adoption of the CSR doctrine carries with it a

high probability of cost increases and impaired performance (Henderson, 2001). New systems of control and auditing, recording and monitoring of standards need to be implemented. For example, ISO 14001 is expensive, Environmental Management Systems (EMS) annual registration and audit fees are also very expensive (Chan, 2009; Tsai et al., 2003).

Although small amounts of time and money can be invested in social obligations, organisations cannot commit major human, functional and capital resources unless it has an excess of those resources at hand (Atkins, 2006; Henderson, 2001). The adoption of existing government, self-policing/regulating standards, and environmental and social compliance standards will inevitably add to overall costs and this will increase further if organisations insist upon their suppliers, partners and contractors adhering to the same standards (Henderson, 2001). Henderson suggests there are obvious risks in implementing CSR policies and when an organisation pursues questionable objectives such as “eco-efficiency” and “social justice” as representative of social expectations, this may lead to a financially difficult and uncertain future.

However, there is the argument that the above-mentioned cost increases may be offset by passing costs onto the consumer through imposing hidden charges. This could also be true of government regulations intended to improve social responsibility which have the reverse effect by increasing costs and lowering profitability (Albareda et al., 2008; Albareda et al., 2009).

### ***2.6.3 Lack of universal agreement***

One of the many arguments against the acceptance of CSR has been the lack of a universally agreed defining statement (Davis, 1973). What has been evident through the literature is that CSR is still evolving and is subject to changing philosophies, stakeholder influence, and the development of innovative business concepts. However, there are some opponents of CSR who believe that there is a misguided view of what CSR symbolizes (Jimena, 2006). Firstly, the CSR doctrine rests on a false view of the world and secondly, that although individual business may profit there may be damaging consequences (Henderson, 2001) such as mismanagement of an environmentally sensitive ecosystem or water reservoir and management overplaying its hand.

Henderson's (2001) reasoning against social responsibility suggests that CSR greatly oversimplifies issues, problems and choices and the picture that CSR portrays exposes several areas of conflict when trying to reach a universal understanding of CSR. Another area has been the economic social and environmental aspects for improving the triple bottom line. Although widely accepted, Henderson (2001) argues this is highly dubious. In practical terms, the triple bottom line approach means expanding the traditional reporting framework to take into account ecological and social performance in addition to an organization's financial performance (Grey & Milne, 2004). This has led to the emphasis mainly on CSR appeasement of critics and compliance with government and lead body CSR initiatives. Reinforcing this uncertainty and confusion over the role of CSR, Atkins (2006), stated that consumers tend to contribute to

charities they believe in and do not expect for-profit companies they invest in to redeploy corporate assets for social causes.

#### ***2.6.4 Lack of accountability***

Accountability of economic or financial targets achieved while managers are resident at that location, or engaged in social and environmentally responsible activities in communities, is essential. This was illustrated by Rutherford (1995) who stated that hotel managers take this role for professional, economic and personal reasons.

Another area of accountability has been a manager's lack of the perception and knowledge required to identify socially and environmentally responsible activities within their community, as their main focus is primarily an economic one (Davis, 1973). In some cases this is also reflected in the quality of management applicant (Greening & Turban, 2000), and size of the organisation (McElroy & Siegfried, 1985). How an organisation's size can affect the assimilation of CSR into daily activities will be discussed in the next section.

#### ***2.6.5 Organisational size***

As business decision making is a mixture of altruism, self-interest, and good citizenship (Keim, 1978), larger businesses possessing substantial human, financial and capital resources will find it easier to contribute towards socially responsible activities (Udayasankar, 2008). Organisational size has been an important influence on the corporate environment (Bowen, 1999) and community activities (McElroy & Siegfried, 1985). An organization's size effects

involvement of social or environmental activities (Udayasankar, 2008). There is also a strong positive association between economies of scale and improved corporate social performance (Brammer & Millington, 2006). Thus, certain forms of CSR may require execution on a large scale to be effective (Udayasankar, 2008). Therefore, large organisations which have a strong financial performance have more resources available to invest in socially responsible activities (McWilliams & Siegel, 2000).

Financially strong businesses can invest in more and longer term strategies such as reducing their environmental impact and providing services to their host community and employees. For medium size business, it is a very different situation when wanting to incorporate CSR as a strategy. It has been suggested that with a smaller scale operation, resource access constraints and lower visibility, smaller firms are less likely to participate in CSR initiatives (Hsieh, 2012). Additionally, smaller firms are less likely to disseminate environment-related materials if they have a low perceived environmental impact (Revell & Blackburn, 2007). However, in contrast, Udayasankar (2008) concluded that both very small and very large businesses were equally motivated and more likely to participate in CSR initiatives with mid-size businesses having the lowest participation in CSR activities. Thus, although firm size may have influence over CSR it is not a simple, linear relationship.

#### ***2.6.6 Lack of management and corporate support***

Yet another reason for not pursuing a CSR approach is the threat posed by divided support across all levels of management (Henderson, 2001). If there is divided support from either corporate head office or area management from different

business operations, then CSR will evolve in a hostile environment, challenging in the short term its social and environmental mission, whilst also threatening long term financial performance and profitability (Henderson, 2001).

### ***2.6.7 Summary***

Although deep divisions amongst CSR advocates and critics, driven by multiple competing theories and models of corporate responsibility and governance exist, there is a remarkable degree of common ground on both sides of the CSR debate (Horrigan, 2010). From the arguments presented for and against CSR, the question of whether or not organisations should incorporate CSR is dependent upon the ideological viewpoints of stakeholders, managers and boards of directors. Various characteristics of the organisation point to both dispositions towards the likely success of CSR. Thus, both supporters and critics of business have reasons for wanting organisations to act in a socially and environmentally responsible manner.

Together, these arguments both claim the CSR places additional weight onto organisations without producing the intended outcome of social and environmental improvements or does so at an excessive cost to the organisation. Along with the general trend of public and corporate attention to CSR (Kang et al., 2010), the hospitality industry has placed an increasing interest in CSR related activities.

The importance of human resources as an influencing factor in hotel participation and successful completion of CSR through hotel management and employees involvement will be discussed in the next section.

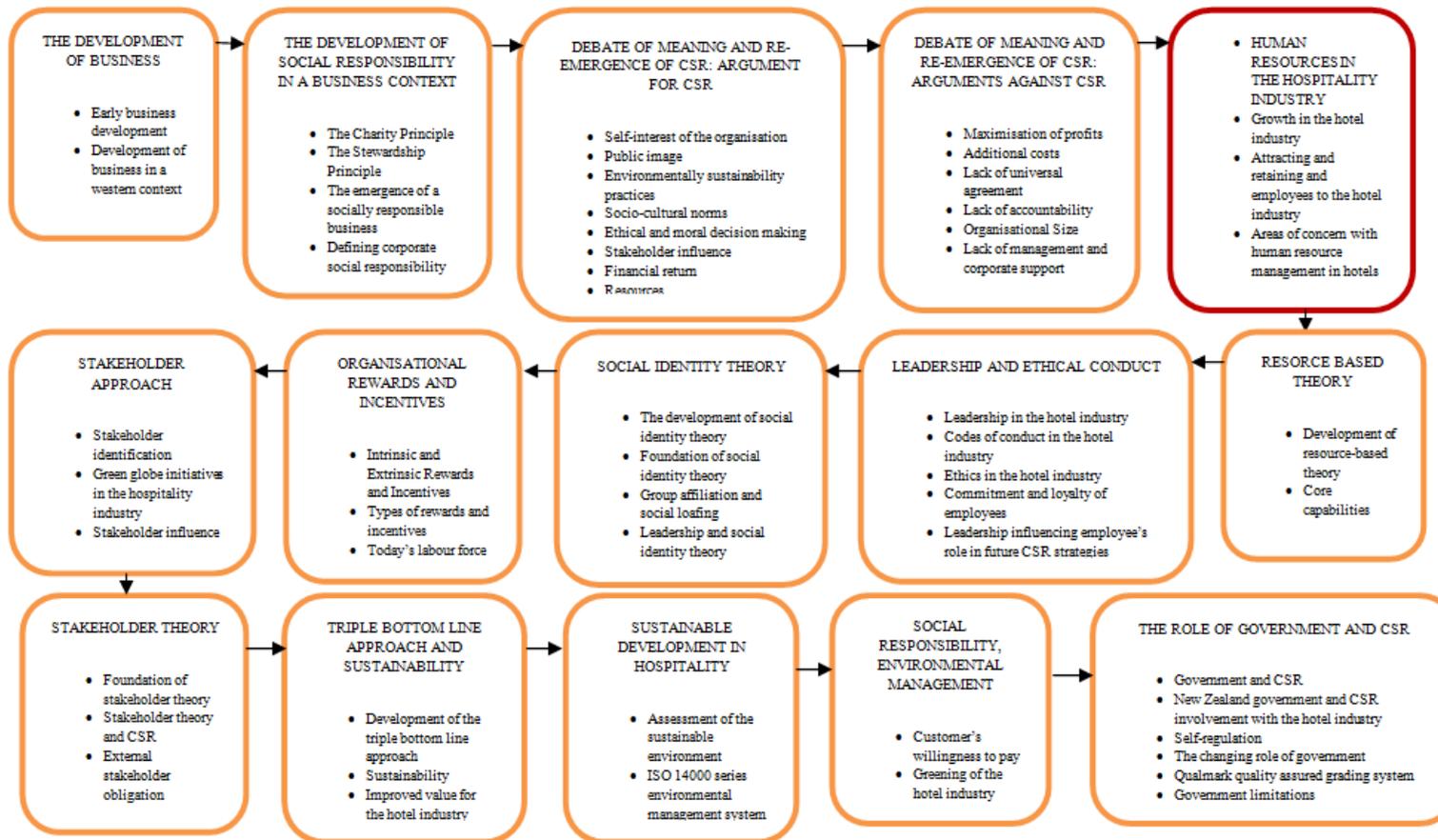


Figure 2.6 Literature Flowchart: Human Resources in the Hospitality Industry

## **2.7 HUMAN RESOURCES IN THE HOSPITALITY INDUSTRY**

The functional environment of an organisation reflects key responsibilities undertaken which include finance, marketing, operations, administration, research and development and human resource (HR). The development of any one of these areas can often provide an organisation with a competitive advantage over rivals. Human resources are an important functional environment within an operating business and are seen as a key factor in the success of any organisation of any size (Enz, 2009; van der Wagen & Goonetilleke, 2004). Wright and McMahan (1992) pointed to the importance of human resources in the creation of firm-specific competitive advantage strategies. HR practices have helped shape corporate capabilities through acquiring and developing an organisation's human capital (Huselid, 1995) via recruitment procedures that have focused on the quality and skill that qualified applicants bring to an organisation.

Whether organisations can capitalise on HR as a potential source for profitability has been researched some time ago (Delaney & Huselid, 1996). What is certain is that economics will continue to develop, especially in emerging nations, with differing cultural backgrounds which have diverse methods of managing human resources (Delaney & Huselid, 1996). Thus, human resource management (HRM) is likely to have very location-specific practices foreshadowing a challenging, innovative and somewhat volatile future of HRM (Davidson, McPhail, & Barry, 2011). Studies in human resources (Davidson et al., 2011; Lui, Lau, & Ngo, 2004) have also indicated that an organisation's current and potential human resources are important considerations in the development and implementation of the strategic business plan (Huselid, 1995) by which it improves its competitive

position in the market. This was also recognised through studies by van der Wagen and Goonetilleke (2004) and Chand and Katou (2007) who acknowledged the impact HR has on policies, procedures and organisational performance. Supporting this have been Tsai, Song, and Wong (2009) who stated that human capital is a crucial factor and that hotels should invest more in training and educating their employees about social and environmental issues. Consequently, human resource planning has profound consequences for organisational and community interests.

The hotel industry is no different from any other business, in that a hotel is subject to constant pressure in the form of customer demand and competition, resulting in ongoing re-structuring, innovation and evolutionary change. Due to the nature and operation of the hotel industry, the focus has been placed on perceived attractiveness of the industry (Solnet & Hood, 2008), and staff retention through providing good career development opportunities (Davidson et al., 2011) while maintaining a high standard of service and quality (Ramdeen, Stantos, & Chatfield, 2007).

### ***2.7.1 Growth in the hotel industry***

The hotel industry needs to recruit employees with a variety of knowledge, skills and experiences who are required to use their attributes to produce services and products required and valued by customers. It has also become apparent that due to the gradual exodus of the baby boomer generation from the job market and an increasingly technology savvy sophisticated consumer, the hospitality industry has to recruit both quality and quantity to remain competitive (Murray & Ayoun, 2010). Consequently, to attract future younger employees, the emphasis is now

focused on strategies hotels can employ, including how to attract and retain the best talented new recruits (Murray & Ayoun). The focus has shifted from recruiting just food and lodging service staff to recruiting employees who are motivated and exhibit sustainable strategic thinking (Murray & Ayoun).

In an industry where staff turnover is high (Pollitt, 2008) due to unsocial hours, low pay, lack of training, poor career structure, and casualization, the right people need to be employed, properly inducted and comprehensively trained. The challenge, then, is for hotel managers to balance the need for permanent, trained and motivated employees with that of an increasing casual, flexible workforce. This has led to a rethinking of HR practices in terms of persistent management inadequacies, especially with regard to the employment (Davidson et al., 2011), provision of appropriate training (Poulston, 2008), and retention (Lee & Way, 2010) of hotel employees.

### ***2.7.2 Attracting and retaining and employees to the hotel industry***

Studies have examined the relationship between future job candidates and the sustainable practices of hotel organisations (Murray & Ayoun, 2010; Willard, 2002, 2005). This research highlighted benefits that can accumulate through implementing sustainable practices such as, attracting and retaining quality employees. Apart from the traditional scope of salary, promotional opportunities and benefits, studies completed by Turban and Greening (1997), Greening and Turban (2000) and Turban (2001) studied community commitment, social values, environmental and philanthropic behaviour signalled by employers to new employees.

Not surprisingly, the conclusion reached was the more positive signs given by the employer, the more attracted the potential employees were to that organisation. These findings were also mirrored through studies completed by Murray and Ayoun (2010), who strongly indicated that signals of social and environmentally sustainable practices would be viewed positively by potential hospitality management students seeking future employment opportunities. Holcomb et al. (2007) identified philanthropy as the preferred method used by the larger hotel companies to signal social and environmental responsibility. Murray and Ayoun's research indicates that new behaviours emphasising manager and employee personal involvement in social and environmental activities was more effective in appealing to potential hotel employees. Studies have also highlighted both brand awareness (Girod, 2003) and the financial benefit of a socially responsible strategy (Lee & Park, 2009). Murray and Ayoun went further and examined the attractiveness to hospitality students of sustainable practices and a social responsibility doctrine. It was evident from this study that hotel companies that make a commitment to developing a holistic strategy that encompasses important areas of sustainable development and social responsibility benefit, first in recruitment and then in competitive advantage (Murray & Ayoun, 2010).

### ***2.7.3 Areas of concern with human resource management in hotels***

Murray and Ayoun's (2010) research highlighted that hotel companies which emphasised their values and ethical responsibilities most effectively were the more attractive to new recruits. Poulston (2008) identified a number of HRM hospitality concerns in New Zealand that would deter possible new recruits from entering and remaining in the hotel industry. These concerns ranged from high

staff turnover and understaffing, or inadequate training, employee theft, constructive (unfair) dismissals, and sexual harassment. Other HRM concerns in the hotel industry were also expressed through a global survey of 243 lodging managers and executives by Enz (2009). By comparing hotel general managers' and hotel executives' responses, the areas of concern shown were attracting employees, retaining employees, and employee morale. It was evident from Enz's survey that general managers were more concerned with an unmotivated work force and lack of experience, whereas hotel executives were more concerned with a shortage in labour. When it came to recruitment and retention of employees, hotel general managers were more concerned with attracting talented employees, whereas executives concerns were more focused on the long term retention of employees.

The consequence has been HRM within hotels facing a challenging future which has evolved in a rapidly changing business environment, characterised by a limited labour market, changing customer demands, and increasing competition (Cho, Woods, Jang, & Erdem, 2006). Also impacting on this challenge are rapidly changing technologies making information sharing quicker and easier, and the replication of competitors' strategies and work practices faster. To address these and other challenges, competitive strategies use of core HR competencies and capabilities have been emphasised by academics and hospitality professionals (Cho et al., 2006). For example, strong HRM policies have become an effective and rapid response tool by adapting to changing market demands in the hotel industry (Cho et al., 2006). The importance placed upon HRM to improve organisational performance has also increased (Davidson et al., 2011). Studies have shown that hotel managers' motivate their employees through providing a

work environment that meets employees needs and desires (Simons & Enz, 1995), This can be seen through studies by He, Lai and Lu (2011) where supportive managerial attitudes motivate and provide employees with an environment in which their work is recognized, appreciated and in line with organisational goals.

However, each employee must possess the desire and be internally driven to undertake their selected job (Simons & Enz, 1995). In addition, participation in social and environmental practices in the hotel industry can act as an influencing factor in attracting and retaining hotel employees as evident through research by Bohdanowicz, Zientara, and Novotna (2011). Their research suggested that hotel CSR practices attract and retain hotel employees. This is due to CSR being accepted by the hotels because of the importance placed on the opinions of stakeholders such as employees, consumers, the broader society or future generations (Franklin, 2008). Further, there is an overlap between HRM sustainable practice and CSR practice because ecological and employment issues are central to the CSR concept (Bohdanowicz et al., 2011)

Therefore, quality recruitment through sustainable HRM practices can also be seen as substantially contributing to maintaining employee commitment, quality service, customer retention and pursuing competitive advantage. Accordingly, an organisation's reputation and pro-social behaviour are an effective means of creating a positive perception for attracting and retaining future employees (Murray & Ayoun, 2010). Thus, HRM has now been identified as an indispensable core resource requirement to any service industry operation. This strategic CSR approach to HR practices has helped to create a source of competitive advantage in the hotel industry as evident through studies by Huselid

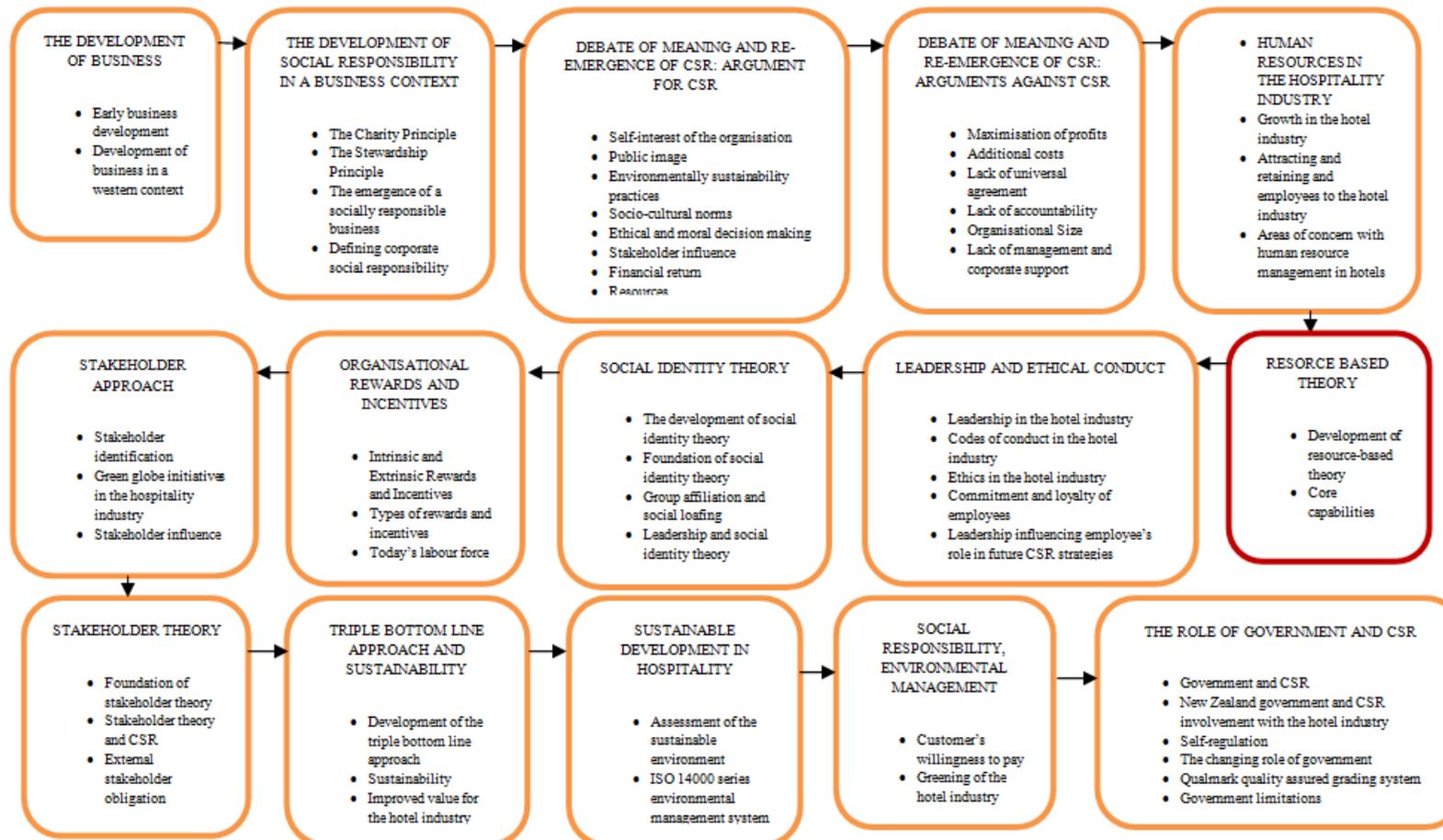
(1995), who argued that the impact of HRM policies and practices had a positive effect on a firm's performance. More recently, Bohdanowicz and Zientara (2009) and Tsai, Tsang, and Cheng (2012) Tsai Tsang and Cheng (2012), suggested that employee involvement in CSR being used as a marketing tool aided a hotel's competitive advantage.

Human resource management practices have taken time to change in ways that indicate a desire to secure the commitment from the workforce (Haynes & Fryer, 1999). There is a need for management and human resource personnel to re-visit and re-assess HR practices and organisational performance through a resource based approach.

#### ***2.7.4 Summary***

To summarise, the last section has contributed a body of knowledge that is relevant to this thesis. An overview of CSR from a business perspective has shown its many facets and how its re-emergence has exposed the influence stakeholders have both socially and environmentally over the organisation. Further, it has shown that hospitality has developed a socially responsible attitude through good leadership and employee participation. These two factors are essential in furthering a socially responsible approach in recruiting, retention, improving employee commitment, and subsequently maintaining a competitive advantage. Comprehensive employee recruitment and selection procedures, incentives, compensation and performance management systems applied from a research based approach can improve the knowledge base, abilities and skills of current and future employees.

Research has suggested that a resource based approach has been central to how competent an organisation is in combining and deploying its human and physical resources (Conner, 1991). A resource based theory is fundamental to the inclusion of CSR as a strategic goal within a hotel operation and essential as one of the three foundations of the theoretical and conceptual framework of this thesis. Thus, resource based theory will be discussed in the next section, commencing with historical studies showing the development from a resources based view approach to a resource based theory. The link to the fundamentals of HRM and the potential influences over CSR hotel managerial decisions will also be highlighted.



**Figure 2.7 Literature Flowchart: Resources Based Theory**

## **2.8 RESOURCE BASED THEORY**

Resource based theory has undergone many changes over the past five decades to becoming widely acknowledged as one of the most prominent and powerful theories for explaining, explaining and predicting organisational relationships (Barney, Ketchen, & Wright, 2011). Early research based contributions were identified in the field of strategic management when Wernerfelt (1984) explored the usefulness of analysing organisations in regard to their resources rather than their product. This approach of viewing organisational resources was termed the “resource-based view” of a firm (Wernerfelt, 1995). Through a competitive marketing strategy, it was recognised that competition for resources could have important implications for the ability of an organisation to gain a competitive advantage. What was meant by a resource was anything that could be thought of as a strength or weakness of a given organisation, in other words those tangible or intangible assets which are tied semi-permanently to the organisation (Wernerfelt, 1995). Examples cover such assets as brand names, machinery and equipment, the physical building, furniture, fittings, financial resources, and the knowledge and skills of the employees. This can also be illustrated through strategies that hotels develop to exploit their strengths and minimise internal weakness in order to survive and maintain a competitive advantage when responding to socially and environmentally sustainable opportunities.

The resource based view of an organisation focuses on the organisation’s characteristics, the cost to copy resources controlled by the organisation, and resources whose expertise may give a competitive advantage to that organisation (Barney & Clark, 2007).

### ***2.8.1 Development of resource-based theory***

Wernerfelt (1984) expanded this early theory based on the resources an organisation has acquired or developed that maintained their competitive advantage. Developing this further, Rumelt (1984) examined the economic rent (price of goods and services) through appropriating the characteristics of organisations, such as their ability to gain advantage when focusing on effectively generating financial return from the ability to control economic rent over other forms of economic organisations. Further to this, Barney (1986) introduced the concept of strategic factor markets. Organisations acquire or develop the resources needed to implement their product market strategies to gain a competitive advantage. Whereas, previous earlier theories of competitive advantage were based on “product market position”, Barney (1986) began the shift from the resource-based view to what is now referred to as resource based theory (RBT). Further linkages to rent generation, transaction costs (cost incurred in making an economic exchange), and governance emerged through Conner (1991), Grant (1996), Liebeskind (1996) and Spender (1996). Then efforts were made to further develop a resource based theory approach of using strategic management and maintaining competitive advantage. This was also illustrated through Barney’s (1991) studies where the resource based theory approach, examined the control an organisation has over valuable, rare, imperfectly imitable and non-substitutable resources which determine its capability to design and implement strategies in maintaining competitive advantage.

Barney and Clark (2007) extended this further and classified resource into four broad areas: financial, physical, organisational, and human. Although each is an

important resource, what has been evident has been the positive relationship between the hotel performance and HRM systems of recruitment and selection, manpower planning, job design, training and development, quality circle, and employee commitment (Chand & Katou, 2007). This has shown that human resources' ability to provide rapid and effective responses to the changing market demands has enhanced organisational performance and become highly valued (Delaney & Huselid, 1996). Additionally, many academics have emphasised HRMs' increasing importance to an organisation's overall performance in areas such as intellectual capital, organisational capability, high performance work, human capital systems, process management, value-based teams, high performing teams and core competences/capabilities (Lowe, Milliman, De Cieri, & Dowling, 2002; Saari & Judge, 2004).

### ***2.8.2 Core capabilities***

An historical view of strategy research suggests that a resource based perspective has been central to an organisation's performance when connected to competencies in combining and deploying human, physical and reputational capital (Conner, 1991). Although Conner's research suggested the bundle of unique resources that an organisation possesses may enable it to gain and sustain a competitive advantage, the hospitality industry's unique feature of labour intensity (Cho et al., 2006) has given this industry a troubling issue, namely that of HR. Hotel managers and executives have identified HR as the most persistent challenge they face (Enz, 2009). This has been a consequence of the rapid increase in demand for and supply of tourism and hospitality services. Therefore, it is not

surprising that the availability, retention and commitment of skilled employees have been a major inhibiting factor to further development of the hotel industry.

HRM researchers have long maintained that HR plays an important role in an organisation's performance (Barney & Clark, 2007). An organisation's core capabilities are those processes that involve a combination of physical and human resources which are responsible for an organisation's tacit knowledge base (Espino-Rodríguez & Padrón-Robaina, 2005). The HRM function in any hotel organisation is to provide the resources that develops employees who are skilled, hospitable and motivated to deliver high quality products and services to the customer while at the same time to manage the culture of an organisation to encourage teamwork and trust (Barney & Clark, 2007). HRM in hotel operations is an influencing factor over employees' skills, knowledge, and the acquisition and development of human capital (Huselid, 1995). Greening and Turban, (2000) stated that HR in the form of skilled employees and talented managers are a critically important resource to any organisation. However, the effectiveness of employees can be limited if they are not motivated to perform. DiPietro and Condly (2007) discuss where inefficient hotel employees were dissatisfied, did not exert enough effort, and were generally less likely to remain in employment. Hogan, Curphy, and Hogan's (1994) research has provided evidence stating that only about 30 percent of line managers are able to adequately motivate employees under their supervision, through either individual or group incentives and rewards.

Through resource based theory, human resources have been identified as a core capability and an influential factor in hotel operations. In spite of the need to deliver traditional HRM services to meet current organisational needs, the HRM

role must now also be focusing on future needs and predicted future trends and then possible impact on the labour market, the organization's product, and its competitive standing within the market. Social and environmental responsibility has an influence on the hotel industry. Human resources and its management are critical to the overall operation of a hotel (Baum, 2002). Employee recruitment and selection procedures, focused rewards and incentives enhance social behaviour and relationships among individual employees. Further, group and team behaviour have a positive effect on an organisation and community (Bohdanowicz & Zientara, 2009).

To most employees it has become increasingly important that the organisation they work for has a well-developed CSR policy (Bohdanowicz & Zientara, 2009). As well as good working conditions, a social and environmentally committed organisation will be likely to attract future employees. Having employees that identify with the organisation also results in enhancement of commitment (Bohdanowicz & Zientara, 2009). As increasing demands are placed upon the hospitality industry, many factors push or pull the hotel industry as they attempt to improve their performance and identify areas of social and environmental concern. To anticipate change and develop new structures and strategies, the importance of effective hotel leadership has also become essential in guaranteeing that innovative ideas lead to increased efficiency, accurate environmental assessments, effective judgements, resulting in increased profitability (West, Tonareli-Frey, Olsen, & Zhao, 2008) and increased employee commitment (Clark, Hartline, & Jones, 2009).

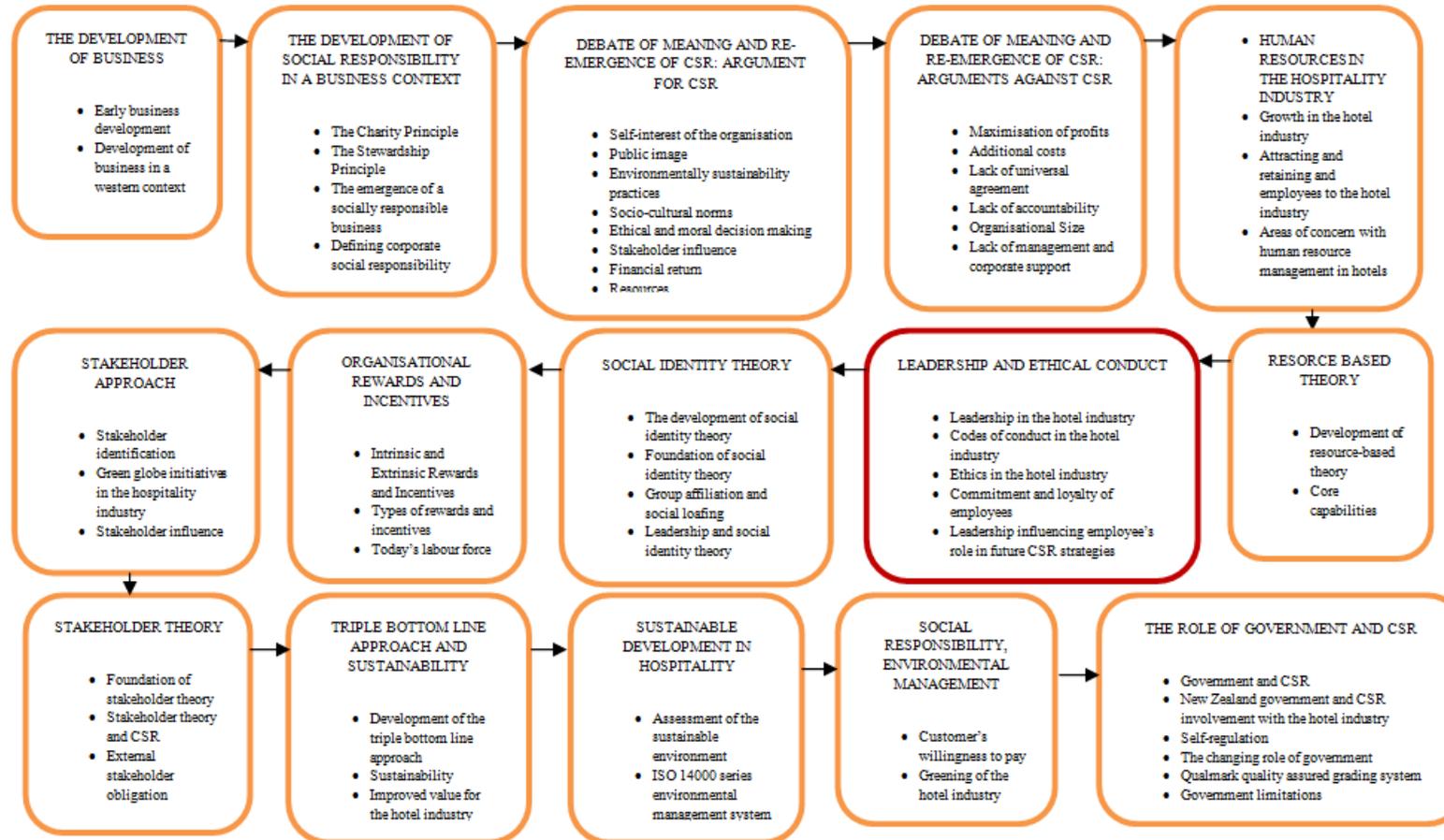
DiPietro and Condly (2007) identified that employee turnover is reaching crisis point for many hospitality organisations who have struggled to maintain staffing

levels. This has a dramatic effect on the service quality and financial return of the hospitality organisation concerned (Olsen, 1981). Olsen expands this theory by suggesting that staff turnover is often a function of the job environment, poor supervision and leadership skills. Thus, leadership quality and ethical conduct of hotel management and employees has become a required competency skill in the grooming of future hospitality leaders (Chung-Herrera, Enz, & Lankau, 2003).

### ***2.8.3 Summary***

Through focusing on the human resources, hotel organisational strategies have been shown. The resource based theory has significantly influenced the field of HRM. Effective and specific HR tools and techniques are necessary when managing employees due their strategic position within organisations. Significant difficulties in attracting and retaining employees have been identified and discussed. Human resource is seen as one of the pivotal areas for a successful hotel operation (Davidson et al., 2011), and future strategies to incorporate a socially responsible environment have now shifted to incorporate this strategy into employee recruitment, retention and to further employee commitment (Bohdanowicz & Zientara, 2009).

The next section will evaluate how leadership and ethical conduct is significant in attracting, retaining and influencing employee commitment. First, the definition of leadership and ethical accountability will be discussed, then leadership in the hotel industry and ethical accountability. Finally, ethics in the hotel industry will be presented.



**Figure 2.8 Literature Flowchart: Leadership and Ethical Conduct**

## 2.9 LEADERSHIP AND ETHICAL CONDUCT

Leadership means different things to different people. Davidson, Griffin, and French (2003) described leadership as both a process and property. By process, they mean what leaders actually do, how they use non-coercive influence to shape a group or organisational strategies and goals, and motivate behaviour towards obtaining stated strategies and goals that help towards defining the overall culture (Davidson et al., 2003). As a property, leadership is a set of characteristics attributed to individuals: flexible, enthusiastic, humble, resourceful, open minded, well organised and reliable (Inkson & Kolb, 1995). Thus, good leaders are people who others accept as a leader and can influence the behaviour of groups and individuals without the use of force (Davidson et al., 2003).

The definition of leadership, the characteristics of effective leaders, and accepted leadership philosophies have continued to evolve (Brownell, 2010). Studies and theories of leadership investigating different leadership styles, competencies, leadership roles and the dynamics between leaders and followers have been researched. Cheit's (1964) edited book *The Business Establishment* discussed leadership and the change of organisational behaviour and professional responsibilities of business and society focusing on public welfare. Mason (1970) raised further questions concerning the ethical responsibility of corporate leaders: What is the role of corporate manager? Who are they responsible to? What is their purpose and influence? Who are the managers and how are they selected? Simons and Enz (1995) continued with this theme and raised the point that good ethical leadership can enhance employee motivation and performance by maintaining a professionally committed stable workforce.

Research has demonstrated that a manager's leadership style has an influence on employee behaviour (Brown & Arendt, 2010; Clark et al., 2009; Whitelaw & Morda, 2004). Quinn, Faeman, Thompson, and McGrath (2003) focused on the values and criteria of effectiveness by which organisations are judged and the conflicting roles of those in leadership positions. In addition, Minnett et al. (2009) investigated the different leadership styles and ethical decision making in hospitality management in Australia. Results suggested that leadership styles and ethical decision making varied in accordance with the age. However, there was no significant variation according to gender, years of experience, position within the organisation, or educational achievement. In addition, Clark et al. (2009) examined the role of different leadership styles in enhancing employee commitment to service quality. A manager's empowering leadership style can create commitment from frontline employees to quality service (Clark et al., 2009). Petersons and King's (2009) study suggested that the personal values of a leader influenced whether an organisation would adopt CSR or not, thus demonstrating organisational culture as a possible predictor of CSR adoption. Wildes (2008) also stated that CSR is driven by leadership, education, empowerment rewards, and most probably legal consequences. Managers can lead and serve by incorporating personal concern, beyond corporate policy, for the overall well-being of others (Wildes, 2008). To be successful in CSR implementation requires commitment and leadership from senior managers. Virakul et al. (2009) stated that clear policy at a strategic level supported by adequate resources e.g. people, facilities and funds, were necessary for fulfilling CSR goals. Therefore, good leadership is central to the implementation of future strategies and goal setting for the hospitality industry (Brownell, 2010).

Many global events have demonstrated how good leadership has enabled tourism and hospitality organisations to weather an unsettled market caused by such occurrences as the outbreak of severe acute respiratory syndrome (SARS) between November 2002 and July 2003 in Southern China (Chien & Law, 2003; Lo, Cheung, & Law, 2006); the 2004 Indian Ocean tsunami (Henderson, 2007); earthquakes in Christchurch, New Zealand in 2010-11 (Kaiser et al., 2012); earthquakes and tsunami in Japan in 2012 (Mori & Takahashi, 2012); and Typhoon Haiyan which devastated the central island of the Philippines in 2013 (LeComte, 2014). All of these have had repercussions for the tourism and hospitality sector.

### ***2.9.1 Leadership in the hotel industry***

Throughout these tragedies, leader's actions, values, and ethical standards, which affect the quality of life for communities, citizens, employees, and economies, have been scrutinised. Global hotel organisations, in particular, are affected through a leader's behaviour and personal characteristics (Brownell, 2010). This has been illustrated through studies by Weerakit (2007) who investigated leadership competencies essential for successful hotel general manager in Thailand. Bohdanowicz, Zientara and Novotna (2011) examined the relationship between leadership of international hotel chains and environmental protection. CSR practices were also explored by Henderson (2007) through the actions of hotel organisations and their leadership in Phuket, Thailand, after the Indian Ocean tsunami in 2004. Brockhoff, Chakrabarti, and Kirchgeorg's (1999) study investigated managers' leadership roles and values in environmental management that guide employees. These studies show the implementation and success of CSR

in communities was hinged upon genuine involvement and leadership by senior hotel managers and employees. These studies have also shown that through good ethical leadership, socially responsible actions within the hotel industry can create valuable and positive changes in communities (Bohdanowicz & Zientara, 2009). In addition, Tsai et al. (2012) discussed employee's unawareness of hotel manager's CSR efforts thus, affecting their role in accurately delivering the CSR message to guests.

In many situations employees may be motivated to behave in ways that express or support the social identity of the organisation or community shared by others (Ellemers, Gilder, & Haslam, 2004). Future employees are also attracted to potential employers through the social identity of a common cause or belief held by that organisation (Hogg, 1992). This attraction can be linked to the length of time individuals remain in a leadership role, thereby becoming more socially liked, leading to a more creditable and consensual the social attraction (Hogg, 1992). In addition, Hogg stated that an individual's attraction to and identification with an organisation's beliefs, culture, and in many cases its charismatic properties, has been linked with strong leadership.

These concepts were also supported by Schein's (2004) research on organisational culture and the link to leadership. Schein stated that good managers are key individuals who can influence employees' mind sets and actual behaviours. Opportunities created through key individuals can influence CSR involvement and employee awareness of social and personal responsibility, including selection and implementation of CSR initiatives within organisations. These opportunities create valuable and positive change in employee behaviour (Kang et al., 2010).

Studies have also emphasised the importance of hospitality industry executives' ethical leadership role in developing a social consciousness, a sense of environmental protection, and social justice within their organisations (Yeung, 2004).

### ***2.9.2 Codes of conduct in the hotel industry***

Ethics in business has always been of importance (Grisere & Seppala, 2010)2010). Wiley (2000) identified a set of five general principles that define appropriate professional conduct: integrity, proficiency, legality, loyalty and confidentiality. Post et al. (2002) described ethics as the concept of right and wrong that conducts and informs whether behaviour is moral or immoral, how we think and behave towards others, and how they think and behave towards us. Business ethics is the application of general ethical ideas to business behaviour (Post et al., 2002) in an organised discipline, providing a stable foundation from which organisations can operate (Robin & Reidenbach, 1987).

The understanding of ethical issues and ethical conduct within the hospitality industry has become an important area, more so than other industries (Fox, 2000; Stevens & Fleckenstein, 1999). This has been partly driven by raising customer social and environmental expectation (Ramdeen et al., 2007). Consequently, this has led to an increase in accountability, prompting hotel organisations to comply with codes of ethical conduct; in addition, reassurance to stakeholders that suppliers guarantee the quality of products and processes through certified documentation (Gu & Ryan, 2011).

In the hotel industry, knowing what your competitors are doing is essential, and benchmarking against leading hotel organisations is equally as important. Self-regulation has become an attractive option (Hunt, Kiecker, & Chonko, 1990). Industry associations, lead bodies and non-governmental organisations (NGOs) have been set up to provide guidance, legal advice, and information surrounding general and related compliance issues (Bird, Hall, Momentè, & Reggiani, 2007). A major function of hotel industry associations and lead bodies has been to establish ethical standards and codes of conduct. In addition, their role has been to dissuade future action by governments and other regulatory bodies which might impose significant costs on the hotel industry (Bird et al., 2007). One means of committing to best practice and maintaining high standards has been through compliance with ethical codes of conduct (Gu & Ryan, 2011).

Codes of conduct have helped to identify common values across hotel chains (Gu & Ryan, 2011) such as, Accor Hotels, Hilton Hotels and Resorts, Radisson Hotels and Resorts, Regent Hotels and Resorts and Southern Sun Hotel Group. The underlying objective of these codes has been to provide the hospitality industry with a set of guidelines for expected ethical behaviour (Gu & Ryan, 2011). Ideally, these codes define organisations' socially and environmentally responsible roles within the hotel industry (Hunt et al., 1990).

### ***2.9.3 Ethics in the hotel industry***

Bohdanowicz and Zientara, (2008) identified that hotel companies are expected to behave ethically as good corporate citizens by taking responsibility for their actions in the community and the environment. This involves treating suppliers, employees and customers fairly, as well as supporting charitable causes (corporate

philanthropy), and promoting environmental sustainability. However, there have been challenges in recognising and implementing ethical codes of conduct. This has been shown through an evolving relationship between organisations and employees (Coughlan, 2001), especially evident in the hospitality industry (Fisher et al., 2010; He, Lai, & Lu, 2011). For example, loyalty to one's employer has been replaced by a stronger loyalty to oneself and one's professional codes (Carroll & Buchholtz, 2000). This is also reflected in hotel managers' and employees' difficulty in separating ethical codes of conduct while adhering to social responsible values, as each has different values, background, strengths and weaknesses (Jaszay & Dunk, 2006).

Research by Coughlan (2001) revealed that employees would adhere to professional codes over corporate codes in guiding ethical decision making when there was conflict. This has raised important issues providing a different perspective on hotel industry ethical standards. Coughlan's study recognised the value in implementing ethical codes and suggested incorporating a standardised certification into the code of ethics of the hospitality industry's professional associations. Thus, social and environmentally responsible actions by the hotel industry can create a valuable opportunity to enhance an organisation's value and reputation (Kang et al., 2010).

Ethical behaviour of managers in the hospitality industry does vary due to personality, culture, age, status and ethical awareness (Gu & Ryan, 2011). Thus, it is easier to be ethical when managers and employees are part of an ethical community or organisation (Jaszay & Dunk, 2006). However, cultural differences often create discrepancies in perceiving ethical situations (Kraemer, 1995).

Studies involving Mexican and Chinese employees in multinational chain hotels, (who are considered to have similar cultural and work related similarities) concluded that levels of organisational commitment, job satisfaction, employee attitudes and behaviour were shown to be significantly different (Fisher et al., 2010).

Although ethics and social responsibility have been connected (Gu & Ryan, 2011; Hunt et al., 1990), Robin and Reidenbach (1989) suggested they could be considered as separate concepts. They argued that social responsibility involves the social contact that exists between business and society, whereas ethics concerns the rules and standards of conduct related to moral philosophy and socially unacceptable. Bad ethical decision making in organisations is usually blamed on leaders as the leader's unethical behaviour can have grave consequences for the organisation and its surroundings (Selart & Johansen, 2011). Selart and Johansen's findings also suggested that stress influences ethical decision making. Research has indicated a link between stress tolerance and a leader's ability to operate effectively (Bass & Stogdill, 1990; Howard & Bray, 1988). With the ability to adapt to the hectic environments, long hours, and constant demands of the organisation (Selart & Johansen, 2011), selection of the right applicant is critical.

#### ***2.9.4 Commitment and loyalty of employees***

Many researchers have identified that the hospitality industry suffers from high employee turnover (Cho et al., 2006; DiPietro & Condly, 2007; Poulston, 2008; Taylor, Davies, & Savery, 2001). Factors that affect employee turnover have included recruitment and selection (Chand & Katou, 2007); training and

development (Baum, 2002; Cruz, 2004; Poulston, 2008); leadership style (Brownell, 2010; Clark et al., 2009); job satisfaction (Lam & Zhang, 2003; Lee & Way, 2010); organisational culture (Greenberg & Baron, 2008; Waldman, Luque, Washburn, & House, 2006); discrimination in the work place work environment; and organisational commitment (Kazlauskaite et al., 2006; Lam & Zhang, 2003).

The hotel industry currently employs core staff, full time and some part-time employees; however, there has been a gradual shift towards outsourcing and casual labour (Lam & Han, 2005). Haynes and Fryer (1999) investigated changes in patterns of HRM in the New Zealand hospitality industry and confirmed that securing the commitment of employees on a long-term basis is a high priority. Nevertheless, recent study by Davidson et al. (2011) noted that, increasingly, staffing arrangements are turning to casual labour and outsourcing to reduce labour costs. Lam and Han highlighted that outsourcing suppliers, part-time, and casual employees was a commonly adopted strategy in the hotel industry in an attempt to reduce costs.

However, studies have shown that outsourcing and use of casual employees contributes to lowering the level of employee commitment to the organisation (Lam & Han, 2005). Outsourcing also reduces employer commitment to human resource development strategies, as well as adding to a decline in employee loyalty, trust and commitment to the organisation (Hall, 2000).

Although research by Brammer, Millington, and Rayton (2007), and Peterson (2004) in the banking and retail sectors has linked an organisation's CSR

behaviour to employee commitment, morality and attitude there seems to be little interest by the hotel industry.

In a move to improve communication, loyalty and commitment among the workforce and the customer, CSR can be viewed as a positive investment. Further, Lee and Kim (2013) have suggested that CSR is a critical factor of organisational behaviour that is fundamental in connecting employees with their organisation. Their study strongly indicated that employees will engage in CSR activities if their hotel is committed to community and charitable activities (Lee & Kim, 2013). Other studies have shown the value created through CSR can enhance an organisation's competitive advantage, market value and consumer satisfaction (Luo & Bhattacharya, 2006; Porter & Kramer, 2006)

Kirkman and Shapiro (2001) argued that job satisfaction and commitment to the organisation has a direct influence upon work ethic thereby determining an employees workplace behaviour (Kirkman & Shapiro, 2001). Studies have also shown that employees who are happy in their work are less likely to be absent and to resign (Gill, 2008). Further, employees who are more committed to their organisation are also more trusting, effecting job satisfaction and employee dedication (Gill, 2008).

The link between leadership and employee commitment (Brownell, 2010; Clark et al., 2009) has demonstrated that employees tend to exhibit greater involvement, commitment and loyalty when instructed by a directive leader (Bass & Avolio, 1994). Thus, employees who participate in the decision making process are more likely to be committed to those decisions (Clark et al., 2009). Consequently,

employee participation in teams that support CSR and other meaningful acts, will only improve employee commitment and loyalty to the organisation.

Trust among hotel managers, supervisors and employees also encourages cooperative behaviour and conflict reduction, and reinforces employee's positive perceptions of the organisation (Gill, 2008). Research by Gill and Mathur (2007) has shown that managers play an influential role in the motivation, dedication and retention of employees in hotels. Therefore, the existence of a strong positive relationship between an employee's trust in their manager, job satisfaction and commitment to the organisation (Gill) is critical.

To improve hotel performance standards, research by Hoque (2000) has supported the view that chain hotels in the United Kingdom (UK) adopt innovative HRM practices to reduce costs and emphasise service quality. Additionally, Hoque (2000) suggested that organisational performance depends on the business strategy the hotel is following. Davidson et al. (2011) went further and suggested that commitment and involvement with the organisation increases employee effectiveness and influences job satisfaction within the hotel industry.

A supportive management attitude provides employees with an environment in which their work is recognised and appreciated. Their goal is matching with organisational objectives thus resulting in a motivated, committed employee (He et al., 2011). Therefore, from the literature presented, it can be shown that when an employee perceives the availability of managerial support they will engage in structured activities which in turn increases their loyalty and commitment to the organisation.

### ***2.9.5 Leadership influencing employee's role in future CSR strategies***

An important factor in any hotel CSR activity has been the relationship between leaders, managers and employees (Brien, 2000; Bohdanowicz et al., 2011; Gill, 2008). Although CSR depends upon areas such as management policies, core values, long-term goals and company culture, leadership style and practices in place also affect productivity, employee performance and commitment (Gill, 2008; Gill & Mathur, 2007). Through good leadership, managers and supervisors can enhance employees' motivation and performance by maintaining a professionally committed and stable work force. Makower (1994) noted that socially responsible organisations are motivated by employee behaviour, in that well treated employees perform much better in terms of productivity and innovation. These socially responsible organisations can create valuable and positive changes in an employee's mindset and behaviour through CSR participation (Kang et al., 2010).

Successful application of CSR is dependent upon identifying and defining what CSR policies are in existence, and new CSR strategies that best fit the organisation. For example, Maon, Lindgreen, and Swaen (2008) suggest the well-being of employees and external customers increasingly represents concerns that the hotel industry needs to integrate into their short and long term strategies. Although CSR awareness in hotels has increased (Bohdanowicz et al., 2011), some hotel groups have gone that extra step to acknowledge social and environmental concern and awareness as strategically important, for example the Accor Hotels group. Accor has entered a new phase by reaffirming its approach to sustainable responsible development involving all their hotel properties. Their "Planet 21" programme continues to maintain Accor's strategic position on

sustainable development and commitment to social responsibility by involving all employees, customers and suppliers. Hilton Hotels' "We Care" programme was established to improve the environmental performance of Hilton Hotels. The success of this programme was linked to the involvement of senior hotel managers and lower ranking hotel employees (Bohdanowicz et al., 2011). Through the gradual development of an organisation's community profile (Lund-Thomsen, 2005), improvement, stability and retention of the current workforce through CSR activities (Bohdanowicz & Zientara, 2009) has advanced the image of the organisation as a good employer and corporate citizen (Berry & Rondinelli, 1998).

Accordingly, ethical leadership and employees' evaluation of ethical leaders' characteristics has a direct bearing on the motivational culture within an organisation (Peters, 2005). However, motivation of employees to participate in CSR activities requires long-term investment. Therefore, through strong leadership and employee participation, hospitality organisations stand to gain from strategies that involve environmental and socially responsible actions by becoming "good corporate citizens" (Porter & Kramer 2006, p. 14). Research by Ryan and Tippins (2004) also supports the proposition that job satisfaction correlates with an organisation's citizenship behaviours (OCB). This was further highlighted by Porter and Kramer through addressing social harm that organisations may create, thereby strategically, CSR becomes more ethically selective.

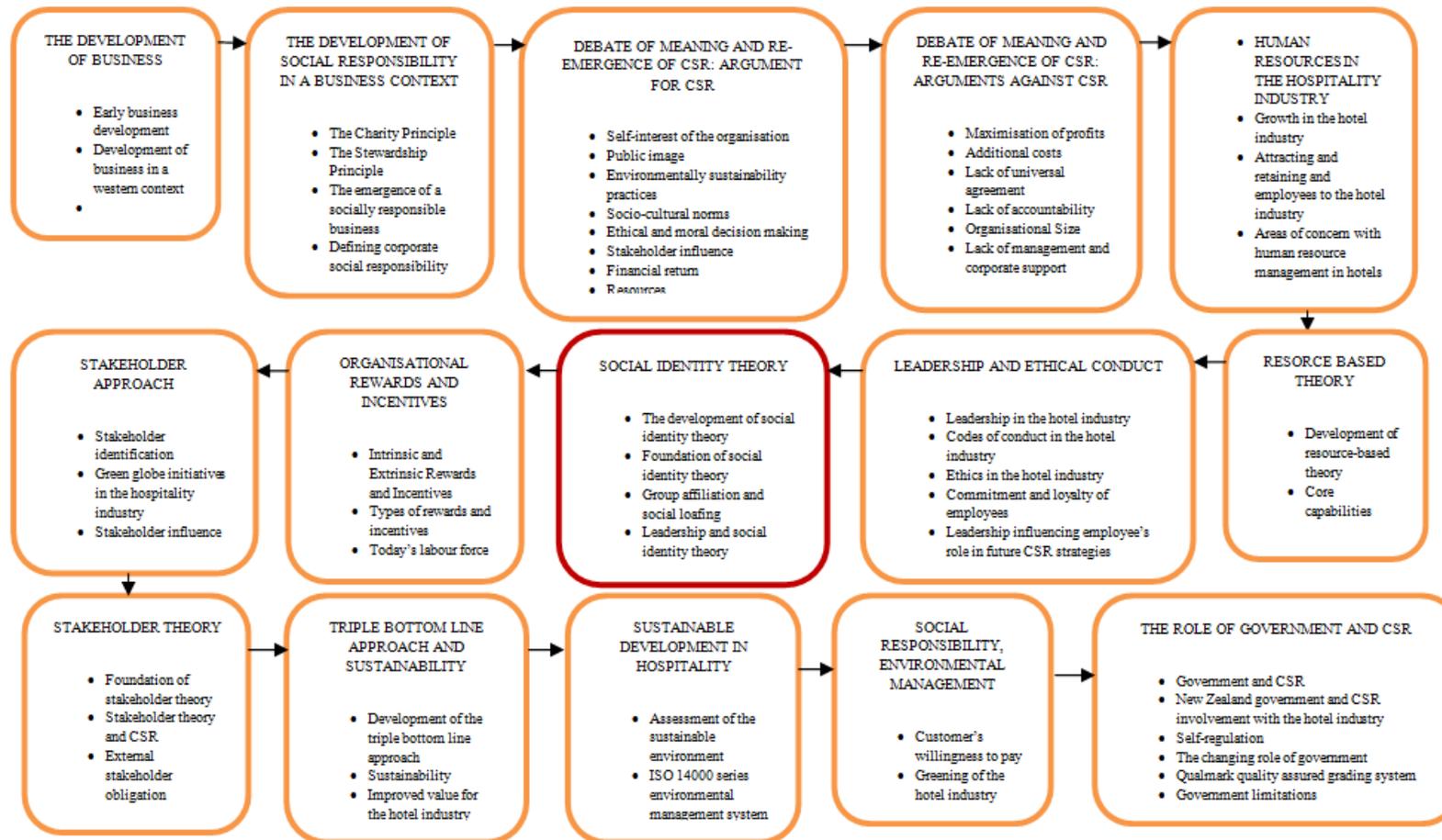
How policy and individual leadership can impact on performance excellence within a hotel is critical. Therefore, it is important to attract and select the right employee across all levels. At a time when the cost and success of a hotel

operation can be dependent upon a quality workforce (DiPietro & Condly, 2007), hotels are becoming increasingly aware of the need to attract the best employees to maintain their competitiveness (Ramdeen et al., 2007).

Although international hotels have made considerable progress in instigating CSR programmes, the correlation between CSR and employment of suitable personnel through human resources (HR) is of critical importance (Bohdanowicz et al., 2011). Studies involving Mexican and Chinese employees in multinational chain hotels, who are considered to have similar cultural and work related similarities (Fisher et al., 2010) concluded that employee attitudes and behaviour were affected by universal management styles. The research suggested that there is a need for hotel chains to recognise that employee commitment, job satisfaction, and organisational citizenship behaviour are important factors that connect employees and organisations.

#### ***2.9.6 Summary***

In summary, the last section has evaluated the influence leadership, ethical conduct and employee commitment have on an organisation. From the literature, views of CSR have recognised that strong leadership and employee commitment within organisations is the key to implementing CSR activities. It has also been shown that although there is a correlation between leadership styles and ethical conduct, through good ethical leadership, motivation of employees to undertake CSR activities is enhanced, and as a consequence improvement in attracting and retaining employees can be achieved.



**Figure 2.9 Literature Flowchart: Social Identity Theory**

## **2.10 SOCIAL IDENTITY THEORY**

The development of social identity theory and how the social identity processes influences individuals will follow in the next section. Some individuals have disproportionate influence to set agenda's define identity, and mobilise people to achieve collective goals. The correlation between personal identity and organisational CSR values will be discussed in the context of this thesis.

### ***2.10.1 Development of social identity theory***

Social identity theory (SIT) grew out of Tajfel's (1957; 1959) early work on perceptual accentuation effects and interest in the social psychology of prejudice, discrimination, inter-group conflict and social change. The concept of social identity originally descended from Tajfel's (1972) definition "the individual's knowledge that he belongs to certain social groups together with some emotional and value significance to him of the group membership" (p. 31). Thus, SIT is based upon a fundamental distinction between interpersonal and group processes with a view that every individual is characterised by social features dependent upon their membership of a group or category, and through personal features or individual characteristics of that group or individual that attracts them (Deschamps & Devos, 1998 ). This explanation supported Tajfel's (1982) argument that we all have a need for favourable self-identity, and that our status within the groups to which we belong helps achieve a positive self-identity.

Accordingly, those individuals with similar positions and common backgrounds have similar identities, therefore social identity does refer to individuals or groups that perceive themselves as similar to others of the same background (Deschamps

& Devos, 1998 ). Turner (1982) defined social identity as “The sum total of the social identifications used by a person to define him or herself will be described as his or her social identity” (p. 18). Thus, identification with an organisation enhances individual or group support for and commitment to its beliefs (Ashforth & Mael, 1989).

Dutton, Dukerich, and Harquail (1994) defined organisational identification as an individual’s self-concept possessing the same attributes as those in the perceived organisational identity, forming a cognitive connection. This philosophy is based on two key areas, one being the individual's beliefs about the organisation, the other being what outsiders think about the organisation (Dutton et al., 1994). Organisational identification has also been associated with how images of an organisation shape the individual's support of and identification with that organization (Dutton et al., 1994). Thus, organisational identification has been visible in the hotel industry through association with hotel brands depicting quality and service; for example, Hilton Hotels, Regency Hotels, and Sheraton Hotels emphasising their quality and brand uniqueness. Organisational identification is also visible through images of social and environmental activities undertaken by hotel organizations that are connected with an employee’s beliefs.

Thus, through its public reputation, employees are actively judged by activities attributed to the organization. Accordingly, organisational identification would be associated with loyalty to the organisation and through CSR participation. Dutton et al., (1994) supported this ideology through research identifying that organisations’ benefit from employees’ behaviour, commitment, loyalty and active participation.

Literature on organisational behaviour has long recognised identification with organisational goals as a critical construct that affects the satisfaction of the employee and the organisation's effectiveness (Ashforth & Mael, 1989; Brown, 1969; Hall, Schneider, & Nygren, 1970; O'Reilly & Chatman, 1986). SIT emphasises that interpersonal behaviour is also based upon perceived social group identities (Maxwell, Baillie, Rickard, & McLaren, 2012). Thus, individuals identify with a particular group or organisation. As a consequence, individuals are more likely to be drawn to an individual, organisation or group that share the same identity (Ellemers et al., 2004). Accordingly, in SIT, self-concept is comprised of personal identity which encompasses idiosyncratic characteristics such as psychological traits, common interests and abilities (Ashforth & Mael, 1989) that underpin SIT.

### ***2.10.2 Foundation of social identity theory***

One advantage of social identity theory has been its evolution over many years which has contributed to important developments of the theory and its implementation of being applied to many different problems areas involving organisations (Ashforth & Mael, 1989) such as representations of self and groups (Deschamps & Devos, 1998 ; Hogg, 1996; Tajfel, 1978); the identification of stakeholder categories (Crane & Ruebottom, 2011); leadership and authority (Hogg, 2001b; Subašić, Reynolds, Turner, Veenstra, & Haslam, 2011); motivation and performance (Ellemers et al., 2004); and work place behaviour (Ellemers, Haslam, Platow, & van Knippenberg, 2003). Social identity theory is difficult to summarise in a few paragraphs as ideas keep evolving; they are complex and various and have many applications. However, according to the social identity

perspective, people define and evaluate themselves and others in terms of the group or organisation they belong to: group membership is defined as the collective self-concept and thus a person's social identity (Hogg, 2001a).

Other theorists such as Ellemers et al. (2003) and Tajfel (1978) put forward the concept that three social psychological processes form the foundation of social identity theory: social categorization (the tendency for people to perceive themselves and others in terms of particular social categories, more readily than as separate individuals); social comparison (the tendency to assess the relative worth of groups as well as of individuals by evaluating them in other groups); and social identification (the concept that people do not generally relate to social situations as detached observers, but instead their own identity is typically implicated in their perceptions of, and responses to, the circumstances). Thus, a social identity analysis incorporating these three social psychological processes would enhance social identification with the group or organization. This leads to activities that are congruent with the identity, that support and embody an organization's identity (Ashforth & Mael, 1989; Ellemers et al., 2004). Therefore, an individual's identification and attraction to the organisation through group affiliation can be substantiated.

Although the process of social identity is further complicated by individuals possessing multi-group identity simultaneously (Maxwell et al., 2012) for this study, individuals will be associated with their attraction to organisational behaviours that undertake social and environmental practices through ethical justification.

The next section will briefly discuss team work and social loafing that can affect group and team dynamics.

### ***2.10.3 Group affiliation and social loafing***

Group affiliation and attraction to group and team work has expected advantages plus some draw backs. The so-called “Ringelmann effect” indicates that people expend less energy on a collective task than if the same task is performed individually due to reduced motivation (Kravitz & Martin, 1986). This effect is referred to “social loafing”. Karau and Williams (1993) revealed that groups of close friends or teammates display fewer patterns of social loafing than groups composed of strangers or acquaintances. As team work is important in the hotel industry, one suggestion could be to examine team make up more closely by making the teams less social and treat team members as individuals thereby reducing patterns of social loafing. Nevertheless, good leadership is also essential if teams and individuals are motivated to achieve identifiable goals of the organisation (Ellemers et al., 2004). A more detailed discussion of social loafing is beyond the scope of this thesis and can be sourced in other journal articles such as Kravitz and Martin and Karau and Williams.

In the previous three sections the development and foundation of SIT was examined. The situational features that may contribute to an individual’s connection with organisational identification and self-concept were defined. Stereotypical perceptions of self and others, and outcomes that are associated with organisation and group affiliation were discussed. The discussion will now focus on shared identity as an important determinate of potential leadership as illustrated through social identity with an organisation.

#### ***2.10.4 Leadership and social identity theory***

It is well recognised that organisations develop different cultures and leaders within, or as part of, a team (Hogg, 2001b). This plays an important role in shaping the culture of an organisation in various ways (Gurerk et al., 2009; Schein, 2004). Hogg (2001a) explained how group members conform to, or are influenced by, the prototype of the group. As there are many common established groups within hotels such as health and safety committee, environmental committee, social group committee, CSR committee, and the green team, group members are usually similarly placed within the same social field or category, their prototype will be similar or shared (Hogg, 1996).

Leadership is more than being a prototype group member, however: it involves actively influencing group members. This can be made possible through incentive, rewards and social attraction. Hogg (2001b) also identified that leadership is about how some individuals or cliques can exercise disproportional power such as agenda setting, clarifying identity, and influencing people to achieve the collective goals of the organisation. This can be illustrated through Hogg's (2001a) study where four areas of concern in prototype-based leadership were identified: leaders can engage in repressive dominate group strategies to protect their status leading to an abuse of power; as group members identify more strongly with the group, the leadership role changes to be based on prototypically rather than social rules leading to poor decisions; social minorities based on race, ethnicity, gender, disability etc. may have difficulty assuming a leadership role; and highly cohesive groups with a focused prototype often have members who strongly identify with the group as there is a reduction in extreme subjective uncertainty within the

group. This analysis shows that individuals can be strongly influenced through the leadership perceptions and endorsements on judgments of individual leadership roles. Therefore, leadership perceptions and endorsements will be influenced by how the individuals complement the group or organisation prototype (Hogg, 2001a).

Within the context of this study the majority of groups and individual decisions related to CSR were undertaken through the hotel general manager's leadership, either as a group leader or as an individual. This then reflects the position of hotel manager or group leader in the role of a prototype-based leader that has influence over group members and individuals. However, there have been occasions when members from within the group have influence over the leader. This was illustrated in research by Brownell (2010) where a sense of shared social identity between leader and follower in line with organisational or group goals and objectives were enhanced. Brownell identified the role of servant leadership, in which leaders support and sanction followers. In essence, a leader is motivated by the desire of the follower and their social identity, resulting in an egalitarian leader-follower relationship (Brownell, 2010).

Applying social identity theory, Murray and Ayoun (2010) examined CSR behaviours of organisation's and hospitality graduate's perceptions through group membership and this affect on self-concept, self-esteem and self-image. Results indicated that the behaviour of the company can enhance or damage these perceptions. There is a strong correlation between the desirability of the organisation to prospective employees and long-term retention of employees once recruited (Murray & Ayoun, 2010). Coldwell, Billsberry, Meurs, and Marsh (2008)

suggested that an individual's perception of an organisation's ethical values and corporate reputation prior to joining are important. This attraction to specific organizations can go some way in explaining the acquisition and retention of employees by those organisations that demonstrate corporate social performance similar to their own ethical expectations.

Literature has shown that social identity theory has also become an important concept in the study of social cognition, intergroup relations (Hogg, 2001b), and employee commitment (Ellemers et al., 2004). This has focused active group leadership as becoming an important role based upon group membership and social attraction. Hogg suggests that leaders occupy a high status role attributed to their influence, status, popularity and ability to innovate and lead, based upon their charismatic personality, as can be illustrated through a hotel manager's leadership characteristics (Brownell, 2010; Minnett et al., 2009).

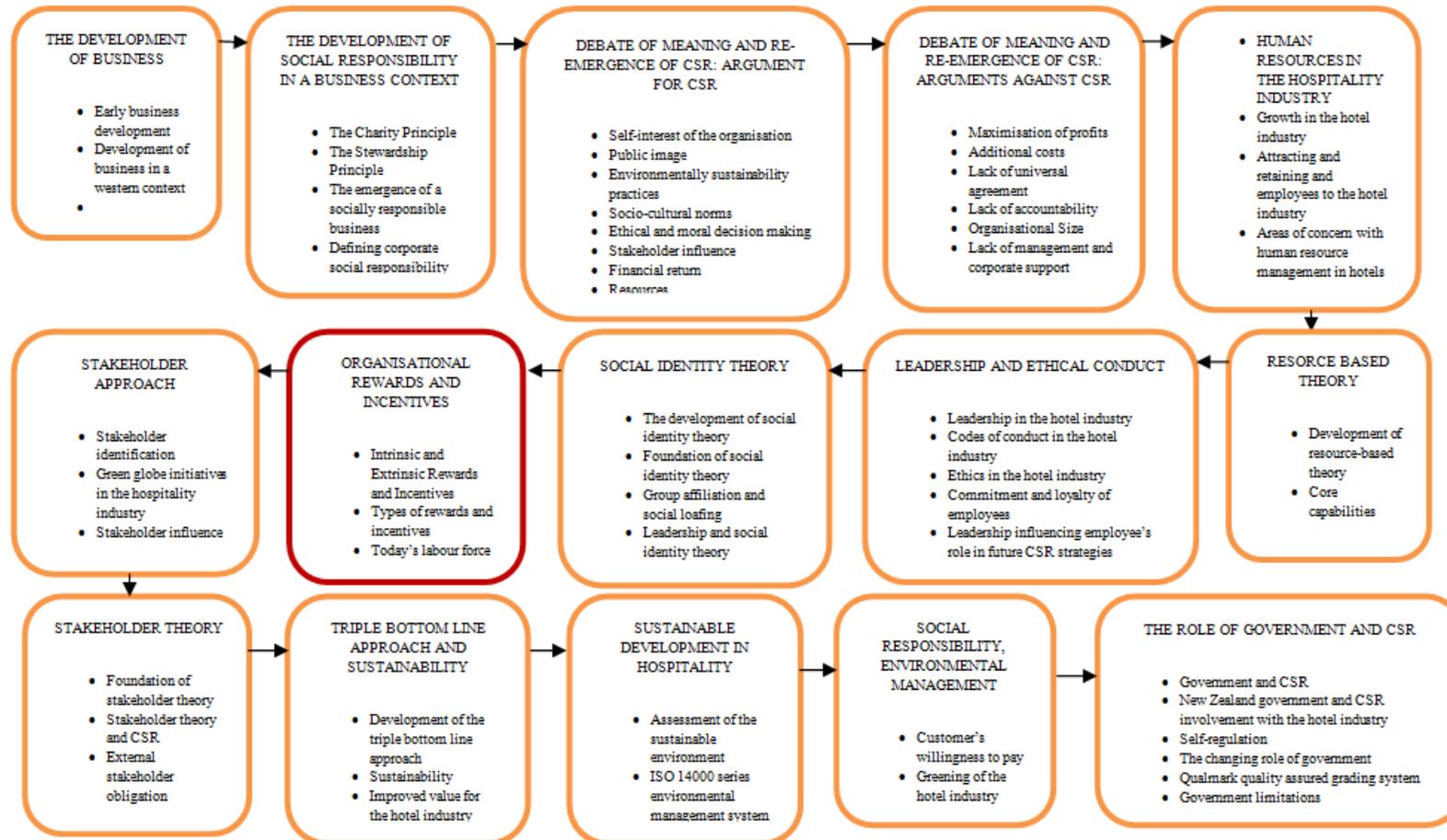
Although social identity theory of leadership is complex, this study will focus on social attraction (prototypically, grouped based) rather than personal attraction (idiosyncratic, non-grouped based). Thus, social identity theory has a strong correlation between an organisation's desirability to future employees, motivation, retention and leadership capabilities and therefore forms an important foundation in this study's theoretical and conceptual framework.

#### ***2.10.5 Summary***

The social identity processes ensure that as a group or organisation, membership becomes more important, and members identify more strongly with the group or organisation (Hogg, 2001a). Thus, an individual's support and participation with

organisational objectives and strategic goals can be influenced through charismatic and strong leadership that is conducive to their own organisational identification. Therefore, attracting and retaining ethical leaders and employees to the hotel industry is vital for moral guidance, particularly CSR activities between communities and hotel organisations. To ensure that employees identify with policies and procedures, short and long term goals encompassing organisational strategies, there are a number of resources available such as rewards and incentives.

The next section of this chapter will discuss the influence that rewards and incentives have on encouraging and motivating employees to participate in individual or group activities.



**Figure 2.10 Literature Flowchart: Organisational Rewards and Incentives**

## **2.11 ORGANISATIONAL REWARDS AND INCENTIVES**

Organisational rewards and incentives have been identified as something meaningful and valued by individuals in exchange for work (Singh, 2013). Received by an individual through their employment relationship with an organization, these can be financial and non-financial (Malhotra, Budhwar, & Prowse, 2007).

Rewards and incentives are considered one of the most efficient HR practices (Delery & Doty, 1996). They represent the principal means of achieving and emphasising an organisation's required behaviours from their employees (Singh, 2013). However, this depends upon the value placed on the reward or incentive by the recipient (Lowe et al., 2002). The concept of rewards can be defined as providing something that serves to attract more qualified people and encourage individuals to expect change within an organisation (Ryan & Deci, 2000). Additionally, Chiang and Birtch (2010) suggested this to be financial such as something provided to the recipient and viewed as meaningful and valued in exchange for work. However, there is a need to understand how rewards and incentives are distributed within the organisation, the relative impact on employee motivation and overall productivity (Meyer, Becker, & Vandenberghe, 2004) of the organisation and the significance culture plays (Singh, 2013).

Maintaining and managing employees has become increasingly complex. Globalisation has provided opportunity for travel and employment with a variety of organisations worldwide. In some cases the labour force has grown invisibly, where employees work from home or team members are spread throughout

different countries in different time zones and offices become virtual places. Due to this changing environment, many organisations now operate 24 hours a day seven days a week. Therefore, running a successful organisation has become more competitive. The repercussions have been a diverse workforce that is less emotionally connected, resulting in an employee not being committed to the organisation (Bowen, 2003).

Incentives and rewards, and the influence from different cross-culture perspectives has also been of growing concern (Singh, 2013). The increasing importance of operating a global hotel operation across several countries has highlighted the effect that culture has on organisational policy and procedures. For example, the design of rewards and incentives may include bias and be more of a Western view of employee preferences (Boyacigiller & Adler, 1991). Cultural differences also play a role in conducting performance appraisal, for example, Western cultures have a more open and frank procedure (Singh, 2013). An appraisal evaluates employee performance over a period of time allowing for an equal and efficient distribution of rewards based on performance outcomes and is grounded in motivational theory.

Central to theories of motivation is the perceived locus relative to the individual that cause or give impetus to behaviour (Ryan & Connell, 1989). The concept of locus of causality was first introduced by Heider (1958) in relation to interpersonal perceptions and the analysis of motives and intentions of others. Heider distinguished between personal causation, (an individual's sense of own competence and effectiveness) and impersonal causation (environments independent of the individual's intentions produce a given effect) (Ryan &

Connell, 1989). The further extension of Heider's concept of locus of causality by DeCharms (1968) elaborated on the intentional behaviour between internal and external perceived locus of causality which has been critical in further studies of intrinsic versus extrinsic motivation. Kelman (1958) also proposed a concept that suggests different types and stages in the adoption by oneself of a practice or value. An important aspect of these concepts has been the presence of rewards as a behavioural motivation tool.

### ***2.11.1 Intrinsic and extrinsic rewards and incentives***

Effective systems of recognition through the use of rewards and incentives by engaging and motivating employees have become widely used (Whitelaw & Morda, 2004). Organisations are now seeking an employee who possesses productive energy while exhibiting regenerative qualities that foster creativity (Bowen, 2003). This results in innovative ideas and emotional reserves that translate into passionate inspiration, achieving organisational strategic goals.

Successful managers are continually looking for innovative ways to attract, motivate and improve employee commitment (Bohdanowicz & Zientara, 2009; Bowen, 2003). Managers have a challenging role as today's labour force is very diverse, adding a multicultural and multiracial dimension with representation across four generations (Baby boomers, Generation X, Generation Y, and the Net Generation).

Intrinsic and extrinsic types of motivation have been widely researched, which has helped in distinguishing the different behaviours for motivation (Ryan & Deci, 2000). Much work on intrinsic and extrinsic motivation was incorporated into

research by Deci (1971) and further expanded through Deci and Ryan's (1985) study. Researchers have distinguished the different types of motivation based on the different reasons or goals set to an action. Skinner (1953) maintained that all behaviours are motivated through rewards, and when the reward is the activity itself this is called an intrinsically motivated activity (Ryan & Deci, 2000). Kerr (1997) concurred, asserting that intrinsic motivation is being motivated by challenge and enjoyment of an activity which can be social or work related. The most basic distinction between intrinsic and extrinsic motivation occurs when the individual is completing a task because it is inherently interesting or enjoyable (intrinsic motivation), and when the individual is completing a task because it leads to a separate outcome (extrinsic motivation) such as financial gain (Steers & Porter, 1991).

Ryan and Deci's (2000) study revisited the classic definitions of intrinsic and extrinsic motivation and concluded that social conditions that support an individual's feelings of competence, autonomy, and relatedness are the basis of maintaining intrinsic motivation and becoming more self-determined (Ryan & Deci, 2000). However, extrinsically motivated behaviours are not inherently interesting and must be externally promoted through rewards or incentives. Thus, a willingness to complete the task by the individual with the notion that they are valued by others to whom they feel connected, whether that be a family, a peer, society or a group is essential (Ryan & Deci, 2000). This then suggests that rewards and incentives can initiate extrinsically motivated behaviours in individuals.

### ***2.11.2 Types of rewards and incentives***

Steers and Porter (1991) divided rewards along two major dimensions; intrinsic/extrinsic, and system wide/individual. They viewed intrinsic rewards as those that the individual provides themselves, such as a sense of accomplishment when completing the same task (Steers & Porter, 1991). Extrinsic rewards are those provided to the individual by another person, such as through a manager or supervisor, on the completion of a set task (Steers & Porter, 1991). Deci's (1975) Cognitive Evaluation Theory (CET) argued that an individual's level of effort on a specific task is determined by the nature of the rewards available for the completion of that task. Further, Deci and Ryan's (1985) study identified that interpersonal events and structures such as communication, feedback and rewards lead to the feeling of competence during an action which enhances the intrinsic motivation of that action (Ryan & Deci, 2000). However, CET denotes that individuals must not only experience perceived competence (or self-efficacy) they must experience their behaviour to be self-determined for the enhancement and retention of intrinsic motivation (Ryan & Deci, 2000). Thus, for individuals to fulfil the basic need of satisfaction, the need for competence and autonomy can be fulfilled through both intrinsic motivation, (reflecting the natural human inclination to learn and understand) and extrinsic motivation (which can be internally controlled or self-regulated through rewards and incentives).

Another major dimension Steers and Porter (1991) highlighted that can be used to classify types of rewards in an organisational setting was, system wide rewards and individual rewards. Katz (1964) distinguished system wide rewards as those that were provided by the organisation to employees (in its broad sense) such as

fringe benefits like medical insurance, and use of dining expenses accounts for managers at certain levels within the organisation or transport using a company car. Individual rewards were provide to particular individuals, (not to all individuals in the same category or group), such as bonus payments or individual recognition such as for employee of the month, a reward recognition frequently used in the service industry.

There is a wide range of rewards and incentives that can be used to obtain organisational objectives, enhance productivity, improve financial gain and employee recognition. These range from salary, benefits and promotion, to autonomy in decision making, praising subordinates, or simple recognition of a task completed. Recent studies by Singh (2013) have shown that incentives and rewards can be instrumental as a positive motivating influence on employee's behaviour benefiting an organisation. Importantly, previous studies have acknowledged the links between incentives and rewards and the motivation of employees (Meyer et al., 2004; Rowley, 2002; Steers & Porter, 1991).

A central issue when considering motivation in work situations concerns the utilisation of rewards and incentives. Using the concept of rewards in its broadest sense, the reward systems incorporated in organisations naturally involve exchange relationships. In exchange for goods received, hotel organisations and those acting on their behalf provide rewards and incentives to their employees such as attendance, performance, loyalty, trust and commitment to the hotel operation. Individuals are motivated by the success of others who are similar to themselves, but are discouraged from pursuing behaviours that result in adverse consequences (Steers & Porter, 1991). Studies in the area of social responsibility

have recognised the relationship between positive corporate responsiveness to social needs and the degree of reward for acting in a socially responsible manner (Hunt et al., 1990).

Findings to date have indicated that neither penalties nor rewards seem to accrue to managers for socially responsible actions or attitudes. In light of this, managers who want their organisation to be viewed as socially responsible may want to create an organisational climate where employees' socially responsible actions are rewarded. If responsible organisations are the goal, then responsible decision-makers are the primary means in achieving that goal (Hunt et al., 1990). In addition, quality through sustainable practices can be seen as substantially contributing to maintaining employee loyalty, quality service, customer retention and preserving competitive advantage (Murray & Ayoun, 2010). Recent studies by Fabrizi et al. (2104) have provided strong evidence that both monetary and nonmonetary incentives have an effect on CSR. CEOs were recognized to have extensive decision making power and the ability to affect the social responsibility of an organisation (Kochan, 2002; Manner, 2010). Another interesting result from Fabrizi et al.'s (2104) study was that younger managers, due to their focus on short term performance, tended to invest less in CSR when compared to older managers. This could suggest that a younger manager's lack of CSR adoption may affect overall uptake of CSR within the organisation.

### ***2.11.3 Today's labour force***

HR managers realise that employees have different values, needs and expectations (Solnet & Hood, 2008). Unless these conditions can be fulfilled satisfactorily consequences could be a reduced unskilled labour force with unhappy customers.

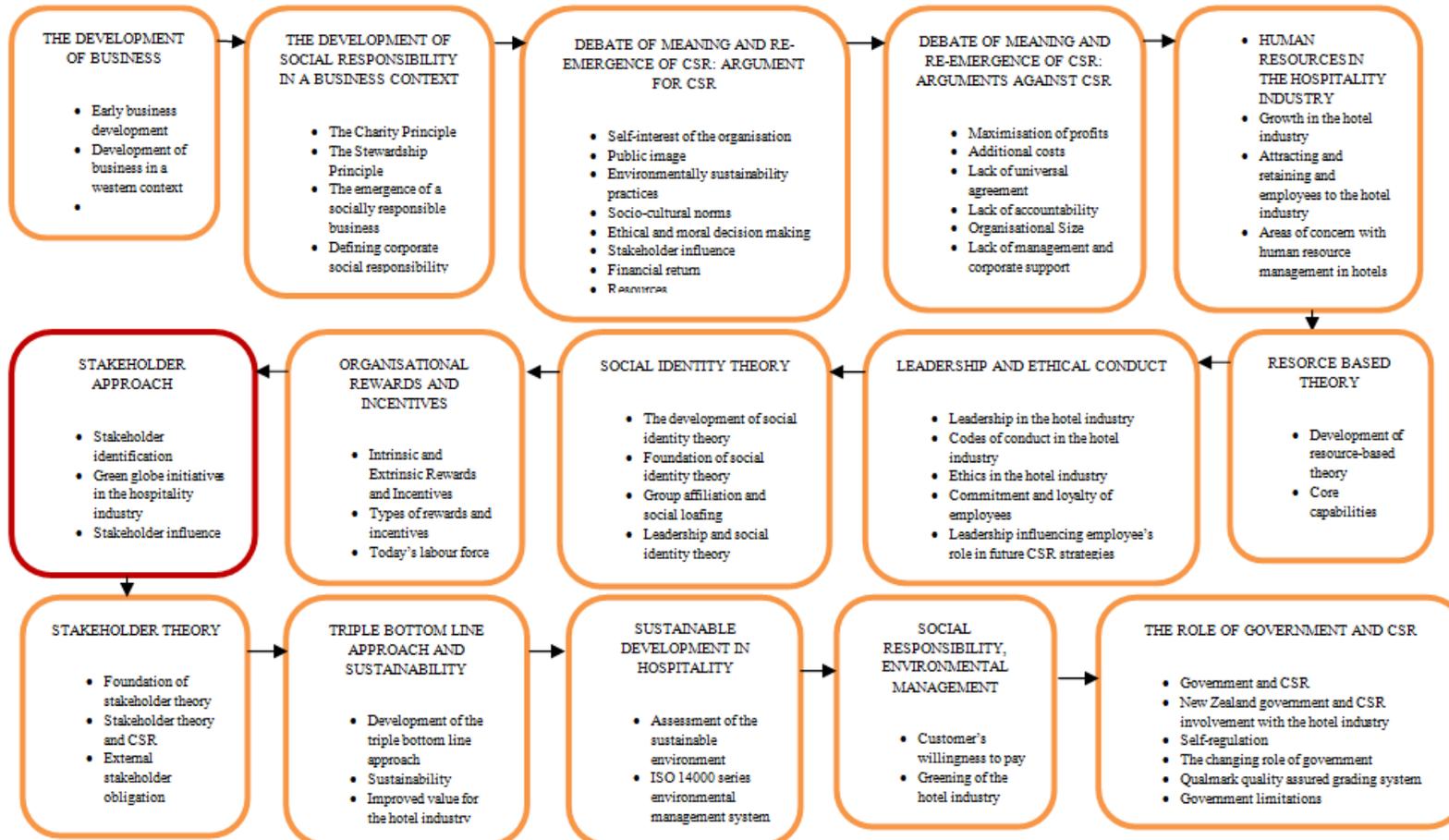
Hospitality employers have traditionally sourced their employees from a pool of young labour to fill staffing requirements (Magd, 2003). Thus, Generation Y, those born after 1985, have been entering the hospitality industry and taking advantage of opportunities offered. Recent research by Murray and Ayoun (2010) has indicated that Generation Y place a high value on their job location and environmental factors such as work place surroundings, and fellow work colleagues. Another trait of Generation Y is that they are civically minded, socially conscious and tend to be environmentally protective (Chacko, Williams, & Schaffer, 2012). Additionally, Generation Y expect their employers to operate with a social and environmentally conscious approach, as such “Green Hotels” are seen as being energy, water and waste efficient (Chacko et al., 2012). Nevertheless, Generation Y look for a work environment that includes a certain amount of fun, excitement, and irreverence (Lewis & Portland, 2008). Thus, intrinsic rewards which are inherent to the nature and context of the work environment (Bowen, 2003) are regarded highly among Generation Y employees.

The hotel industry is aware of negative impacts on the environment and is taking measures to curtail these (Chacko et al., 2012) thus, endeavouring to make the industry more attractive to Generation Y. Studies by Solnet and Hood (2008) show that for hotels are to remain competitive HR strategies need to change to attract, motivate, and retain committed Generation Y employees to fulfil customer expectations. Accordingly, an organisation’s reputation and pro-social behaviour is the most effective means of creating a positive perception and maintaining and attracting future employees to the hotel industry (Murray & Ayoun, 2010).

#### ***2.11.4 Summary***

This section illustrates the challenging and complex relationships that exist between employer and employee. Generation Y place high importance on job location and work place surroundings. They are also socially and environmentally conscious and are attracted to employers who portray similar traits. A willingness to complete tasks when motivated and valued by employers has been shown to enhance employee participation and commitment. It has been acknowledged that rewards and incentives are an effective system to motivate employees in the hospitality industry. Rewards can enhance creativity under certain circumstances, most notably when the main focus from the individual is on the intrinsic reward of the work itself. However, there seems little evidence indicating that rewards specifically designed to encourage CSR participation are in place. Encouragement from stakeholder groups has raised the profile of social and environmental awareness in the hospitality industry.

A stakeholder approach will be discussed in the next section leading into the third and final supporting foundational theory of the proposed theoretical and conceptual framework, stakeholder theory.



**Figure 2.11 Literature Flowchart: Stakeholder Approach**

## **2.12 STAKEHOLDER APPROACH**

A stakeholder approach has been seen to integrate organisational strategy with organisational interests (McDonald, 2007). An integrated approach requires consensus from the key stakeholders as to an organisation's positioning when deciding upon effective strategies. Studies have identified positive or adverse effects that stakeholders can have upon organisational positioning, especially concerning its social and environmental approach (Heisterkamp, 2009; Hendry, 2005; Sanchez-Gutierrez et al., 2009; Werther & Chandler, 2011). Thus, McDonald identified the incorporation of a stakeholder analysis as an important factor in organisational decision making. Researchers have been actively seeking to identify attributes and concerns of stakeholders so that organisations can effectively put in place strategies accounting for stakeholder interests and expectations which are in line with organisational goals (Hendry, 2005). Before highlighting the interaction between stakeholders, organisations and stakeholders influence upon CSR strategies, the term stakeholder and the role of stakeholders will be discussed.

### ***2.12.1 Stakeholder identification***

The term "stakeholder" means different things to different people (Phillips, 2003). McDonald (2007) described the term stakeholder as a deliberate play on the words stockholder and shareholder, signifying the involvement of others in organisational decisions and overall operation (McDonald, 2007). The concept of a stakeholder, as identified by Inkson and Kolb (1995) was any individuals or groups whose interests are directly or indirectly affected through an organisation. Additionally, to ensure stakeholders' views and interests are correctly represented,

they are protected through legislation, for example, by laws concerning financial reporting and auditing, consumer rights, employees' rights, health and safety, minimum wages, community and environmental protection acts and building permits (Zappal, 2003). Thus, effectively the government also becomes the guardian of stakeholder interests.

Clarkson (1995) classified stakeholders into two groups; *Primary stakeholders*: groups or individuals that can impact the organisation such as shareholders and investors, employees, customers, and suppliers; *secondary stakeholders*: groups or individuals who are influenced and affected by, or influence and affect the organisation (Clarkson, 1995) but have no formal claim on the organisation.

To become a successful organisation, blending economic and social activities together to create value with minimum conflict and maximum benefit to all stakeholders is essential (Post et al., 2002). To achieve this, the central focus of any organisation has been on how to shape and map the relationship between relevant stakeholders and society. Frooman's (1999) proposed a model by which stakeholders influence strategies and resource relationships, and that the balance of power implied by the relationship between these two constructs determines the strategy followed.

Royle (2005) stated that stakeholders have a multiplicity of interests, influence organisational decisions and strategies concerning social and environmental responsibility. Thus, when a stakeholder is attempting to change the behaviour of an organisation, they will rationally select a direct strategy that can be manipulated by the stakeholder. This then creates a complex relationship among

the organisation, stakeholders and society, resulting in different expectations between the anticipated corporate performance and stakeholder projections, especially concerning social responsibility. This was apparent through Friedman's (1970) article "The social responsibility of business is to increase profits," that shareholders have no obligation to direct their management to exercise social responsibility. Thus, a fine balance now exists between organisations and relevant stakeholders. Therefore, a coordinated and integrated approach to social and environmental responsibility with consensus from key stakeholders and forecasted strategies is needed. McDonald (2007) went further and stated that the evolution of the concept of stakeholder analysis has helped in the development of CSR.

Greenwood's (2007) view of stakeholder identification was based on the idea that the more an organisation engages with its legitimate stakeholders, the more accountable and responsible it would be to them. However, this engagement with stakeholders does not ensure responsible treatment of stakeholders. Donaldson and Preston (1995) suggested that the issue of legitimate stakeholders and balancing possible conflicts between stakeholder and the organisation needed to be considered.

Social responsibility today has thus grown directly out of two distant stakeholder features: essential functions that social responsibility performs for its stakeholders; and the immense influence social responsibility has on the lives of its stakeholders (Post et al., 2002). This can be illustrated through research by Bohdanowicz and Zientara (2009), by initiatives hotel companies have adopted to improve the quality of life in local communities and improved the wellbeing of their employees. In addition, Greenwood's (2007) study of stakeholder engagement and

moral treatment of stakeholders reflected the multifaceted relationship between these two constructs.

### *2.15.2 Green globe initiatives in the hospitality industry*

In 2011, the Green Globe International Inc, name was changed to Green Globe Capital Partners, hereafter known as Green Globe. A company focused on sustainability certification and benchmarking programmes, Green Globe established pathways for support that encouraged the implementation of environmental practices in the hospitality industry. The overall goal of Green Globe and Agenda 21 has been to achieve cost savings and revenue reimbursement through employee training, improved sales and marketing while supporting the local economy and community. These valued programmes recognise each operating department within a hotel, as well as differing sectors of the hospitality industry, enabling better identification of sustainable environmental practices.

In addition to Green Globe and Agenda 21, the tourism and hospitality industry has a number of social and environmental awards and certificates. These have been established and funded through government departments, and tourism and hospitality lead bodies. As a consequence, these awards and certificates have become an official benchmark of quality for tourism and hospitality providers.

Table 2.2: Hospitality and Tourism Awards

Country	Award
New Zealand	Qualmark Awards and Enviro Awards
United Kingdom	The Virgin Holidays Responsible Tourism Awards
United Kingdom	Business Commitment to the Environment Awards
USA	World Travel Awards
Global awards	Best Eco-Friendly Resort
Global awards	ASEAN Green Hotel Recognition Award.

In some cases, awards such as Green Globe have been the catalyst for independent and leading hotel groups to initiate improvements in their operational efficiency, raising brand awareness. In addition, this has created new opportunities by encouraging employee CSR participation (Bohdanowicz & Zientara, 2008) thereby improving the hotel's competitive position. Other reasons that have stimulated hotels to green their organisation have been stakeholder pressure, improved efficiency through cost reductions (Chan & Wong, 2006), and enhanced customer loyalty (Dongsuk & Mattila, 2005; Shoemaker & Lewis, 1999).

Other recognised certified programmes that evaluate the performance of environmental measures have been International Standards Organisation (ISO) 14000 series of standards which will be discussed in the next section.

### ***2.12.2 Stakeholder influence***

However, the question that Royle (2005) raised was how much influence different stakeholders have over the organisation. Zadek (1993) argued that shareholder interests predominate, favouring financial outcomes, rewarding bad behaviour over good at the cost of employees' working conditions, consequently impacting

upon social and environmental responsibilities. Hendry (2005) suggested that stakeholders engage in several strategies at once, dependent upon the availability of resources. Further, Thompson and McHugh (1995) stated that decisions were made by the owners and that stakeholder democracy was fundamentally unrealistic.

However, stakeholder interests look different from the organisation's view point (Inkson & Kolb, 1995). Therefore, stakeholder interests may not be compatible with the interests of other stakeholders. Similarly, Lindgreen, Kotler, Vanhamme, and Maon (2012) stated that beliefs and expectations about an organisation's CSR programme will differ among stakeholders. This then requires balancing the different priorities while acknowledging interests of all stakeholder and management objectives.

Although Kakabadse, Rozuel, and Lee-Davies (2005) suggested that the concepts of CSR and stakeholders are closely related, differences can apply. For example, CSR defines the social and environmental responsibilities organisations should fulfil. The concept of stakeholder focuses on concerns and issues of the organisation. Ultimately, CSR is the application of values and principles that an organisation undertakes in its normal activities. These values and principles shape the expectations of management thinking in a corporate context (Cannon, 1994). The attitudes and values held by managers are shaped by a lifetime of experiences which continue to be influenced by pressures from within the organisation (Cannon). The priorities chosen, certainly the social and environmentally responsible activities selected, will in some way reflect the composition of the senior managers, owners, board of directors and relevant stakeholders.

### ***2.12.3 Summary***

This section explored the construct of stakeholder approach by identifying the term stakeholder and stakeholder influence. Every organisation has many stakeholders that it interacts with in society. All stakeholders are affected by the economic performance of the organisation and its interaction with social and environmental situations at that time. Although it has been shown that concepts of CSR and stakeholder approach are closely related, some differences do apply. It has also become increasingly evident that pressure on organisations to become more socially and environmentally friendly has increased. Stakeholder engagement is becoming more necessary in developing meaningful CSR activities involving the organisation, employees and the community.

The following section will discuss stakeholder theory and the connection with personal identity and an organisation's social and environmentally responsible values. Stakeholder theory is the third core theory that forms the foundation of the theoretical and conceptual framework for this thesis and therefore makes a significant contribution.

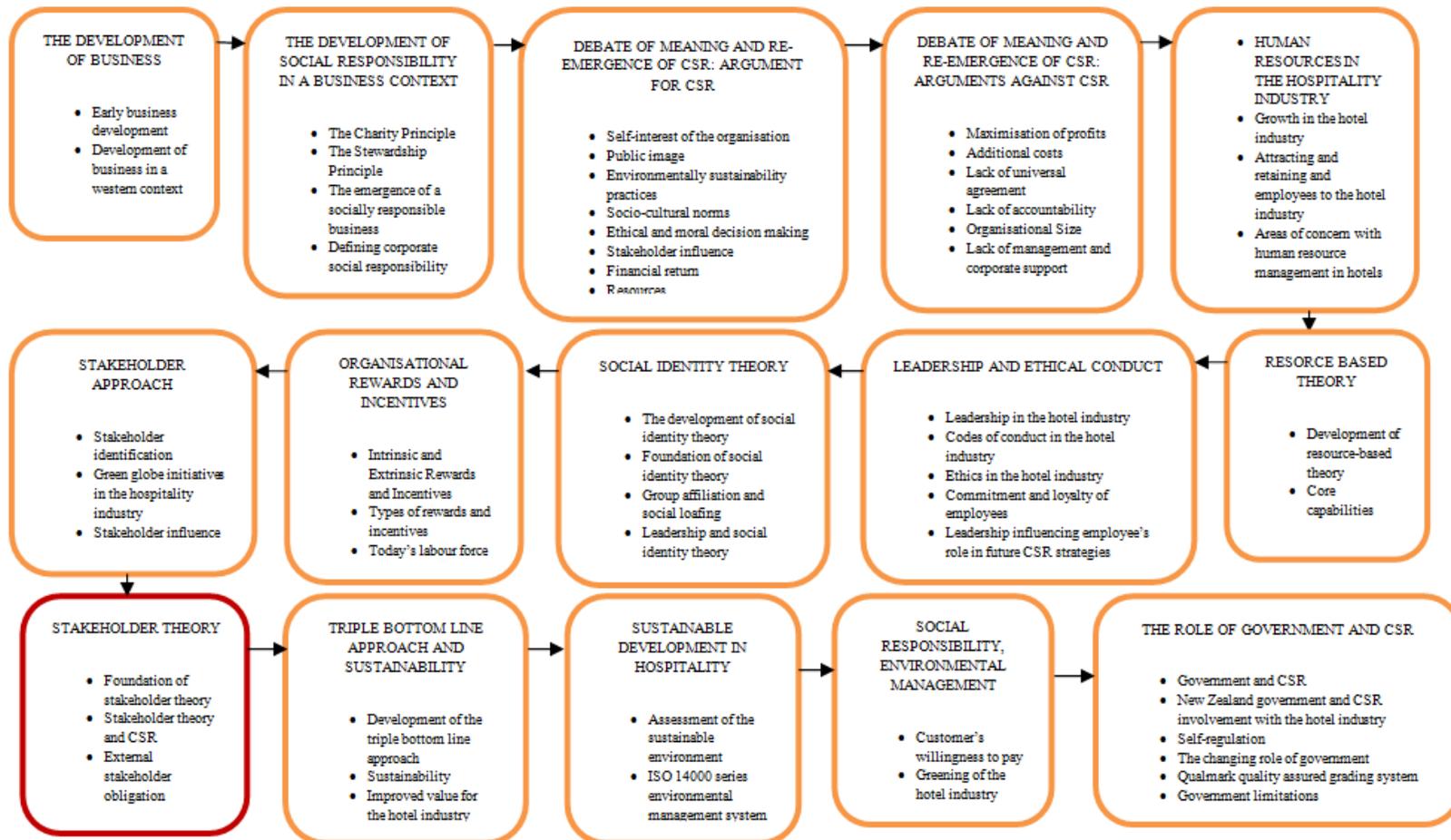


Figure 2.12 Literature Flowchart: Stakeholder Theory

## **2.13 STAKEHOLDER THEORY**

This section will discuss stakeholder theory and how it has helped to shape the concept of CSR. The foundation of stakeholder theory will be first introduced. Next, the relationship between stakeholder theory and CSR will be discussed. Finally, external stakeholders will be discussed through managerial approaches that have extended stakeholder interest across increasing boundaries encompassing social and environmental responsibility, stakeholder theory and CSR.

### ***2.13.1 Foundation of stakeholder theory***

The central concepts associated with stakeholder theory gained popularity during the 1980s (Freeman & Reed, 1983; Freeman, 1984). This theory maintains that business organisation's play an active role in the environment in which they operate. Freeman (1984) stated that an organisation's manager must comply with a variety of constituents influenced by employees, customers, suppliers, government and the local community.

However, a re-evaluation of stakeholders has taken place due to increased expectations away from traditionally recognised stakeholders: shareholders, customers, employees, and suppliers. New external stakeholders such as community, government, and the environment are now being identified as areas of influence due to the exploration and acceptance of an organisation's social and environmental responsibility (Jamali, 2008). Hence, stakeholder theory offered a new approach in the way organisations set strategic goals and responsibilities.

Although the origins of stakeholder theory have been difficult to detect (Freeman & Reed, 1983), stakeholder theory grew from the early work on stakeholder analyses by Ansoff (1965). Freeman (1984) is also frequently cited as influential in the development of stakeholder theory and, as a consequence, many stakeholder theories have subsequently built upon Freeman's foundation to further expand this concept. The advancement from generic stakeholders, to organisations becoming more identifiable with specific segments has become strategically more useful. Thus, information related to actions, objectives and motivation of particular groups and individuals are required for organizations to respond to present and future stakeholder concerns (Donaldson & Preston, 1995).

Further growth of stakeholder theory through Mitchell, Agle, and Wood (1997) acknowledged the importance of stakeholder identification. This explained the reasoning behind certain stakeholder classification and conditions important to the organisation (Mitchell et al., 1997). Therefore, through combining power, legitimacy and urgency Mitchell et al. (1997) generated a systematic classification of types and characteristics of key stakeholders central to strategic planning and management.

There are many ways of interpreting stakeholder theory concept and its relationship with CSR. The next section will focus on the connection between stakeholder theory and CSR. This section does not give a comprehensive review of the literature that comprises CSR and its many definitions. Its intent is to examine a number of concepts and related streams of research that originated within stakeholder theory literature and identify the connection with their main beliefs encompassing CSR theory.

### ***2.13.2 Stakeholder theory and CSR***

Emerging from the early development of the CSR concept, managers were encouraged to diversify and go beyond the legal compliances and traditional profit maximisation (Freeman, 1984). Davis (1960) had previously stated that organisations cannot afford to ignore social responsibility and managers' decisions should go beyond economic and technical interests. Additionally, McGuire (1963) and Aupperle, Carroll, and Hatfield (1985) saw social responsibility as something an organisation should consider beyond their economic and legal requirements. Carroll (1979) provided an important three dimensional model to define corporate social performance (CSP) and its relationship with CSR. This reflected the changing social and environmental issues and the requirement for transparent accountability that stakeholders were placing on organisational behaviours and expectations (Wood, 1991).

Thus, development of a stakeholder theory and its close relationship with CSR can be seen in the approaches of Davis (1960), McGuire (1963), and Carroll (1979). However, Carroll (1979) felt that studies were overlooking the dimension of corporate action and performance and focusing on the obligation and motivation of an organisation. Thus, Carroll provided an important three dimensional model to define corporate social performance (CSP) and its relationship with CSR. The model integrated economic concerns into a social performance four part framework (economic, legal, ethical, and discretionary responsibilities), each part representing one construct of the total social responsibility of an organisation.

This natural fit between CSR and an organisation's stakeholders enables closer identification with fundamental social and environmental obligations to society (Carroll, 1991). Carroll (1999) also identified the important relationship between stakeholder theory and CSR in that organisations are responsible to those affected by the organisation and those who can affect the organisation.

Further, Carroll (1991) also acknowledged the philanthropic responsibility of organisations with the expectation to avoid or minimise harm to stakeholders. This could be undertaken whilst contributing financially to the community by improving quality of life and becoming a good corporate citizen. In addition, Post (1978) and Post et al. (1996), offered important contributions to the development of the CSR and the stakeholder concept. For example, through analysis of the rationale and related practices associated with a manager's awareness of social and environmental issues, CSR policies and practices could be initiated. Further linkages with CSR and strategic management of an organisation were highlighted by (Post et al., 1996) in an attempt to maintain a better balance between CSR and stakeholder interests. However, the challenge has been to decide which stakeholders merit and receive consideration in the overall decision making.

Inherent in the stakeholder approach has been the constantly changing and evolving needs of different stakeholder groups and individuals. During the mid-1980s, some of the central themes associated with stakeholder theory began to gain credibility (Freeman, 1984; Freeman & Reed, 1983). These studies helped to re-focus on the organisation's core areas and encouraged the further expansion of stakeholders beyond the traditional partnerships. Stakeholder management was recognised as an exchange perspective of social responsible management (Jamali,

2008) which addressed the need for continuous monitoring of key stakeholders. This re-assessment suggested that the needs of the shareholder cannot be met without taking into consideration conditions set by other external stakeholders, which has turned attention away from direct profit maximization (Jamali, 2008) to organisations implementing sustainable CSR practices.

### ***2.13.3 External stakeholder obligation***

Freeman's (1984) work developed the concept of new external stakeholders beyond the traditional scope. This approach actively involved traditional interest groups and silent stakeholders such as environmental groups, local community support groups, customer advocates and media (Freeman, 1984). Through this inclusive stakeholder approach, organisational morals and values were addressed and managed effectively (Phillips, Freeman, & Wicks, 2003) .

The broader obligation of social responsibility and ethical awareness then began to shape the future thinking of strategically alignment of management and organisational policies with social and environmental practices. In addition, recognised obligations by organisations such as corporate accountability focusing on strict regulation of ethical corporate behaviour; and the emergence of a social and environmental consciousness by endorsing existing legislation and holding corporations more accountable (Lund-Thomsen, 2005) has been beneficial in encompassing critical governance strategies.

Several scholars were in favour of closer links between the external stakeholder and CSR, evident through stakeholder theory literature when discussing moral and ethical foundations (see Table 2.3).

Table 2.3		
Author	Article	Normative Value
Langtry (1994)	Stakeholders and the moral responsibilities of business	Ethical theory of business
Clarkson (1995)	A stakeholder framework for analysing and evaluating corporate social performance	Reality of corporate behaviour
Donaldson & Preston (1995)	The stakeholder theory of the corporation: concepts, evidence, and implications	Property rights
Jones (1995)	Instrumental stakeholder theory A synthesis of ethical and economics.	Ethical principles
Jayne and Skerratt (2003)	Socially responsible investment in the UK-criteria that are used to evaluate suitability	Ethical and environmental investment criteria
Maignan, Ferrell, and Ferrell (2005)	A stakeholder model for implementing social responsibility in marketing.	CSR and marketing

Nevertheless, as organisations become more comfortable with increasing stakeholder expectations and the requirement to adhere to government legislation and codes of conduct, significant changes do occur. However, organisations respond to social and environmental obligations with varying degrees of commitment. For the majority, this would be motivated by financial return rather than ethical or moral obligation. Yet, ethical behaviour influences actions and decisions, as an organisation is accountable to their stakeholders (Elkington, 1998).

A key area of change has been the need to implement and manage hotels' social and environmental obligations. Studies by Chan and Lam (2001), Chan and Wong (2006) and Chan (2005, 2009) have shown that comprehensive environmental

management measures such as ISO 14001 certification has been established in city hotels. The main reason has been the stakeholder influence for adherence to social and environmental practices.

Stakeholder theory has also been described as the theory of organisational management and ethics (Phillips et al., 2003), implying a stronger link to social and environmental responsibility. Therefore, organisations such as the hotel industry are expected to manage stakeholder interests across increasing boundaries and influence, while acknowledging a duty of care and responsibility to society and the environment (Phillips, 2003). However, the loss of confidence by central stakeholders in an organisation's performance may cause the stakeholder to withdrawn support by withholding loyalty, imposing blockades or taking legal proceedings. These negative effects result in the loss of stockholder benefits and the gradual decline in operation. Therefore, it is strategically beneficial to maintain good relationships with external stakeholders. By obtaining information regarding actions and motivational objectives specific to individuals and groups, organisations can best respond to stakeholder concerns. Thus, the concept of stakeholder theory personalises society and CSR through identifying specific individuals or groups that organisations engage with in support for obtaining their overall operational and financial performance.

Therefore, if an organisation has a social and environmental conscience, and an economic/financial existence, it needs to report on both in the same way (Grey & Milne, 2004). Conversely, few organisations are willing to undertake this sort of reporting voluntarily, causing some mistrust among external stakeholders and organisations.

#### ***2.13.4 Summary***

This section explored the construct of stakeholder theory approach by identifying the foundation and influences on CSR. Although the main purpose of an organisation is to increase its assets and economic base, social and environmental responsibility has now become of major importance. Stakeholders' influence over strategies and goal setting increases an organisation's accountability and responsible behaviours and in some cases increased financial return.

The next section will examine the triple bottom line approach of organisations, this incorporates the social, environmental and financial accountability of organisations while taking account of possible conflicts between moral and financial principles.

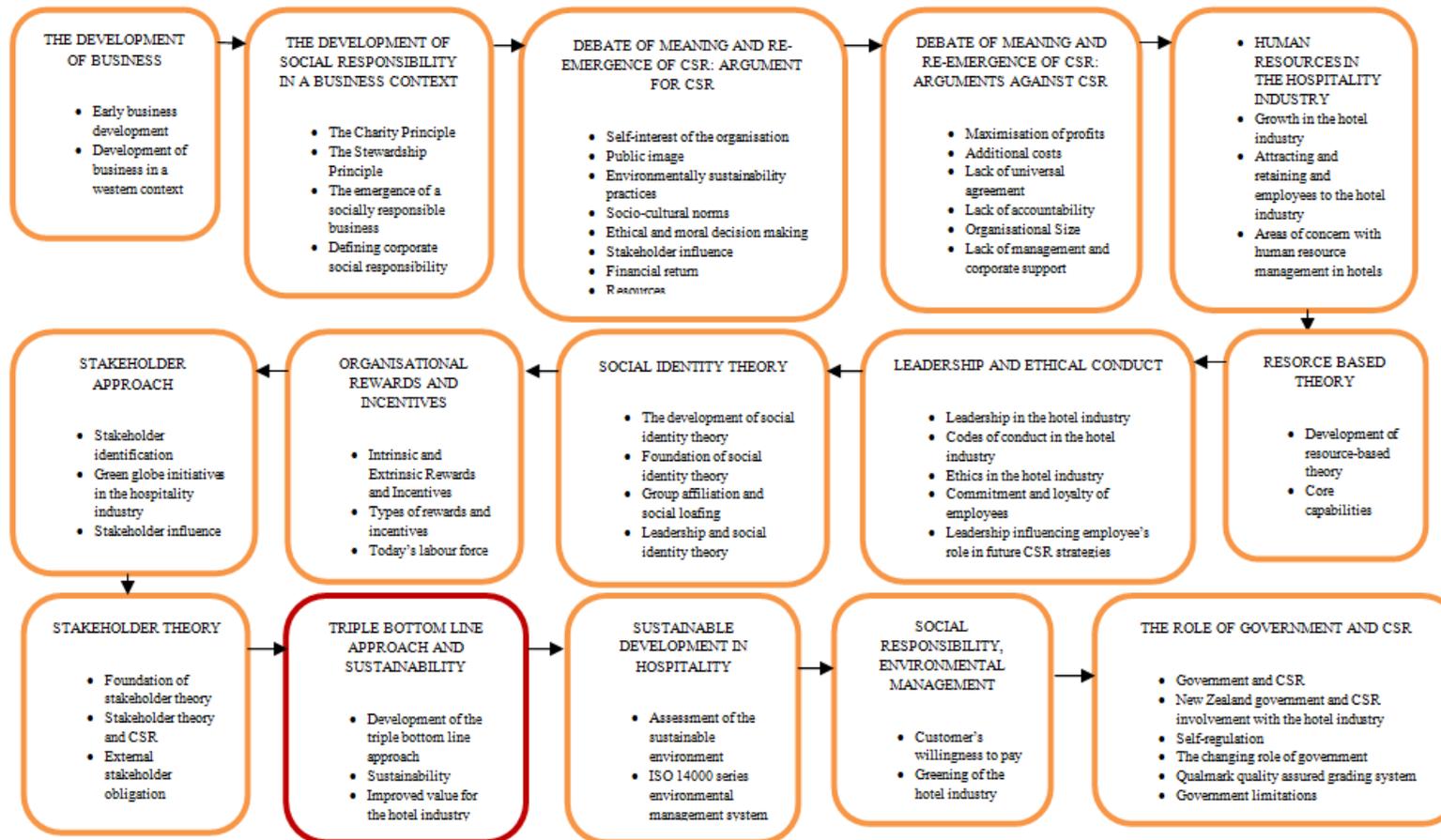


Figure 2.13 Literature Flowchart: Triple Bottom Line Approach and Sustainability

## **2.14 TRIPLE BOTTOM LINE APPROACH AND SUSTAINABILITY**

When organisations first demonstrated and assessed their social, community, environmental accomplishments and limitations, a suitable mechanism for accountability was inevitable. Social auditing was a way organisations could measure their adherence to shared values and committed objectives (Spreckley, 1981). The next section will discuss the development of the Triple Bottom Line approach as a method of holding organisations accountable for their actions.

### ***2.14.1 Development of the triple bottom line approach***

The combining of social, environmental and financial reporting has been referred to as Triple Bottom Line approach, reflecting an organisation's commitment to creating social, environmental and financial values (Assaf, Josiassen, & Cvelbar, 2012). The triple bottom line approach captured a simple but important approach that organisations follow when incorporating social and environmental concerns (Grey & Milne, 2004). Spreckley (1981) first articulated a Triple Bottom Line approach when describing steps that socially responsible organisations should include in overall performance measurements. Elkington (1998) then coined the phrase "Triple Bottom Line" (TBL) as NGOs and stakeholder participation expanded the environmental agenda into a much broader sustainable development agenda.

Social and environmental reporting is not new (Gray, Owen, & Adams, 1996). However, there has been reluctance and slow progress in addressing social and environmental responsibility in New Zealand. This has been attributed to some organisation's successfully opposing the introduction of mandatory social and

environmental reporting (Grey & Milne, 2004). This has caused a withdrawing of voluntary initiatives and change in stakeholder thinking. New Zealand's total number of organisations that have developed TBL reporting remains small, and the vast majority of organisations do not adhere to its principles, therefore no report is submitted (Grey & Milne, 2004).

However, stakeholders, investors and financial auditors have questioned information available from an organisation regarding it as not sufficient to make informed decisions. Therefore, more transparent value reporting involving an organisation's entire supply chain was recommended as part of basic performance reporting (Savitz & Weber, 2006). The integration of comprehensive TBL reporting that tracked social and environmental impacts in unison with economic and financial data, available to all stakeholders and investors resulted.

Therefore, the quality of information, especially concerning social, environmental and financial reporting, that organisations are expected to produce has dramatically increased. For example, many of the world's stock exchanges now require listed companies to publish TBL reports (Savitz & Weber, 2006). Additionally, more organisations are reporting information such as CSR activity and results online, consequently the quantity and detail of information in corporate reporting has improved (Savitz & Weber, 2006). The concept of a TBL approach has further reinforced the proposal that an organisation's responsibility lies with stakeholders rather than shareholders (Adams, Frost, & Webber, 2004).

Apart from providing reports on raw materials, plant and animal products (Assaf et al., 2012), environmental reporting encapsulating energy and water

consumption plus waste material (Chan, 2009) has now become essential. In addition, TBL reporting involves an organisation's relationship with employees, customers, local community, government institutions and relevant stakeholders (Dwyer, 2005; Werther & Chandler, 2011). In addition, successful TBL reporting has the potential to integrate physical and financial activities into an effective management and reporting tool (Adams et al., 2004). This can be used affectively to monitor, maintain and evaluate a measurable framework of sustainable development and organisational performance levels. Thus, organisations are held more accountable for their impact on sustainability through TBL accounting (Elkington, 2004).

Indeed, management has a fundamental obligation to stakeholders to act as their change agent (Langtry, 1994). Through incorporating a TBL approach into operational activities, organisations gather additional responsibility through influencing their suppliers. Requisitioning evidence and documentation that environmental sustainability and socially accountable activities are carried out as indicated, subsequently relate directly to the organisation and their value chain. Therefore, TBL has emerged not only as a way of holding organisations themselves accountable but also for their fully developing a sustainable corporate strategy that incorporates CSR.

As TBL reporting has emerged and taken shape, hotel organisations such as Accor and Hilton have included TBL data alongside financial information in annual reports (Rolland & Bazzoni, 2009). CSR on-line reporting has been a strategy that organisations have used to meet social and environmentally significant obligations. Through this increased transparent reporting, auditing and

benchmarking, an improved understanding and relationship between organisation and stakeholders has emerged.

Thus, the increase in environmental reporting (Chan & Wong, 2006), has provided a platform for movement towards strengthening accountability, TBL and/or sustainability reporting. However, the direction of CSR has shifted with the focus on the relationship between CSR and profitability becoming more prevalent (Horrigan, 2010). Although these developments brought with them significant changes in TBL reporting and auditing, this is still a voluntary phenomenon in most countries (Grey & Milne, 2004).

Responding to the growing pressure from regulators, environmentalist and socially concerned stakeholders, many organisations are now formulating strategies that will benefit from social, environmental and financial rewards. Sustainable development is one solution that connects with CSR and these terms are sometimes interchangeable (Henderson, 2007). Further, TBL has been successful in expressing the philosophy of sustainability to organisations and their stakeholders in a language comprehensible and acceptable to both parties (Klaus, Daniel S, & Ruhl, 2011). The importance of sustainable development and its correlation with CSR and TBL will be discussed further in the next section.

#### ***2.14.2 Sustainability***

To help promote and further expand on environmental strategies and sustainable development, the World Commission on Environment and Development (WCED), was convened by the United Nations in December 1983. Through establishing this commission, the UN General Assembly recognised that environmental problems

were global in nature and sustainable long term development beyond year 2000 was required (Schubert & Lang, 2005). The Brundtland Commission chaired by Gro Harlem Brundtland, and hereafter known as the The Brundtland Commission, was created to address the growing concerns over the “accelerating deterioration of the human environment and natural resources and the consequences of that deterioration for economic and social development” (United Nations, 1987, para 1.).

The Brundtland Commission published “Our Common Future” (the Brundtland Report) in 1987 (Sneddona, Howarth, & Norgaardc, 2006). This marked a watershed in environmental thinking and sustainable growth. The report emphasised the connection between environmental protection and economic development, and placed sustainable development on the political agenda. The Brundtland Commission also coined and defined the meaning of "Sustainable Development" (Klaus et al., 2011) as:

Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. (p. 21)

An organisation pursuing sustainable development is by definition, socially and environmentally responsible as CSR incorporates some fundamental tenets of sustainability (Henderson, 2007). Consequently, from a practical perspective, most organisations view CSR and sustainable development as linked concepts. Through combining elements of CSR and sustainability, more clarification and a workable definition has emerged. This has enabled progressive development toward organisations becoming more sustainable and socially responsible

(Montiel, 2008), for example, Hilton Hotel “We Care” initiative aimed at enhancing sustainability through environmental reporting, and partnerships, thereby enhancing hotel design features, and standards for suppliers to improve environmental responsibility (Bohdanowicz et al., 2011).

Finkbeine (2011) suggested that society had undergone a paradigm shift from environmental protection towards sustainability, focusing on “environment”, “economy and “social well-being” (Finkbeine, 2011). This approach captures Elkington’s (2004) description of TBL, as a simple but important idea. However, sustainability can be described as is a powerful instrument of economic and organisational growth, driving innovation and new technologies (Savitz & Weber, 2006). Thus, sustainability is important if organisations are to think creatively in attracting and retaining valued stakeholders, customers and employees to assist in observing the principles of sustainability.

Therefore, sustainability, with its emphasis on social, environmental and financial prosperity, requires that managers incorporate a TBL approach into the decision making process throughout the organisation.

### ***2.14.3 Improved value for the hotel industry***

There are many reasons hotels are focusing their attention towards a more socially and environmentally sustainable environment for their employees and customers. Apart from stakeholder influence, a hotel can also earn valuable credibility, thus gaining a cost advantage by remaining competitive by becoming more socially and environmentally responsible (Assaf et al., 2012). Community recognition is also gained through transparent reporting of social and environmentally

responsible practices to relevant stakeholders, further promoting loyalty and trust (Mohd Ghazali, 2008).

Porter and van der Linde (1995) suggested that adopting an appropriately designed environmental standard can be the catalyst to technological innovation beneficial to society. Additionally, successful innovative ideas that promote both environmentalism and industry competitiveness offset costs of meeting environmental regulations and can lead to a competitive advantage (Porter & van der Linde, 1995). Supporting this concept, Mackey et al. (2007) proposed that an organisation can gain a competitive advantage, attract a larger proportion of socially conscious investors and receive a higher market value through investing in sustainable socially and environmentally responsible.

By definition, CSR implies industry lead initiatives relevant to specific industry sectors, on a voluntary basis. Thus, CSR maintains an organisational perspective and questions of profitability remain at the forefront (Henderson, 2007). Financial benefits have also been linked to sustainability and CSR activities in the hotel and casino industries (Lee & Park, 2009). Bohdanowicz (2006), Bohdanowicz et al. (2011) and Kasim (2006, 2007b) found that introducing focused sustainable initiatives installed a sense of social and environmental responsibility amongst the hotel sector resulting in long term financial gains. However, recent studies by Costantino et al. (2010) and Garcia Rodriguez and Cruz (2007) opted for a deeper, broader public and private sector commitment with a multi-stakeholder network recognised as the driver for implementing sustainable development initiatives.

Thus, hotel organisations can confidently and strategically increase sustainable CSR investment to enhance both short-term profitability and long-term performance. Further, brand name recognition and customer loyalty, rather than returns to investors, have helped set long term goals (Barnett, 2007; Hendry, 2005). This has focused further attention on the benefits for incorporating sustainable CSR activities and a TBL approach with core values that encompass organizational goals.

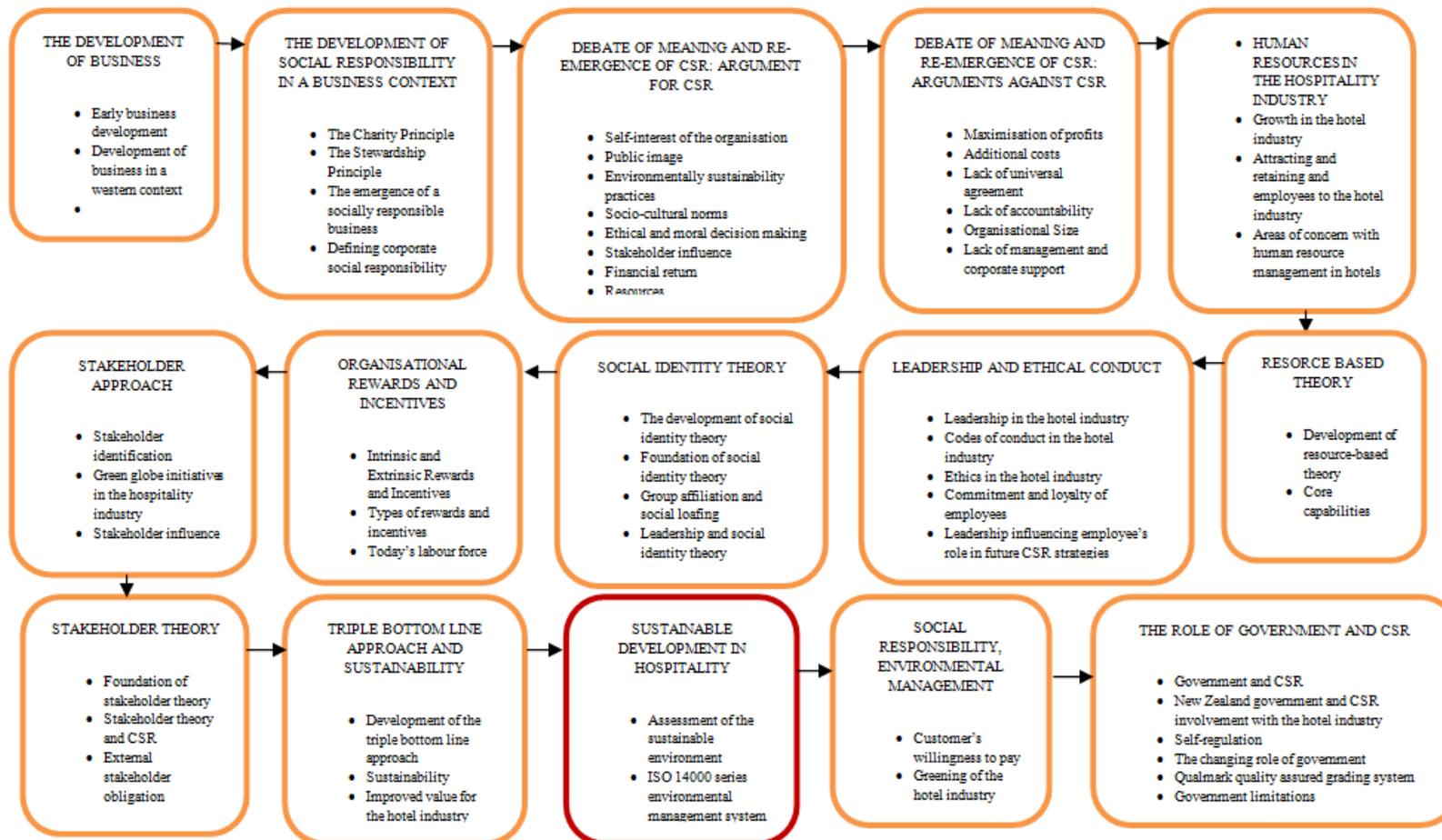
Finally, as a result, sustainability has become more mainstream and has been accepted by many stakeholders (Costantino et al., 2010) and recognised by the hotel industry (Druce, 2007; Kibbe, 2007).

#### ***2.14.4 Summary***

In summary, TBL has been able to measure real and substantial CSR and sustainable concepts through areas such as employee commitment, customer loyalty and financial return. TBL reporting, although voluntary at present, has made slow progress due to some reluctance from organisations to expose conflicts, trade-offs and noncompliance with codes of conduct. Nevertheless, through maintaining credibility and stakeholder integrity, TBL involvement can bring rewards. Hotel organisations are responding to society's increase in social and environmental expectations as a way of improving competitive advantage and increasing financial returns.

As sustainability is a system not an organisational concept, embedding this into current hotel operations does take time. This is one of many challenges organisations have if they are to engage in a sustainable TBL approach.

The next section will highlight the significance of adopting a sustainable approach to organisational operations through existing environmental management systems.



**Figure 2.14 Literature Flowchart: Sustainable Development in Hospitality**

## **2.15 SUSTAINABLE DEVELOPMENT IN HOSPITALITY**

Due to the predicted increase in global tourism numbers (Rodrigues, 2007), the hotel industry has an important role in prevention and reduction of environmental damage. Increasingly, engagement in sustainable environmental practices, embracing workable strategies while encouraging employees and local communities to participate (Kasim, 2006) are being viewed as fundamental to CSR decision making (Babiak & Trendafilova, 2011). Environmental initiatives such as design and develop of eco-friendly resorts complying with internationally recognised environmental standards or reforestation and educational programmes for local schools, residents, hotel guest and employees are all a necessary part of sustainable development. Consequently, almost all organisational decisions now involve some form of social and environmental involvement and assessment (Montiel, 2008). However, due to related operational production methods (Chan and Wong (2006) the hospitality industry has not fully embraced its social and environmental responsibility (Kasim, 2007a). Therefore, various NGOs, lead bodies and pressure groups have encouraged the hospitality sector to address sustainable social and environmental issues.

The next section will present and discuss environmentally sustainable initiatives the hospitality industry has embraced.

### ***2.15.1 Assessment of the sustainable environment***

Sustainable development has been referred to and linked with social, economic and environmental problems (Elkington, 1994). During the 1960s and 1970s, emphasis was placed on environmental concerns such as impact on ecosystems,

pollution and the limits of growth. The 1980s and 1990s saw a reconnection with socioeconomic problems and the environment (Langeweg, 1998). This then formed the foundation on which many environmental policies were established. Thus, solving environmental problems necessitated a regional and global approach. One major achievement was the publication of the Brundtland Report. To attain economic and environmental goals, the report suggested the adoption of sustainable development strategies. Additionally, sustainable development was significantly assisted through the launch of Agenda 21 in 1996. Agenda 21 was a broad environmental programme tabled at the United Nations Conference for Development and Environment, which highlighted current and future environmental problems and their influences. Subsequently, this programme was expanded in 1999 with the introduction of Green Globe International, Inc., founded on Agenda 21 principles for sustainable development. Green Globe Certification is based on internationally accepted standards directly relevant to the travel and tourism industry ("Green globe," 2000).

Environmental and cultural levels, as well as CSR, in the travel and tourism industries including the hotel industry are benchmarked against worldwide Green Globe standards and principles.

### ***2.15.3 ISO 14000 series environmental management system***

The ISO 14000 series, Environmental Management System (EMS) is a voluntary international consensus standard. ISO 4000 series standards were developed in Switzerland, by the International Organisation for Standardisation, a non-governmental, international organisation, for use on a worldwide basis. The goal of the standard is to allow commerce to trade across national boundaries without

creating trade barriers (Quazi, Khoo, Tan, & Wong, 2001). The standards are process driven: they do not establish goals or limits. The standards establish management guidelines and systems that help organisations ensure compliance with customer, industry, or regulatory requirements (Quazi et al., 2001).

Additionally, the ISO 14000 series provides guidance for development of comprehensive environmental management systems and standardising of key environmental tools such as labelling and storage requirements. ISO 14000 series standards are to complement already existing governmental or lead body regulatory requirements, not to replace or duplicate existing systems.

Environmental Management System (EMS) can be traced back to the 1980s when environmental legislation necessitated an effective, creditable auditing process (Steger, 2000). EMS consists of a comprehensive, systematic, planned and documented programme that involves and records the management of an organisation's environmental programmes (Kirk, 1995).

ISO 14000 series EMS standards incorporate 20 environmental voluntary and guidance documents that address environmental and sustainability issues (Chan & Wong, 2006). ISO 140001 EMS specifications is one of many EMS available. ISO 14001 is the only certifying document in the ISO 14000 series that provides guidelines to set up an EMS (Chan, 2009).

The family of ISO standards consists of:

- ISO 14001—EMS: specifications with guidance for use;

- ISO 14004—EMS: general guidelines on principles, systems, and supporting techniques;
- ISO 14010—guidelines for environmental auditing: general principles;
- ISO 14011—guidelines for environmental auditing: audit procedures;
- ISO 14012—guidelines for environmental auditing: qualification criteria for environmental auditors;
- ISO 14024—environmental labelling;
- ISO 14040—life cycle assessment; and
- ISO 14060—guide for the inclusion of environmental aspects in product standards. (Chan, 2009)

ISO14001 is the dominant environmental management system, with its core EMS principle consisting of five principles

- Environmental policy
- Planning
- Implementation and operation
- Checking and corrective action
- Review and improvement (Quazi et al., 2001)

In response to stakeholder pressure and government legislation, many organisations have applied environmental policies and undertaken environmental audits and reviews (Chan & Wong, 2006). EMSs have been one method that organisations use to facilitate environmental policy. EMSs have become embedded in international standards such as the European Union (EU), Eco-management and audit scheme (EMAS), and International Organisation of Standardisation (IOS) EMS, ISO 14001(Chan & Wong, 2006). EMS has been able to drive the framework of a socially responsible organisation, enabling the

operating environment to be monitored in line with environmental community expectations and objectives (Chan, 2009).

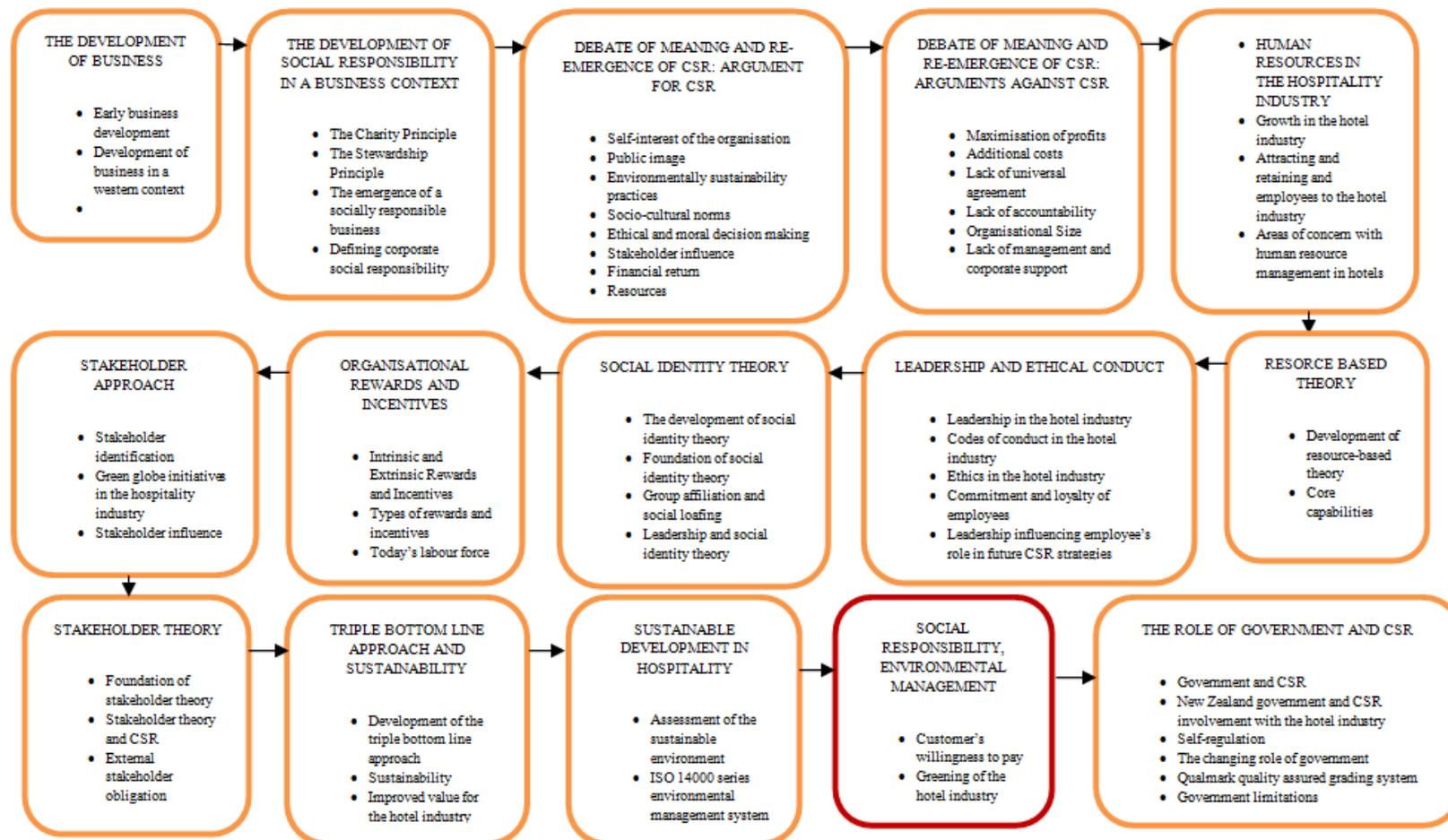
From this exposure to environmental responsibilities, some innovative organisations have been proactive (Steger, 2000). The hotel industry, in line with government legislation and incentives, has set an environmental agenda (Chan, 2009). This has initiated change in the behaviour of competitors, and enhanced consumer and employee awareness of environmentally sustainable practices (Bohdanowicz et al., 2011). The majority of hotels that have initiated environmental procedures have been large hotels and hotel groups where corresponding resources are available (Bohdanowicz, 2006). This has been mainly a top down approach initiated through boardroom executives, or at a corporate or senior manager level to be implemented by lower level managers and employees (Räsänen, Meriläinen, & Lovio, 1994). For example, Shangri-La's Rasa Sayang Resort & Spa, Penang Island, Malaysia has systematically dealt with environmental management issues and implement environmental management through ISO 14001 certification in response to corporate strategies.

Many hotels have developed and implemented existing EMS, or have developed their own EMS (Chan, 2009). Others have successfully initiated government environmental programmes with varying degrees of success (Chan, 2009; Stipanuk, 1996). Research by Quazi et al. (2001) indicated the top four motivational factors affecting a company's intention to adopt ISO 14001 were top management, head office environmental practices, environmental regulations, and cost savings. The next section will discuss the application of social responsibility and environmental management in the hotel industry

#### ***2.15.4 Summary***

As an organisation's environmental involvement has become a measurement of social responsibility, there are clear benefits for hotels adopting ISO 14001 series, EMS standards. Stakeholders have influenced corporate and independent hotel managers to adopt ISO EMS standards or develop their own (Chan, 2009). One major benefit from existing environmental policies has been consistency and benchmarking. However, improved financial management and cost savings have been one of the main drivers for hotels in adopting EMS.

The next section will discuss the gradual acceptance of social responsibility and environmental management into the hotel industry.



**Figure 2.15 Literature Flowchart: Social Responsibility, Environmental Management**

## **2.16 SOCIAL RESPONSIBILITY, ENVIRONMENTAL MANAGEMENT**

Environmental awareness has increased over the past two decades. Consumers have become increasingly aware of environmental damage caused through an organisation's routine activities. The hotel industry has been identified as contributing to energy and water excess, pollution and solid waste generation (Erdogan & Baris, 2006). The hotels' environmental impact is considerable, resulting in identification of opportunities to promote environmental sustainability (Bohdanowicz et al., 2011). As a consequence, hotel guests are searching for hotels that follow suitable sustainable environmental practices (Goldstein et al., 2008; Goodman, 2000).

There is strong evidence that suggests top hotel chains have initiated environmental programmes that are inextricably entwined with their CSR policy (Tzschentke et al., 2008). The increasing profile of social responsibility and environmental management in the hotel industry has resulted in the implementation of a number of related initiatives. For example, CSR practices such as the Apex hotel group's, "Our Environment, Our Responsibility"; Accor hotels' Earth Guest; Hilton International's Esprit; Marriott International's Spirit to Serve Our Communities; and NH Hotel's Street Children.

As costs associated with social and environmental practices have added another dimension, researchers such as Kirk (1995), Knowles, Macmillan, Palmer, Grabowski, and Hashimoto (1999), Kasim (2007b), Chan and Lam (2001), Chan (2009), Hamann and Acutt (2003) and Bohdanowicz et al. (2011) have investigated environmental development, and management of environmental

initiatives in the tourism and hotel sectors. Findings indicate that these two sectors responded more positively to areas that have a direct financial gain such as energy, water reduction and waste management. In addition, where hotels had established environmental policies, the most frequently stated improvements were areas of customer satisfaction. This was partly due to effective EMS involving community hotel employee participation, and public relations, with larger hotels showing greater benefit through improved marketing (Kasim, 2008; Kirk, 1995).

Environmental management deals with the protection of nature and the surrounding environment, the fundamental resource of tourism and hotel operations. The necessity for protecting the environment and the implications of CSR participation have remained the focus of public and managerial interest (Bohdanowicz et al., 2011). Many hotels have recognised the important role they play in their communities' social and environmental responsibility. In addition, the improvement of management and employee relationships has helped to secure long term sustainability of their businesses.

In developing a greater CSR awareness within the hotel industry, studies reporting on social responsibility and environmental management best practice have encouraged further integration of CSR policies and procedures (Bohdanowicz & Zientara, 2008; Henderson, 2007). The result has been an increase of articles related to CSR in hotels (Lynn, 2009). However, has this CSR approach by the hotel industry influenced customer behaviour? Organisational success depends upon a successful relationship with customers. Many organisations see CSR as significant in influencing the feelings, thoughts and purchasing power of

customers (Turker, 2009). This is dependent upon organisational CSR commitment and customer commitment to the organisation.

### ***2.16.1 Customer's willingness to pay***

Previous studies had shown that hotel customers will choose an environmentally friendly hotel over a hotel of a similar standard that does not follow an eco-friendly path (Manaktola & Jauhari, 2007). However, not all hotel customers are willing to pay extra for an environmentally friendly approach. Early studies by Watkins (1994) have shown that hotel customers were less willing to pay extra to fund green practices. Later studies by Manaktola and Jauhari indicated that the majority of hotel customers were also less willing to pay for green practice. In addition, hotel customers expected rewards for patronising hotels that adopted green practices (Manaktola & Jauhari, 2007).

Kasim (2004), examined the main criteria used by tourists in Pulau Pinang, Malaysia, when choosing a hotel in which to stay. Conclusions indicated price, service quality and physical attractiveness of the hotel rather than the social and environmental attributes as being the main criteria. Surprisingly, customers also preferred non-environmentally friendly options in their rooms, such as individual soap cakes or fresh towels rather than reusing ones provided (Kasim, 2004).

Furthermore, studies have also suggested that consumer responses to CSR depend upon how CSR is manifested. For example, Manaktola and Jauhari find that hotel customers in India were less willing to pay for green practices. Product preference seemed to play an increased role in influencing consumer adoption and retention of environmental thinking (Manaktola & Jauhari, 2007). In contrast, Bohdanowicz

and Zientara (2008) found that consumers in Sweden were more likely to support a business that engaged with environmental and ethical undertakings. Duygu's (2009) study had shown consumers in Turkey were also significant predictors of positive organisational CSR commitment. Luo and Bhattacharya's study examined the relationship between CSR, customer satisfaction and firm value. Findings show that not all organisations benefit from CSR actions. For those who show innovativeness and have critical support, CSR increases customer satisfaction, which in turn increases financial returns (Luo & Bhattacharya, 2006).

Consumers are becoming increasingly aware of environmental benefits (Manaktola & Jauhari, 2007). Customer patronage of organisations that display socially and environmentally commitment is increasing, and will affect overall financial return. However, some studies on hotel CSR engagement indicate that customers are less willing to pay extra for green practices. Cultural differences may also indicate reward expectation when patronising organisations that have adopted CSR practices.

Organisations also differ in their implementation and promotion of CSR activities. This will depend upon factors such as organisational size, organisational culture, stakeholder influence, specific industry involvement and historical engagement of CSR practices (Mackey et al., 2007). For the successful implementation and management of CSR, it is essential that social and environmental principles are incorporated into core values and strategies of the organisations (Mackey et al., 2007). This includes management and employees committed to the CSR principle (Hsieh, 2012).

Many organisations will continuously seek ways to improve market positioning while using CSR to gain competitive advantage. CSR contributes positively to market value while managers obtain competitive advantage and benefit financially by investing in CSR practices (Luo & Bhattacharya, 2006). It is important to recognise that implementing CSR is a process (Wall, 2008) that takes careful planning and coordination through good ethical leadership, especially in the hotel industry (Weerakit, 2007).

Consequently, a new stream of thought has emphasised the need for a more holistic approach to the integration of CSR into an organisation's operation, and its role in society (Barnett, 2007). The hotel industry has created new ways to generate value for customers, employees, and communities (Bohdanowicz & Zientara, 2009) through incorporating CSR into daily routines, short and long term strategies. The next section will discuss CSR initiatives and the greening of the hotel industry.

### ***2.16.2 Greening of the hotel industry***

Green imagery donates much of the advertising materials present in print media, television, worldwide web, and through many other electronic devices (Cannon, 1994). This has in turn evolved the term "Green Hotels", describing hotels that strive to become more environmentally friendly through efficient use of energy, water, and materials while continuing to provide quality services (Alexander & Kennedy, 2002).

Many studies in hospitality environmental management and sustainable management practices have demonstrated engagement in CSR activities (Babiak

& Trendafilova, 2011; Bohdanowicz, 2006; Cetindamar & Husoy, 2007; Chan, 2009; Kasim, 2006, 2007b). This has helped facilitate a move towards what has been called the “Greening of the Hotel Industry” (Alexander & Kennedy, 2002).

Environmentally responsible business practices and greening of the hotel sector have been pushed forward to become fundamental policies within certain hotel groups (Kang et al., 2011; Tzschentke et al., 2008). Consequently, there is an increased need to further engage CSR activities within the hotel industry through green initiatives.

The most costly and wasteful use of resources in hotels has been the consumption of non-renewable energy, excessive water use, and the generation of waste (Chan, 2009). Green hotels conserve and preserve through saving water, reducing energy use, and reducing solid waste. These initiatives have benefited hotels by reducing operating costs and liabilities, high return and low-risk investments, increased profits, and positive cash flows (Alexander & Kennedy, 2002). As hotels have acknowledged benefits from these incentives, this has allowed the popularity of green hotels to increase.

Earlier studies by Knowles et al. (1999) suggested the push to green the hospitality industry had been less than successful. Although hotel managers had identified the need to protect the environment, the majority took a pragmatic approach of only employing CSR activities that would progress hotel objectives.

The hospitality industry has now responded positively to social and environmental concerns. The result has been a definite shift, with the hotel sector becoming more socially responsible in its day-to-day activities (Airoldi, 2003; Bendall, 2008;

Berida, 2008; Gray et al., 2000; LaVecchia, 2008; Lewis, 2007; Peršić & Smolčić-Jurdana, 2006). Coinciding with this, evidence of increased membership in the Green Hotels Association (GHA) has emphasised the hotel industry's commitment to becoming a good corporate citizen. Many hotels have become good corporate citizens by investing in more energy efficient schemes, as well as practical recycling and waste management policies.

The GHA is an organisation that has established a platform for hotels with similar interests in environmental management. There is no certification given but through GHA's trade association and its *Catalog of Environmental Products for the Lodging Industry*, encouragement and support have developed a network of like-minded hoteliers and hotel organisations (Alexander & Kennedy, 2002; Lewis, 2007). Through implementing green policies, participating hotels have made an important step in reducing waste and energy consumption thereby contributing towards governmental and global emission targets agreed during the Kyoto Protocol 1992.

Through social and environmental initiatives the hotel industry and lead partnerships have gone some way to illustrate that the hotel industry does care about social and environmental factors. Almost two decades ago, hotels were designing programmes that incorporated water conservation, energy and solid waste management (Iwanowski & Rushmore, 1994).

Gray et al. (2000) undertook an exploratory study in New Zealand investigating improvement of environmental performance of hospitality organisations. Results suggested that Green Hotels would enable improved benefits through brand

awareness and loyalty from staff and customers. The hospitality industry has a vested interest in maintaining attractive and safe surroundings as part of their core product (Chan & Wong, 2006). Hotels have further developed social and environmental strategies. Hotels have now become increasingly focused on the broader environment issues involved in community and social responsibility (Lockyer, 2008). This has led to the further development of community awareness, commitment and involvement promoting a socially responsible and environmental sustainable hotel industry.

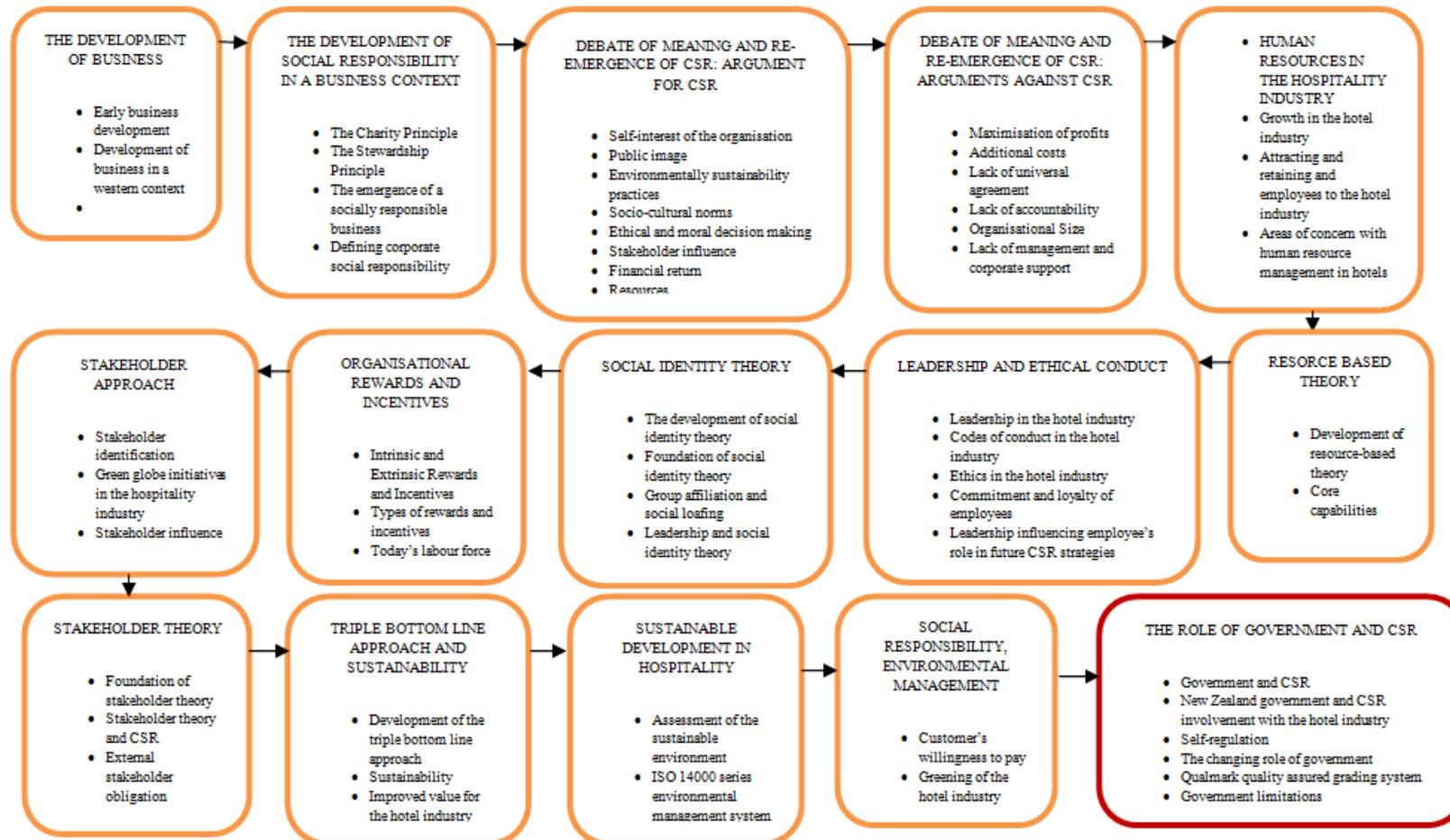
### ***2.16.3 Summary***

The role of the hotel industry and its commitment to CSR, especially their contribution to environmental management and sustainability, has been shown to be somewhat mixed. Sustainable and socially responsible commitment to the community is about strategically applying organisational values to the community in a practical way. Linking philanthropic and charitable donation, community actions and other incentives need to be managed efficiently and effectively.

CSR activities and initiatives have helped increase social and environmental awareness in the hospitality industry. However, customer's willingness to pay differs, dependent upon how CSR has been presented.

Government has long been viewed as an important change agent to influence corporate behaviour through defining policy, voluntary initiatives and incentives for organisations (Albareda et al., 2008; Bichta, 2003; Qu, 2007). Government initiatives and legislation have significantly encouraged more organisational involvement in CSR activities.

The next section will examine government CSR policy, particularly that relevant to the hotel industry. Challenges for government in promoting and adopting voluntary CSR throughout the hospitality industry while acknowledging the various social, commercial and corporate stakeholders involvement will be presented.



**Figure 2.16 Literature Flowchart: The Role of Government and CSR**

## **2.17 ROLE OF GOVERNMENT AND CSR**

Although the business sector lies at the core of the CSR debate, other stakeholders have participated in assembling the various demands made by society on organisations (Albareda et al., 2009). Societies, particularly governments, have encouraged organisations to engage in CSR activities. The role of government and organisations in the natural environment, social development and social inclusion has been a significant part of theoretical, political discussion and related activities (Bichta, 2003). To improve individual performance in environmental management, governments have set in place Environmental Performance Reviews (EPR) (Lehtonen, 2004). This has helped governments to judge and make progress through establishing baseline conditions, trends, policy commitments, institutional arrangements and routine capabilities for carrying out evaluations (Lehtonen, 2004). Thus, a widespread interest shared by government, industry, civil society and NGOs regarding future progression of social and environmental responsibility has evolved. Foremost, a government's role should be seen to act as a mediator between public interests, organisations and NGOs, thereby pushing society's best interests to the fore.

### ***2.17.1 Government and CSR***

Governments have a major impact on organisations and how they are managed (Ring, Bigley, D'Aunno, & Khanna, 2005). Initiatives, codes of compliance and legislation can influence corporate decision making. This may depend upon the extent to which governments can help foster an entrepreneurial society and economic development that can be channelled into sustainable development. Transparency of CSR to stakeholders has been recognised as a key component of

CSR best practice (Welford, Chan, & Man, 2007). In some cases this has required a rethink of particular government policies to encourage further social awareness in the formation of capital (Drucker, 2004) and sustainable reporting. Interestingly, CSR activities have been closely aligned with government priorities more than with other stakeholder groups (Coles, Fenclova, & Dinan, 2013). There is also the consideration that organisations can achieve competitive advantage through CSR commitment by way of government and private CSR initiatives.

Over the past decade, elected governments of New Zealand have collaborated with many stakeholders from the hospitality industry in assuming a significant role as the driver of CSR policy. Working together with intergovernmental organisations such as Tourism New Zealand (TNZ); lead bodies, such as the Restaurant Association of New Zealand (RANZ), the Hospitality Association of New Zealand (HANZ); and organisations with a social purpose, such as New Zealand Community Trust (NZCT), Lions Foundation, The Salvation Army and the Office of Community and Volunteer Sector (OCVS) has helped to develop co-operation and effective relationships between the government, community and the voluntary sector. Through networks such as these, the importance that public policy plays in creating a greater awareness of CSR has been recognised (Albareda et al., 2008).

Albareda et al (2008) analysed new CSR strategies approved by governments in order to promote and encourage organisations to adopt CSR values. This research compared CSR initiatives and public policies in Italy, Norway, and the United Kingdom and focused on governmental drivers and responses that incorporated CSR proposals. Although all three governments share the same overall role of

business in addressing the problems faced by society and its contribution to sustainable development, their respective policy framework and implementation discourse on CSR varied in terms of vision, overall objectives, priorities and scope, and stages of implementation at regional and local levels (Albareda et al., 2008). This emphasises the different approaches different governments take in relation to CSR policy and integration. In some cases governments have inadequate regulations for promoting sustainable practices.

However, corporate accountability approaches have mainly focused upon stricter regulations of corporate behaviour with governments and NGOs having demonstrated an improved environmental performance. Understanding the importance of CSR in the hotel industry is essential to the design of existing and future regulation of government policy.

### ***2.17.2 New Zealand government and CSR involvement with the hotel industry***

At one level CSR challenges the idea of self-regulation and co-regulation, and at another CSR confronts the basis of society concerns in a modern market economy. Personal and moral responsibilities of hotel managers and workers also have to be considered alongside the role of the legitimate expectations of shareholders and investors. Government, therefore, has to take overall responsibility of ensuring that CSR legislated or volunteer commitment is regulated appropriately, taking into account the three pillars of sustainability: economic, social and environmental responsibility (Lehtonen, 2004).

The direction of the hospitality industry in New Zealand has largely been shaped through the influence of state control and intervention. This has been

progressively enhanced since the creation of the New Zealand Commission for the Environment in 1972, whereby government's social and environmental policy issues have been tracked through the setting of legal requirements such as:

- March 1974 - The Environmental Protection and Enhancement Procedures (EP&EP);
- January 1987 - Environment Act 1986 ;
- April 1987 - Conservation Act;
- October 1991 - the Resource Management Act; and
- June 1996 - Hazardous Substances and New Organisms Act

Through setting in place this foundation legislation, measurable and achievable outcomes have been accomplished resulting in 2006 New Zealand being ranked first in the world in environmental performance, according to the Pilot 2006 Environmental Performance Index (EPI). This research was completed by Yale University, Environment School and the Earth Institute at Columbia University, identified targets for environmental performance and measuring how close countries came to achieving these goals through their commitment to Environmental Health, Air Quality, Water Resources, Biodiversity and Habitat, Productive Natural Resources, and Sustainable Energy.

However, the role of government involves much more than promoting and encouraging CSR involvement (Albareda et al., 2008). As a key stakeholder in the hospitality industry, governments have acknowledged the hotel industry's dependency on tourism and its impact on the environment (Kasim, 2007b). Thus, the New Zealand government, through a series of consultations and meetings with

industry lead bodies, has legislated for the hotel industry to adopt internationally recognised frameworks, such as ISO 4000 and voluntary programmes such as Qualmark and Enviro awards.

Incentives for firms to participate, through government support and voluntary environmental programmes such as involvement in teaching, building, childcare, wildlife or environmental conservation projects, have generally been well received. Thus, it can be argued that without strong government support and international drive, such as through parent organisations or international bodies, the New Zealand hospitality industry would depend upon self-regulation with little government guidance or substance.

### ***2.17.3 Self-regulation***

Previous studies identified the changing role and new relationships that governments are establishing with businesses and social organisations (Albareda, Lozano, & Ysa, 2007; Albareda et al., 2008; Albareda et al., 2009). To date, the New Zealand government, through the Ministry of the Environment portfolio, is continuing to address issues surrounding environmental sustainability, CSR and the battle between voluntarism and compulsory involvement. Initially, the discussion concerned the role of government and the integration and endorsement of laws to make CSR actions compulsory. Collaboration between government and different stakeholders can be beneficial (Albareda et al., 2008; Albareda et al., 2009; Fox, Ward, & Howard, 2002; Lepoutre et al., 2004; Zappal, 2003). This is achievable through soft regulation and intervention policies by government, coupled with voluntary endorsement, integration and self-regulation by organisations of CSR policies.

Through self-regulation, Scandic Hotels, a Swedish hotel company has set in place various CSR initiatives (Bohdanowicz & Zientara, 2008). A voluntary socially responsible programme was well received by the public and demonstrated that CSR can be effectively adopted by the hotel industry. This has benefited the hotel group with environmental sustainability being the central part of its corporate philosophy.

Albareda et al.'s (2008) research also highlighted CSR to be a cross-governmental issue with a broad agenda taking into account social, environmental and international issues with strong connections to sustainability. Through encouraging an organisation driven approach and further contribution to sustainable development, a clearer framework for social and environmental reporting has developed. However, at present the major problem has been the lack of a systemic approach.

A hotel's image creation and selection of CSR initiatives that satisfy valued stakeholders such as customers, employees, NGOs and government departments, needs to be well integrated. This integration should take account of a hotel's competitive advantage, interdependent criteria, limited resources, compliance issues, and cost factors involving different organisational cultures and local needs (Tsai et al., 2010). Thus, the way forward for governments now seems to be better collaboration with industry lead bodies and relevant stakeholders.

#### ***2.17.4 Changing role of government***

However, there are challenging roles for governments ahead. Albareda et al, (2008) highlighted three important steps that governments are now focusing on

concerning CSR implementation. Firstly, new government policies and initiatives that society faces due to changing organisational activities. These have increased public concerns about sustainability, environmental issues and welfare provision within local communities. Secondly, the development of partnerships with socially responsible organisations such as foundations and community trusts. Thirdly, changes in government CSR understanding and thinking has led to the development of new strategies, objectives and vision.

The New Zealand government has looked closely at these areas and has moved some way in promoting CSR implementation within the business and hospitality sectors. For example, a CSR framework for State Owned Enterprises (SOEs) was submitted to the New Zealand cabinet in 2007. In April 2008, the Crown Company Monitoring Advisory Unit of New Zealand (CCMAU) instructed New Zealand SOEs and other crown entities to adopt a recommended CSR framework when completing their annual reports. This framework proposed an approach to avoid concerns expressed about CSR being used by organisations to appear as though they were good corporate citizens while their actual business practices remained unchanged. i.e. green washing their operations through misleading reporting. The framework also suggested that there was considerable value in providing guidance to SOEs, to ensure a degree of consistency and quality in their CSR programmes. Continuing in their active CSR role, the New Zealand government also implemented Qualmark New Zealand Limited. This is a government and private sector partnership between TNZ and New Zealand Automobile Association (NZAA), which has promoted CSR and environmental issues.

The next section will discuss the Qualmark Quality Assured Grading System used as a bench mark for hotels participating in this study.

#### ***2.17.5 Qualmark quality assured grading system***

Qualmark NZ Limited was established in 1993 and is New Zealand tourism's official quality agency ([www.qualmark.co.nz](http://www.qualmark.co.nz)). Qualmark quality assurance grading, reassures international and domestic travellers, that when selecting accommodation, activities and transport, the hospitality business/organisation has complied with essential requirements of cleanliness, safety, security and comfort and offer a range and quality of services appropriate to their star grade ([www.qualmark.co.nz](http://www.qualmark.co.nz)). Qualmark Assured (QA) is a voluntary initiative set in place as a private sector partnership between TNZ and NZAA and backed by leading tourism industry associations. Qualmark NZ Limited licences NZ tourism and hospitality businesses to use the official QA quality logos. QA is run on a not-for-profit basis as a service to travellers and the tourism industry. The Qualmark system incorporates two distinct systems:

- Star grading and classification - for accommodation and venues; and
- Endorsement - for activities, transport, visitor services and tour operators.

([www.newzealand.com](http://www.newzealand.com)).

To receive authorisation to display a QA logo, each business/organisation that has applied undergoes independent assessment against a set of national standards. The endorsement logo identifies that a tourism business has met or exceeded accepted tourism industry quality standards only, star gradings are not included ([www.newzealand.com](http://www.newzealand.com)).

The star grading classification system only applies to accommodation and is divided into eight categories representing hotels, luxury lodges, boutique and lodges, apartments, backpackers and hostels, bed and breakfast, farm stays, holiday homes, holiday parks and camping grounds, home stays, motels and mobile homes ([www.qualmark.co.nz](http://www.qualmark.co.nz)).

The hotel criteria covers properties with at least one licensed bar and restaurant, on the premises or adjacent, with charge back facilities. Table 2.4 illustrates the Qualmark Quality Assured Grading System.

Table 2.4: Qualmark grading system

Score	Star	Description
20-27%	★	Acceptable. Meets customers' minimum requirements. Basic, clean, and comfortable accommodation
28-35%	★plus	
36-43%	★★	Good. Exceeds customers' minimum requirements with some additional facilities and services
44-51%	★★Plus	
52-59%	★★★	Very good. Provides a range of facilities and services and achieves good to very good quality standards
60-67%	★★★Plus	
68-75%	★★★★	Excellent. Consistently achieves high quality levels with a wide range of facilities and services
76-83%	★★★★Plus	
84-100%	★★★★★	Exceptional. Among the best available in New Zealand

Additionally, all tourism businesses with a Qualmark logo have been assessed on their environmental performance ([www.qualmark.co.nz](http://www.qualmark.co.nz)). This includes the completion of an environmental review, action plans and other initiatives.

This environmental quality assured grading system can be achieved by businesses/organisations meeting minimum criteria requirements including:

- Having facilities in place for recycling and/or reduction in waste;
- Completing and using an environmental checklist; and
- The ability to verify all environmental claims.

Businesses or organisations that go beyond recognised requirements and demonstrate a commitment to being the best possible advocate within the community and continue to minimise their environmental impact and resource usage can be further assessed through the Qualmark Enviro Award ([www.qualmark.co.nz](http://www.qualmark.co.nz)). These businesses/organisations are awarded the Qualmark Enviro Award for meeting strict environmental and social criteria, with achievement levels of Gold, Silver and Bronze ([www.qualmark.co.nz](http://www.qualmark.co.nz)).

Table 2.5: Enviro Awards grading

Enviro Award	Criteria
Enviro Gold	Exceeds the highest levels of environmental and social responsibilities. Represents strong leadership and advocacy.
Enviro Silver	Represents exceptional levels of resource management and social responsibility.
Enviro Bronze	Outstanding levels of resource management and actions

Businesses or organisations that show evidence that they have performed to a high standard in these areas can then display a Qualmark quality assured Enviro logo, either Enviro-Gold, Enviro-Silver or Enviro-Bronze (see Table 2.5).

Additional assessment in areas such as energy efficiency, waste management, water and environmental conservation and community support can result in

receiving a Qualmark Green award ([www.newzealand.com](http://www.newzealand.com)). If a business or organisation scores well in these areas they can apply to display a Qualmark Green Enviro logo. Depending on the number of environmental practices (variety and amount), one of the three green Enviro logos is awarded: Enviro-Gold, Enviro-Silver or Enviro-Bronze will be awarded.

Governments however have their limitation, and a level playing field would certainly make a measureable difference in the way in which organisations report and manage their ethical and CSR issues.

#### ***2.17.7 Government limitations***

In May 1999, The New Zealand Business Council for Sustainable Development (NZBCSD) was launched with the promise to educate people for tomorrow. The council's aim is sustainable development through simultaneous social progress, ecological balance and economic growth. The council's main focus is on educational and internet based resources, reduction in material and energy expenditure, and annual reporting on environmental and social performance through a basic framework with practical guidance in a common format. NZBCSD has also brought to bear reasonable pressure in convincing organizations to report their social and environmental issues. This approach has its limitations in terms of delivering more sustainable impacts as what is social and environmentally responsible to an organisation is not always approved by society. National pressure, and certainly business pressures from various industry lobby groups, can make it difficult for government to continue further with their CSR incentives. The continued perception about "red tape" and other layers of bureaucracy have also seen some governments leaning consistently towards the

lowest common denominator approach to CSR regulation. However, the NZ government promotes the idea of organisations managing their social environment and community relationships as part of their core business. Through government initiatives such as the integrated approach of Qualmark and NZBCSD incentives, annual reporting and assessment to meet required standards can be measured. Indeed when there are commercial benefits coinciding with good corporate citizenship, it could be argued that company managers and directors are in touch with their fundamental duty to act in the best interest of the stakeholders.

#### ***2.17.8 Summary***

In summary, CSR brings with it a complex set of relationships between the different sectors of government and business that need to be managed effectively (Albareda et al., 2008). Boundaries can often become confused between some organisations providing a public service and others claiming they are managing their relationship with stakeholders which have a positive effect on the community. Governments can also be seen as the protector of social values and the enforcer of boundaries and operational activities that enhance and protect public concerns. This could be further reinforced through tighter controls by way of legislation, but this will depend upon the government in power at that time as well as stakeholder and public pressure. Qualmark has helped to cement the basic principle of service quality and social and environmental awareness within the New Zealand hotel industry.

## **2.18 CHAPTER SUMMARY**

Overall, this chapter reviewed CSR literature with a special focus on the business and hospitality environment. The various historical developments and accounts of CSR were reviewed with the conclusion reached that CSR is difficult to define due to its continually challenging social and economic values (Moura-Leite & Padgett, 2011). The notion of a corporate socially responsible business has been evolving over many years using various terminologies with slightly different meanings. Although CSR has been defined differently by different people and institutes, researchers and other individuals have been generally consistent in terms of overall meaning of the concept. Thus, the term Corporate Social Responsibility or CSR as defined by Davis (1973) referring to the organisation's consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the organisation will be used throughout this thesis.

Chapter 2 is important as it has set the groundwork for the conception and implementation of CSR through early business thinking. The foundation for employee concerns laid down in those early years by large companies such as Rowntree and Cadbury, who employed extensive work forces, set in place support not only for a better quality of life through housing and associated benefits but also improved access to clean drinking water, education and advancement in employee working conditions. Seminal authors such as Carroll (1999), Davis (1975) and Freeman (1983) completed extensive studies on CSR's long and diverse history and how business has attempted to re-position itself in the face of public criticism by becoming more socially and environmentally responsible. Through the literature on early CSR development and its re-emergence, it was

evident that the changing roles of business and its social and environmental responsibility set in place a more socially responsible business environment. This was further illustrated through early CSR researchers such as Steiner (1972) who suggested that social responsibility obligations and duties were both internal and external to the operating business.

To guide and support this study, Chapter 2 examines classical organisational literature and sets in place the framework of three guiding theories adopted in this study: resource based theory, social identity theory, and stakeholder theory. Each theory is linked to drivers in the hotel industry. Resource based theory (RBT) was applied to a hotel's characteristics and resources and the expertise which may provide a competitive advantage to that organisation. Human resources occupy an important functional environment within an operating business and are seen as a key factor. Thus RBT was established as an important theory for this study. The correlation between personal identity and organisational CSR values and how this relationship was reflected through a hotel manager's leadership role and relationship to social identity was further examined and discussed. As revealed in Chapter 2, there is a continuous demand from primary and secondary stakeholders for placing CSR onto the hotel industry's agenda. Literature had also showed that concepts of CSR and stakeholder approach are closely related. Therefore, stakeholder theory was applied to this study's framework through supporting literature and case studies.

A stakeholder approach to CSR in relation to a New Zealand context is also discussed in terms of government and self-regulation. Through the literature search, the Qualmark Assured Award and Qualmark Enviro Award have been

presented as an important component of this thesis. These two quality assurance awards were positioned as the benchmark for those hotels self-selecting for this study. New Zealand Government support, through public and private partnership sponsored initiatives, has helped to position social and environmental responsibility as significant to the tourism and hospitality industry. The continued CSR research in the hospitality industry and, in particular, its importance to the New Zealand hotel industry has been established.

In reviewing the extensive literature on CSR, rewards and incentives were considered one of the most efficient HR practices. Rewards and incentives represent one of the principal means of achieving and emphasising an organisation's goals and can be instrumental as a positive motivating influence on employee's behaviour (Delery & Doty, 1996). Literature has shown that studies in the area of social responsibility have recognised the relationship between positive corporate responsiveness to social needs and the degree of reward for acting in a socially responsible manner (Hunt et al., 1990). These findings assisted to formulate quantitative survey questions related to rewards and incentives applied in this study.

The review of literature has highlighted areas of importance to this study. Through the theoretical orientation, this study addresses important, yet overlooked, aspects in the existing literature. The majority of existing studies have focused on the business sector. Nevertheless, some recent studies have highlighted the importance of CSR in the hotel industry. However, CSR in the New Zealand hotel industry and the influence that CSR rewards and incentives have on the attraction and retention of hotel employees, has been both an under-researched

area and lacking in current literature. Additionally, the influence that New Zealand hotel CSR practices have on employee attraction and commitment, and the influence that good leadership can have over employees participation in hotel planned CSR activities, also needs addressing, as recognised by Guillet et al. (2012), Gurerk et al. (2009), and Schein, (2004).

In Chapter 3 the theoretical framework for this study is introduced in relation to the research questions. Resource based theory, social identity theory and stakeholder theory guide this framework.

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## **CHAPTER 3 THEORETICAL FRAMEWORK**

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## **CHAPTER 3 THEORETICAL FRAMEWORK**

### **3.1 CHAPTER INTRODUCTION**

In the previous chapter, the introduction of early business development and theories that have highlighted CSR thinking and its re-emergence were discussed. The adoption of CSR into the hotel industry and the influence that social responsibility and environmental management has on the present and future hotel employees was examined. What became evident through the literature was the significant role of a hotel manager's leadership quality, the importance of hotel employee's commitment, CSR participation, and the significance rewards and incentives play in promoting and maintaining sustainable CSR practices.

Chapter 3 introduces and discusses the theoretical framework that guides the development of this study and presents the related research questions. To date, no model in the literature has presented these particular research questions. Therefore the following model has been designed to take account of the gap identified in the literature which now merits exploration due to changes in accepted CSR culture. The arrows in the proposed theoretical model (Figure 3.1) represent a relationship between the New Zealand government, industry lead bodies and adopted of CSR initiatives through hotel teams or individuals. This is then extended to the influence of a hotel manager's leadership role and the adoption of CSR rewards and incentives as an employee motivational factor; whether the financial implications of support through government initiatives or organisational incentives have a direct effect on CSR implementation; and whether CSR related questions are being incorporated into human resources interview criteria.

The constructs forming the theoretical framework are identified, reviewed and discussed, with emphasis on relationships among identified key concepts. To assess the correlation among key concepts, the following sections will discuss the development of these concepts and the subsequent development of the research questions. Figure 3.1 forms the model for the hypothesis and questions to be asked in this study. Ideally, this will lead to new questions and claims to be tested in future research.

### 3.2 GOVERNMENT SPONSORED CSR INCENTIVES

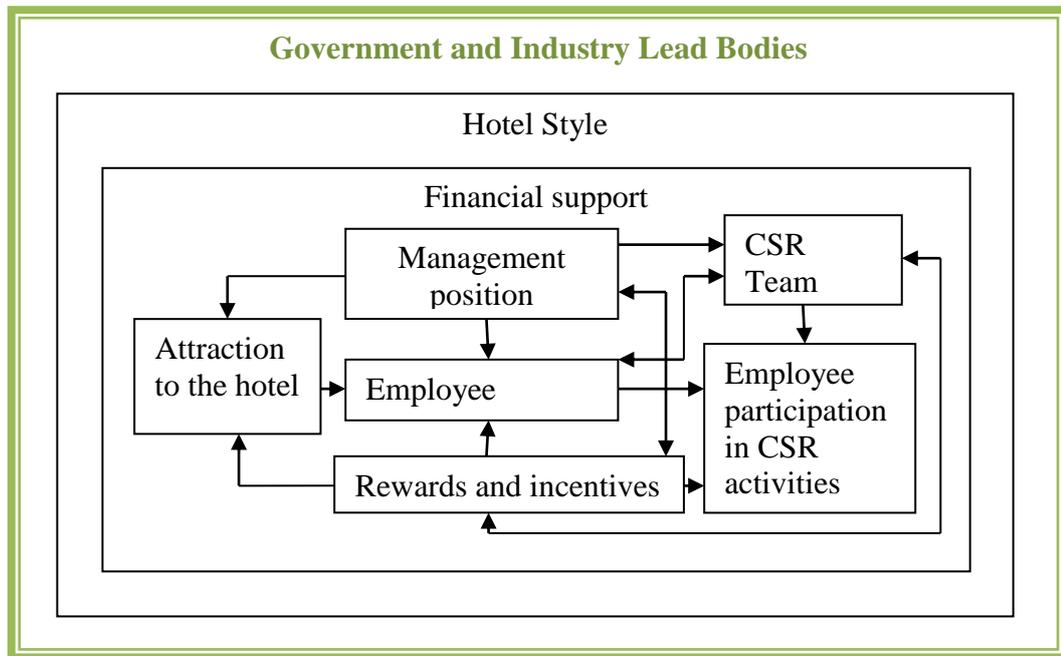


Figure 3.1: Theoretical framework: Government and industry lead bodies

Literature has established that governments have an important role as change agents that influence corporate and public behaviour through establishing guidelines and defining policy (Albareda et al., 2008; Bichta, 2003; Qu, 2007).

Although there has been a positive shift in favour of supporting CSR activities in the hotel industry, sensitivity to CSR issues has existed between certain tourist and hotel products offered and the natural, economic, social and cultural environments (Garcia Rodriguez & Armas Cruz, 2007).

Literature has pointed to social and environmental responsibility between business and credible community organisations requiring additional government sponsored incentives to encourage the adoption of CSR activities (Albareda et al., 2008).

From the proposed theoretical model (See Figure 3.1) a relationship can be illustrated between government and industry lead body incentives and the adoption of CSR activities into the hotel industry. Evidence from the literature has also indicated that CSR activities have enhanced hotel brand image, improved employees' commitment (Bohdanowicz & Zientara, 2009; Lee & Way, 2010), and strengthened relationships with governments (Mathis, 2007).

Stakeholder theory, which addresses the morals and values when managing an organisation (Freeman et al., 2010) has been viewed as driving the integration of a stakeholder theory approach to CSR (Jamali, 2008) and therefore will be an important guideline to this study's framework. Flowing from the literature, it is suggested that government sponsored CSR incentives have encouraged further CSR participation. Evidence of this linkage has generated the first research question:

**Research Question 1: Have government sponsored incentives stimulated the development of CSR activities in hotels?**

### 3.3 EFFECTIVE CSR TEAMS, CHAIN OR INDEPENDENT HOTELS

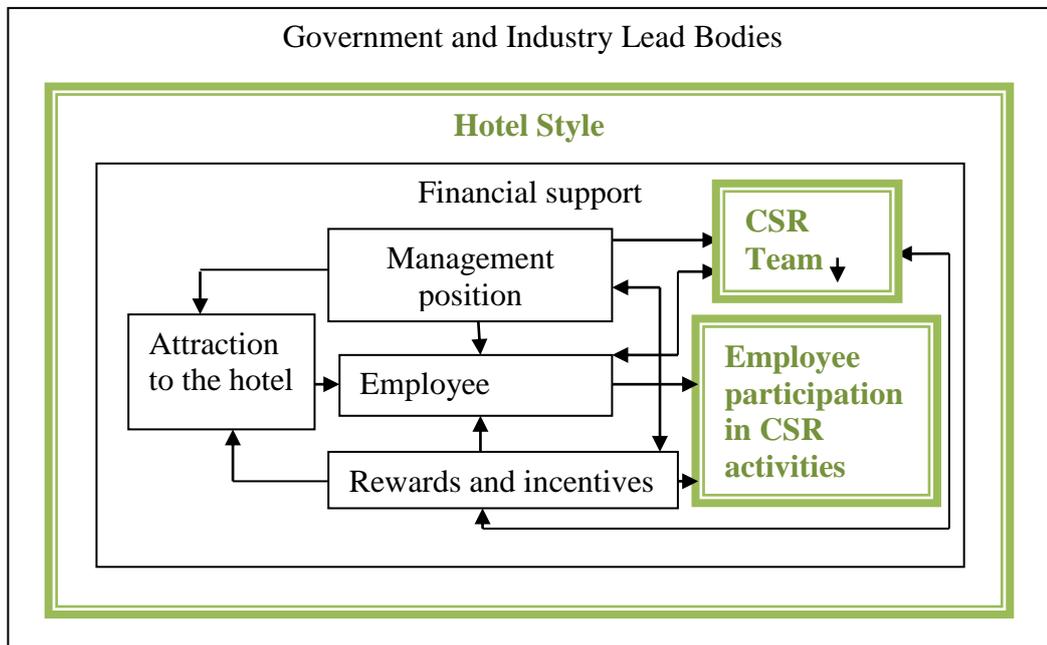


Figure 3.2: Theoretical framework: CSR teams and hotel style

As the literature has illustrated, much of the hospitality related CSR studies have mainly been focused in Chain hotels (Bohdanowicz, 2008; Kucukusta, Mak, and Chan (2013); Lee and Heo (2009). Effective management of CSR activities has allowed for organisational goals to be achieved, specifically through effective Chain hotel adoption of CSR activities. Literature has suggested that Chain hotels, more than Independent hotels, have the resources and financial backing to absorb the costs for CSR implementation and continued participation. Evidence from the literature has also illustrated that many Chain hotels have gone further than the basic requirements for CSR participation, and incorporated their own standards into daily hotel operations (Bhattacharya, Korschun, & Sen, 2009).

Stakeholder theory suggests that organisational management and ethics are closely linked, and that organisations maintain a social and environmental responsibility

(Phillips, 2003). Therefore, moral and ethical standards can influence decisions regarding the adoption of CSR standards and related activities (Kirkman & Shapiro, 2001). A social identity approach can identify circumstances that employees are likely to envisage for themselves either as part of the team or as an individual (Ellemers, Spears, & Doosje, 2002).

Literature has indicated the importance HRM places on value-based teams (Lowe et al., 2002; Saari & Judge, 2004). Literature has also indicated there are many common established groups within hotels such as health and safety committee, environmental committee etc, where group members are similarly placed within the same social field or category (Hogg, 1996). Further, Bohdanowicz (2009) highlighted the positive effect on an organisation and community of group and team behaviour.

From the literature, the relationship between hotels and the use of teams can be established. Evidence also points to Chain hotels participating in CSR activities more than Independent hotels. As a result of this evidence, stakeholder theory and social identity theory will be applied to the theoretical framework (See Figure 3.2). Based on this evidence, the following research question has been proposed.

**Research Question 2: Does the use of CSR teams make Chain hotels or Independent hotels more effective in their participation in CSR activities?**

### 3.4 ORGANISATIONAL LEADERSHIP

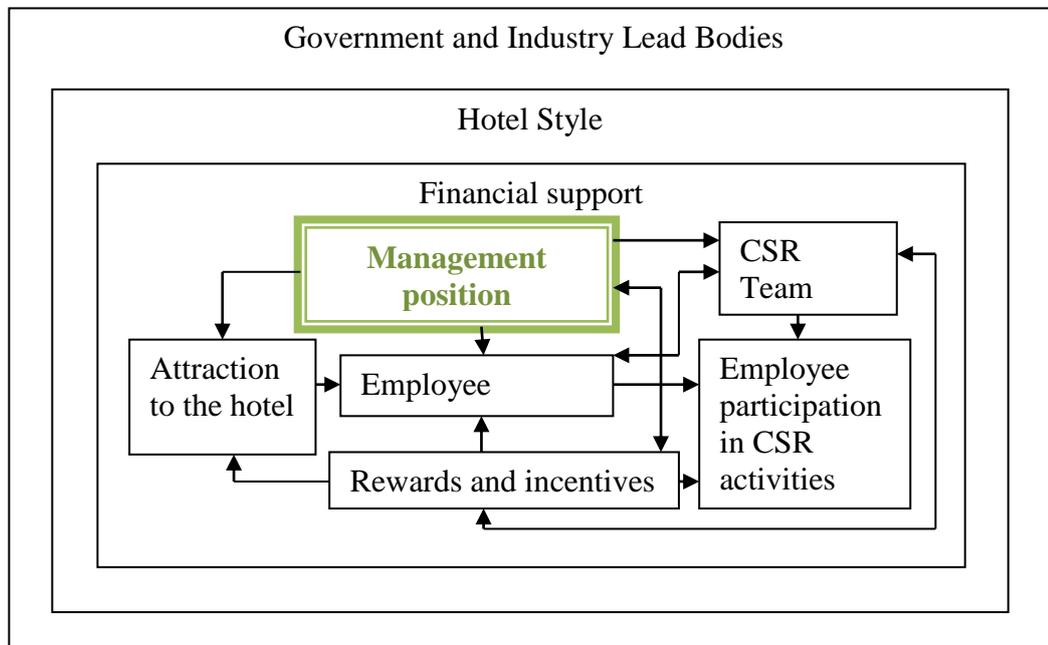


Figure 3.3: Theoretical framework: Management position

One way an organisation derives core values and beliefs is through the influence from its leaders (Brown & Arendt, 2010) and their impact on organisational culture (Schein, 2004). Evidence from the literature has illustrated that the corporate image of an organisation is the profile of impressions and expectations from its stakeholders and managers (Murray & Ayoun, 2010). As has been evident, managers can lead and serve by incorporating a personal concern, beyond the corporate realm, for the well-being of others (Wildes, 2008). Organisational performance can be accomplished through leadership and motivation of individuals. Successful leaders are formed by creating a consortium of like-minded people who also wish to serve the needs of those around them (Wildes).

Although CSR is dependent upon good management policies, core values, long-term goals and positive organisational culture, leadership, management style and practices also have an effect on productivity and employee performance (Worsfold, 1989). Makower (1994) noted that socially responsible businesses are stimulated by employee behaviour and perform more efficiently in terms of productivity and innovation. Research has shown that CSR is about making a leadership commitment to core values and recognising local and cultural differences when implementing global policies (Wildes, 2008).

In a hospitality context, leadership studies have revealed theories with particular significance to hotel management (Guillet et al., 2012). Social identity can motivate subordinates in the hotel industry to participate in CSR practices. Social identity theory also facilitates understanding as to who is the motivating force accepted by others and under which conditions they will be most successful in mobilising their followers (Ellemers et al., 2004). Therefore social identity theory can be applied to this study's theoretical framework (See Figure 3.3).

Following evidence from the literature indicating the relationship between leadership and social identity, social identity theory will be applied to this part of the theoretical framework. Therefore, the following research question has been proposed.

**Research Question 3: Does a hotel manager's leadership in CSR activities influence hotel direction in CSR?**

### 3.5 REWARDS AND INCENTIVES

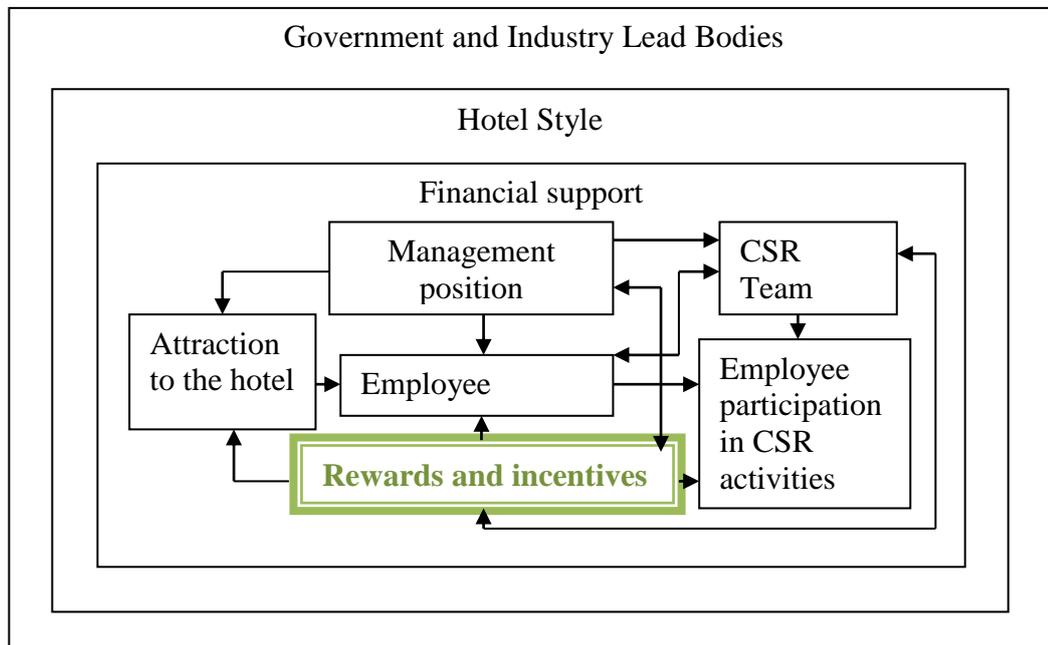


Figure 3.4: Theoretical framework: Rewards and incentives

Literature has illustrated that although motivation of individuals is a critical factor, organisations have had difficulty motivating employees to achieve set goals (Gurerk et al., 2009). Therefore, rewards and incentives have become an important factor within any business operation. This then positions rewards and incentives in a powerful position as a motivator for individuals to join an organisation, perform beyond expectations, and develop and grow within the organisation (Kates & Galbraith, 2007). Evidence from the literature has illustrated that rewards and incentives can align individual employees or group behaviour and performance with stated organisational goals and objectives (Bohdanowicz & Zientara, 2009; Fisher et al., 2010).

The hotel industry has been traditionally associated with a high employee turnover (Jones et al., 2006). Research by Bohdanowicz and Zientara (2008) has shown

that where rewards and incentives were part of a CSR based hotel strategy integrated into their community, hotel employees were motivated to participate. Image building of a hotel through engaging employees in CSR practices has a positive correlation between job satisfaction and organisational commitment (Bohdanowicz & Zientara, 2008).

Literature, therefore, suggests that rewarding CSR practices reduces employee turnover and are strategies that can be used in motivating employees to participate in CSR activities and increasing commitment.

In the light of the literature presented, social identity theory can be linked to employee attraction, rewards and incentives, thus will be applied to the theoretical framework (See Figure 3.4) for this study. The following research question has been proposed.

**Research Question 4: Do rewards and incentives influence the extent to which employees participate in CSR activities?**

### 3.6 FINANCIAL COST INFLUENCING CSR ADOPTION

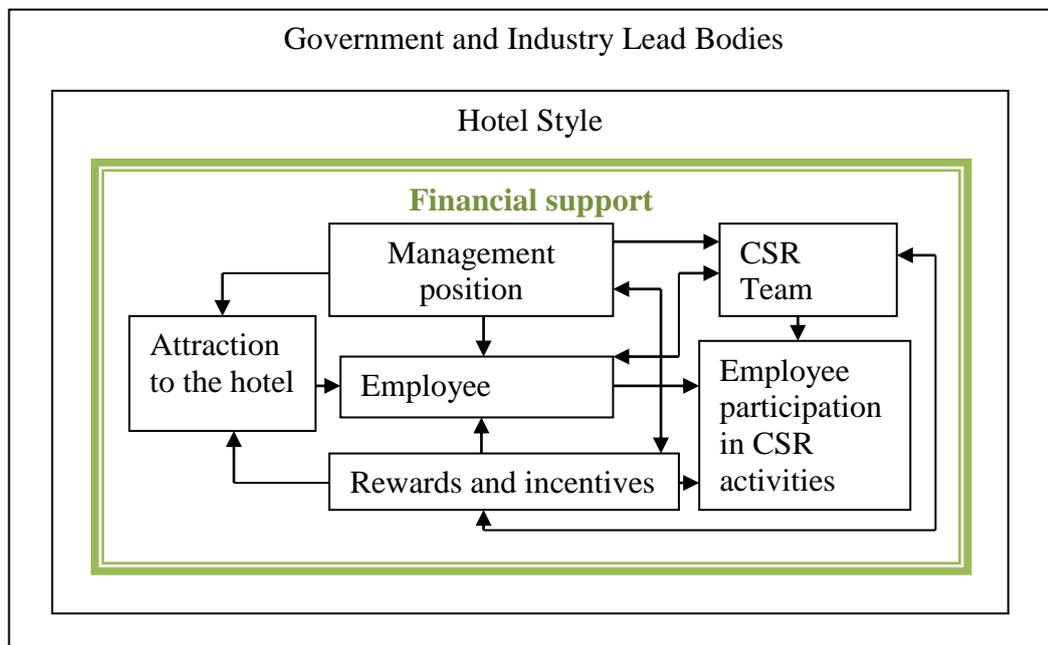


Figure 3.5: Theoretical framework: Financial support

As illustrated in the literature, increasing financial cost to pursue a greater sense of social and environmental responsibility has been one of the main challenges for adopting a CSR approach (Atkins, 2006; Henderson, 2001). Therefore, how to accurately select a CSR activity and evaluate related costs has become a critical issue, especially in the hotel industry (Tsai et al., 2010) due to limited resources and employee participation. Present research has suggested that short term CSR implementation cost results in long term financial gain through the reduction of operating cost and employee involvement in CSR activities (Lee & Park, 2009).

Literature has established that the hospitality industry has gone some way in addressing this challenge through the recognition that CSR participation has been beneficial in stabilising and reducing CSR implementation cost. Some

international hotel chains have already embraced existing environmental management programmes such as ISO 14001 (Chan, 2009). Others have initiated their own social responsible programmes, such as Planet 21, Earth Guest, and We Care.

Governments in their role as stakeholders (See Figure 3.1), have sought to provide either tax incentives or funding schemes, introduced codes of compliance, benchmarking best practice and rewarding good practices. Evidence from the literature has illustrated that government sponsored initiatives have influenced the acceptance and implementation of CSR, and improved environmental and social responsibility awareness and commitment among organisations (Albareda et al., 2007). As CSR has become a priority on government agendas, this has changed the way governments view their role by incorporating multi-stakeholder strategies (Albareda et al., 2007). This then implies the adoption of a stakeholder theory approach.

From the literature the relationship between the cost and CSR implementation and adoption of CSR principles can be illustrated. As a result of this evidence, stakeholder theory will be applied to the theoretical framework (See Figure 3.5). Therefore, the following research question has been proposed.

**Research Question 5: Does the financial cost of CSR implementation influence the adoption of CSR principles?**

### 3.7 HOTEL TO PAY FOR CSR ADOPTION

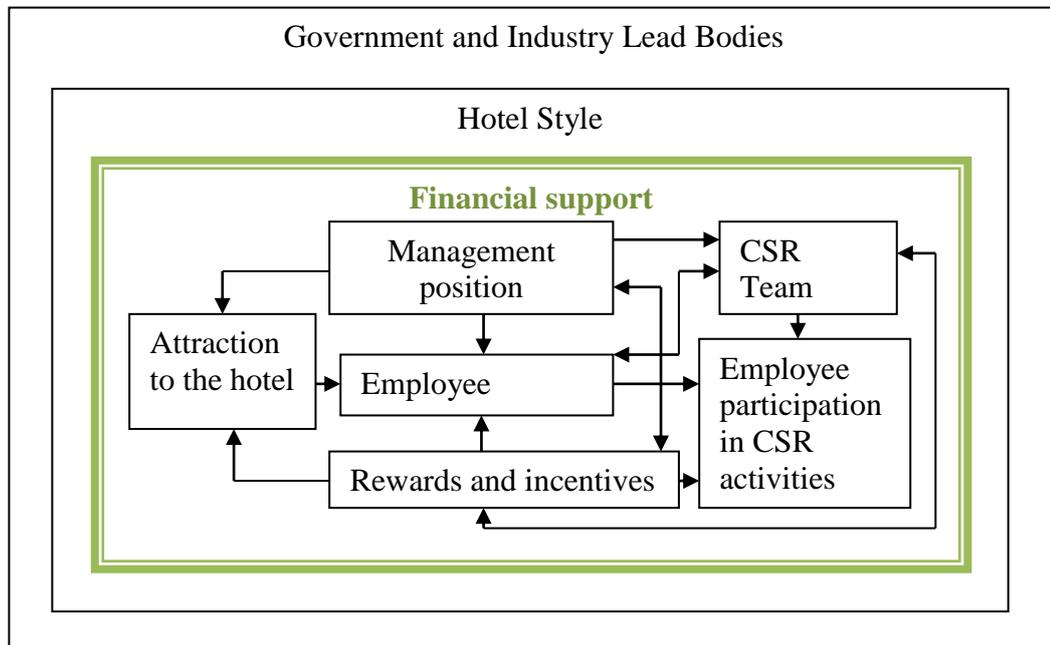


Figure 3.6 Theoretical framework: Financial support (Who should pay?)

Literature has shown that some hotels are more effective at implementing CSR policies than others (Greenberg & Baron, 2000). This may be due to factors such as the strategies that determine the hotel's CSR direction. When taking these factors into consideration, the financial cost of implementation needs to be carefully calculated (See Figure 3.6).

Evident from the literature has been the increased attention that stakeholders have placed upon the hotel industry. Hotels are increasingly being held accountable for installing environmental measures and waste management systems that reduce and monitor omissions generated (Chan, 2009). This has led to an increase in cost of CSR adoption due to purchasing, intergrating and monitoring waste management systems into a hotel's daily operation. Due to the related financial costs in CSR implementation, hotels have shifted strategies to involve employees and customer

to a greater extent (Bohdanowicz & Zientara, 2009). Consequently, adjustments in areas such as organisational thinking, reporting of stakeholder relationships and incentives offered has occurred (Porter & Kramer, 2006). Thus, stakeholder theory will guide the concept of CSR adoption.

Literature has illustrated that governments have become the guardian of stakeholder interests (Zappal, 2003) and in this role have sponsored CSR incentives to encourage organisations to become more socially and environmentally conscious. Lee et al. (2013) investigated the link between CSR and corporate financial performance and concluded investment in socially responsible activities by hotel companies increases firm value and profitability. Lee and Park's (2009) study reported the positive effects of CSR activities on the organisation's profit and value performance. Literature has also illustrated that when an organisation invests in CSR activities, there is a long term financial gain (Cooper & Wagman, 2009).

In light of the literature, stakeholder theory can be linked to CSR cost adoption by hotel organisations through long term financial gains and form part of the proposed theoretical framework (See Figure 3.6). Therefore, the following research question has been proposed.

**Research Question 6: Do hotels have the responsibility to pay for the adoption of CSR?**

### 3.8 ATTRACTING, MOTIVATING, RETAINING EMPLOYEES

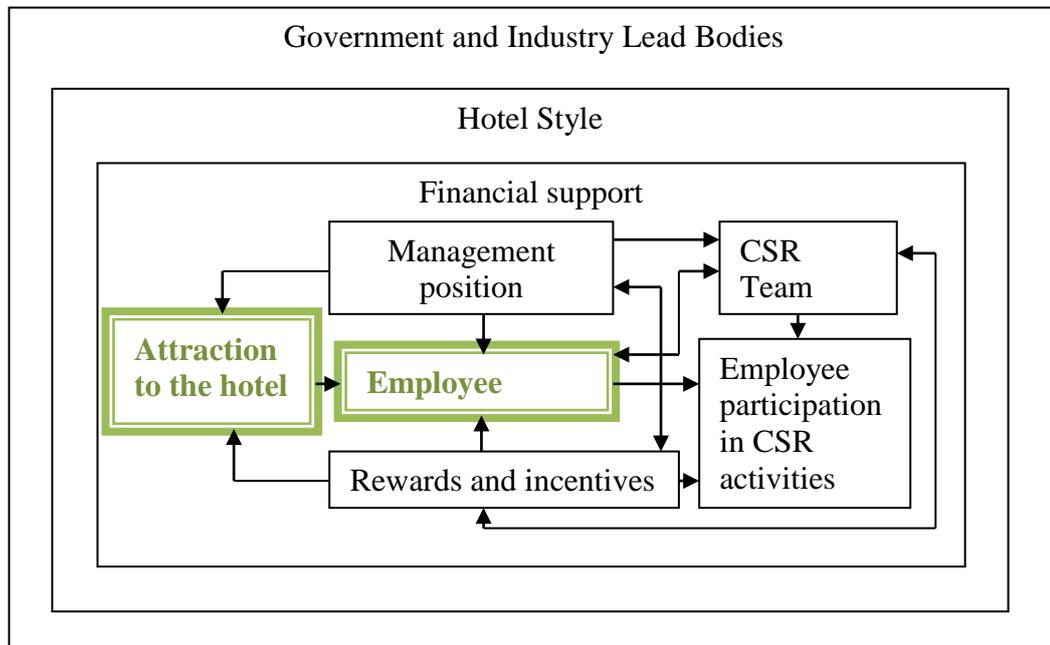


Figure 3.7: Theoretical framework: Attraction to the hotel

Literature has identified that employees are the key to successful CSR practices due to their belief in organisational values and development of community relationships (Bohdanowicz & Zientara, 2009; Mathis; 2007). Research by Bohdanowicz and Zientara (2008) has indicated that hotel employee involvement in CSR activities has benefited the organisation through a motivated workforce with higher regard for their work place environment and improved overall employee job satisfaction.

Studies by Duygu (2009) had suggested that employees prefer to work in socially responsible organisations. Additionally, the employees level of commitment to the organisation was positively affected by CSR activities in relation to society, environment, NGO participation and customer involvement (Turker, 2009).

Enhancing employee motivation and organisational citizenship behaviours (Kazlauskaite et al., 2006) also lowers employee turnover and stimulates employee commitment and willingness to sacrifice for their organisation (Greenberg & Baron, 2000). Greening and Turban (2000) identified that the values organisations portray beyond the traditional scope of salary and benefits, such as community commitment, environmental and philanthropic behaviours are positive signs and more attractive to potential employees. Literature therefore suggests that employees identify with social and environmental values portrayed by an organisation if they are similar to their own values as this enhances their self-esteem and self-concept (Murray & Ayoun, 2010). In a hospitality context, social identity theory has revealed that a hotel's participation in environmental and socially responsible activities provides evidence of why employees are attracted to certain organisations.

Evident from the literature has been the influence HRM has over attracting, motivating and retaining competent employees (Kazlauskaite et al., 2006). A resource based theory approach can be linked to the importance of human resource and employee retention (Wright et al., 2001).

In light of the literature presented, resource based theory and social identity theory can be linked to employee attraction and commitment to an organisation that demonstrates a socially and environmentally responsible conscience. Hence, the establishment of this relationship can be applied to the theoretical framework (See Figure 3.7). Therefore, the following research question has been proposed.

**Research Question 7: Is social responsibility part of an employee's hotel attractiveness?**

### **3.9 CHAPTER SUMMARY**

In summary, Chapter 3 develops the proposed theoretical framework and specifies the relationships to the research questions for this study. Given the complex nature of CSR being conceptualised in different ways, this framework has been designed to represent the multidimensional characteristics that incorporate CSR adoption into the New Zealand hotel industry. The proposed theoretical model illustrates the correlation between organisational design, leadership, rewards and incentives, financial cost, attracting, motivating, and retaining employees through an organisation's adoption and participation in CSR activities. The theoretical framework devised in the chapter also seeks to present a theoretical approach to answering the problem statement and the seven related research questions.

**Research Question 1:** Have government sponsored incentives stimulated the development of CSR activities in hotels?

**Research Question 2:** Does the use of CSR teams make Chain hotels or Independent hotels more effective in their participation in CSR activities?

**Research Question 3:** Does a hotel manager's leadership in CSR activities influence hotel direction in CSR?

**Research Question 4:** Do rewards and incentives influence the extent to which employees participate in CSR activities?

**Research Question 5:** Does the financial cost of CSR implementation influence the adoption of CSR principles?

**Research Question 6:** Do hotels have the responsibility to pay for the adoption of CSR?

**Research Question 7:** Is social responsibility part of an employee's hotel attractiveness?

The next chapter will present and discuss the philosophies, methodologies and strategies employed in the data collection methodology of this study.

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## **CHAPTER 4 METHODOLOGY**

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## **CHAPTER 4 METHODOLOGY**

### **4.1 CHAPTER INTRODUCTION**

The previous chapter presented the theoretical framework for this study. Theories were formulated and a framework was developed to support the theory underpinning this research.

In Chapter 4 the epistemological approach and methodologies underpinning the research methodology are presented. This chapter contains five sections. The first section commences with a discussion of the research paradigm for this study. The second section discusses the research rationale for a mixed method approach being adopted for this study. Section three presents a rationale, design, question justification and final administration of the research method used in the qualitative (in-depth interviews) section of this study. Section four presents the rationale, design, question justification and final administration of the research method used in quantitative (on-line survey questionnaire) section of this study. Section five of this chapter presents the chapter summary.

### **4.2 RESEARCH PHILOSOPHIES, APPROACHES AND STRATEGIES**

#### ***4.2.1 Paradigms***

The distinctions between the varieties of research methodologies can be difficult to understand. The value in choosing the correct qualitative and quantitative research approach should begin at the preliminary stage of the proposed study. This introduces philosophical strands of thought most appropriate for forming and guiding the design and undertaking of the research (Brotherton, 2008). To justify

the research philosophy and methodological processes being followed in this study a paradigmatic analysis is necessary.

Paradigms have been described as the worldview or belief systems that guide researchers (Guba & Lincoln, 1994) and basic set of beliefs that guide action (Denzin & Lincoln, 2008; Jennings, 2001). Philosophers in social and behavioural sciences were engaged in a long standing epistemological dispute as to how best to conduct research. During what was then termed the paradigm wars, Tashakkori and Teddlie (1998) believed that research should be undertaken with the clear intent to answer a question, solve a problem or evaluate a programme, and that the research question should take precedence over the paradigm and that researchers should use the most appropriate method from both research approaches to answer the research question.

A paradigm encompasses four distinct terms: ethics (axiology), epistemology (the relationship between the researcher and the subject), ontology (the nature of reality and the nature of the human being in the world), and methodology (the set of guide lines for conducting the research) (Denzin & Lincoln, 2008).

For this discussion, three social science paradigm approaches will be presented, pragmatism, interpretivism and positivism. Inherent in each of these approaches are multiple research theories, techniques and theoretical frameworks.

#### ***4.2.2 Pragmatism***

Pragmatism is typically associated with mixed method research (Creswell & Plano-Clark, 2011). The pragmatic approach involves using the methods and techniques best suited to the research question and is typically associated with

quantitative or qualitative research methods. Although the pragmatic approach may use different techniques at the same time, or one technique followed by another, this approach places the emphasis on the research question. Pragmatism rejects the either/or choices associated with the paradigm wars, advocates the use of mixed methods research approach, and acknowledges the value of the role the researcher plays when interpreting the research data (Teddlie & Tashakkori, 2009). Therefore, the methodology employed in this study will be based on the research objectives.

Although a pragmatic approach has been adopted in designing the research method best suited in answering the research question stated in Chapter 1, an inquiry paradigm underlines the basic research beliefs as mentioned above. Fundamental questions surrounding epistemology, ontology and methodology are also interlinked in such a way that the answer given to any question, taken in any order, constrains how the others questions may be answered (Guba & Lincoln, 1994). Any given paradigm represents the most informed and sophisticated view that its advocates have devised, given the way they have chosen to respond to the fundamental research questions (Guba & Lincoln, 1994). This study will adopt a pragmatic approach in its research philosophy and methodology.

### ***4.2.3 Interpretivism***

The interruptive paradigm is an attempt to discover the meaning of an event or practice by placing these into a specific social context (Neuman, 2012) as in this study. There is a need to comprehend or mentally establish the operation of the social world and get a feeling for something or see the world as other people do.

An interpretivist focuses on social rather than economic aspects of organisational life, and seeks to discover coherent order in meanings and perspectives.

Interpretative approaches to research place considerably less emphasis on the need to develop objective research methods and more on the need for interpretation in the research (Brotherton, 2008). This view is based on the belief that people's behaviour is socially constructed rather than being a separate or independent entity. Therefore, this philosophy adopts symbolic interaction which is central to the focus of this study such as language and texts. Researchers engaging in this research approach interpret the objective facts through looking at the totality of each situation then developing ideas through induction from data. This study will also adopt an interpretive approach in its research philosophy and methodology.

#### ***4.2.4 Positivism***

Positivism is the most widely practiced approach in the social science approach (Neuman, 2012). Positivists see social science research as fundamentally the same as natural science research as it assumes the social reality is comprised of objective facts. Positivism, an approach evident in research design, is a paradigm that takes the position that the world is socially constructed and subjective; reality exists out there and is driven by immutable natural laws and mechanisms. Knowledge of these entities, laws, and mechanisms is conventionally summarised in the form of time- and context-free generalisations, some of which may take the form of cause and effect laws.

As research utilising positivist quantitative methodologies holds a greater prestige in the social sciences than qualitative, the majority of articles published in leading

American sociology and political science journals today are positivist. Positivist research is deemed to be more scientific and more trustworthy, and thus has a greater impact on policy and public opinion. Further, a positivist approach contends that the theories and laws established via research must be logically consistent and explain reality (Brotherton, 2008).

Table 4.1 summaries the differences between a positivist and interpretive approach.

Table 4.1: Differences between a positivist and interpretive approach

Key areas	Positivism	Interpretivism
Basic beliefs	<ul style="list-style-type: none"> <li>• World is external &amp; objective</li> <li>• The observer is independent</li> <li>• Science is value free</li> </ul>	<ul style="list-style-type: none"> <li>• World is socially constructed &amp; subjective</li> <li>• Researcher is part of what is observed</li> <li>• Science is driven by human interest and motives</li> </ul>
Research method	<ul style="list-style-type: none"> <li>• Focus on facts</li> <li>• Look for causality &amp; fundamental laws</li> <li>• Reduce phenomena to simplest elements</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on meanings</li> <li>• Try to understand what is happening</li> <li>• Look at the totality of each situation</li> <li>• Develop ideas through induction from data</li> </ul>
Research design	<ul style="list-style-type: none"> <li>• Structured, formal &amp; specific detailed plans</li> </ul>	<ul style="list-style-type: none"> <li>• Evolving &amp; flexible</li> </ul>
Researcher involvement	<ul style="list-style-type: none"> <li>• Researcher remains distant from the material</li> <li>• Short term contact</li> </ul>	<ul style="list-style-type: none"> <li>• Researcher involved</li> <li>• Long term contact; emphasis on trust and empathy</li> </ul>
Preferred methods	<ul style="list-style-type: none"> <li>• Operationalisation of concepts so that they can be measured</li> </ul>	<ul style="list-style-type: none"> <li>• Use of multi-methods to establish different views</li> </ul>
Sampling	<ul style="list-style-type: none"> <li>• Large samples</li> </ul>	<ul style="list-style-type: none"> <li>• Small samples investigating in depth or over time</li> </ul>
Data collection methods	<ul style="list-style-type: none"> <li>• Experiments, surveys, structured interviews &amp; observations</li> </ul>	<ul style="list-style-type: none"> <li>• Observations, documentation, open-ended &amp; semi-structured interviews</li> </ul>
Research instruments	<ul style="list-style-type: none"> <li>• Questionnaires, scales, tests scores &amp; experimentation</li> </ul>	<ul style="list-style-type: none"> <li>• Researcher</li> </ul>
Strengths	<ul style="list-style-type: none"> <li>• Provides a wide coverage</li> <li>• Opportunity to control the research process</li> <li>• Data collection can be fast</li> <li>• Helps generalise previous research findings</li> </ul>	<ul style="list-style-type: none"> <li>• Looks at change processes over time</li> <li>• Greater understanding of peoples meanings</li> <li>• Adjustment to new issues &amp; ideas as the emerge</li> <li>• Natural rather than artificial data gathering</li> </ul>
Weaknesses	<ul style="list-style-type: none"> <li>• Inflexible &amp; artificial</li> <li>• Not effective in understanding peoples attachment to actions</li> <li>• Not helpful in generating theories</li> </ul>	<ul style="list-style-type: none"> <li>• Data collection takes time</li> <li>• Difficulty in data analysis</li> <li>• Harder to control the research process</li> <li>• Reliability with findings</li> </ul>

**Source:** Summary of Altinay and Paraskevas', 2008 comparisons.

Tashakkori and Teddlie (1998) stated that for most applications in social and behavioural science research, questions are best answered with mixed methods or mixed model design rather than the sole reliance on either a quantitative or qualitative research approach. This mixed method approach will be followed in this study.

The researcher recognises that every research method has its limitations and different approaches can be complementary. Being able to mix different research approaches has the advantage of facilitating triangulation which is a common feature in mixed methods research. For the purposes of this study's philosophy and methodological processes, a pragmatic, interpretive approach will be followed.

## **4.3 RESEARCH RATIONALE**

### ***4.3.1 Introduction***

As illustrated, research methodology is underpinned by philosophy (Johnson & Onwuegbuzie, 2004). Easterby-Smith, Thorpe, and Jackson (2012) identify three main reasons why research philosophies and approaches drive research design and strategies.

- It can help choose overall research strategies. This includes the type of evidence to be gathered, research methods used, the way the data will be analysed and interpreted and how this will help in answering the research question.

- Knowledge of the research philosophies will enable the evaluation of different research methods and identify related limitations in the early stages of the study.
- It can help with creativity and innovation, by choosing or adapting research methods outside a researcher's experience.

As presented in section 4.1, two philosophies have been employed in this study. Pragmatic, which promotes a more objective interpretation of reality through the use of data from surveys; and interpretive which is connected to the examination of people and their social behaviour (Jennings, 2001). Each research philosophy has its strengths and weaknesses, more importantly they can complement each other (Altinay & Paraskevas, 2008). This explorative study will utilize qualitative and quantitative research methods as illustrated in Figure 4.1

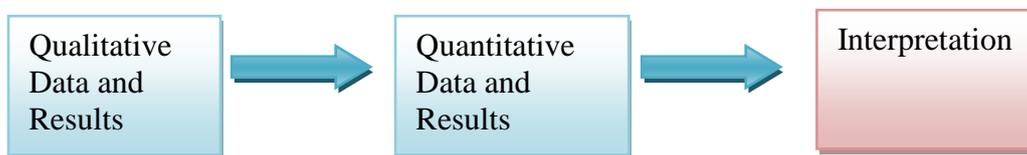


Figure 4.1: Qualitative and Quantitative Research Design

#### ***4.3.2 Qualitative and quantitative research approach***

The research philosophies and approaches can be directly linked with the chosen method of data collection. The positivist philosophies are usually associated with deduction and quantitative research, whereas the interpretivist philosophy is usually associated with induction and qualitative research (Altinay & Paraskevas, 2008).

When considering which research approach was to be adopted for this study the following considerations were taken into account.

- 1) Already existing literature and researcher's knowledge in the area to be studied.
- 2) Was existing knowledge to be tested or new knowledge to be explored?
- 3) The ability of the researcher through direct interaction with people and designing survey questionnaires.
- 4) Time and available resources to complete the research undertaken.

The growing body of literature relating to mixed methods research has provided a better understanding and acceptance of the arguments surrounding the paradigmatic relationship that exists between each research method (Johnson & Onwuegbuzie, 2004; Morgan, 2007). Many earlier social science studies included both qualitative and quantitative approaches where alternative terms such as a multi- strategy approach were preferred (Dooley, 2001). Creswell and Plano-Clark (2011), Creswell (2009), and Tashakkori and Teddlie (2008) discussed various mixed method designs available and the reasons why each may be employed in data collection.

Combining qualitative and quantitative methods in a single study offers a deeper insight into the complex research problems that are increasingly facing researchers than would be possible using either method in isolation (Andrew & Halcomb, 2009). By using complementary methods that overcome each other's strengths and weaknesses, a mixed method study has the potential to provide a broader understanding of the issues (Giddings & Grant, 2009). Additionally, examination of areas of convergence and divergence between the qualitative and

quantitative data can uncover insights that may otherwise have gone unrecognised (Halcomb & Andrew, 2009).

The introduction to a mixed method and mixed model study in the social and behavioural sciences with the use of paradigms in the development and choice of research strategy were discussed at length by Tashakkori and Teddlie (1998). Their deduction was that mixed methods combine both quantitative and qualitative approaches during the methodology, such as data collection. In contrast, mixed model studies combine these two methods across all phases of the research such as conceptualisation, data collection and analysis (Tashakkori & Teddlie, 1998). Guba and Lincoln (1994) concluded that both qualitative and quantitative methods may be used appropriately within any research paradigm.

The mixed methods approach also uses both deductive and inductive logic in a distinctive sequence which Teddlie and Tashakkori (2009) describe as The Inductive-Deductive Research Cycle (see Figure 4.2). The inductive-deductive research cycle is seen as moving from grounded results, then inductive, to general inferences through deductive inferences to predictions or hypothesis. Research on any given question can occur at any point in time within this cycle (Teddlie & Tashakkori, 2009).

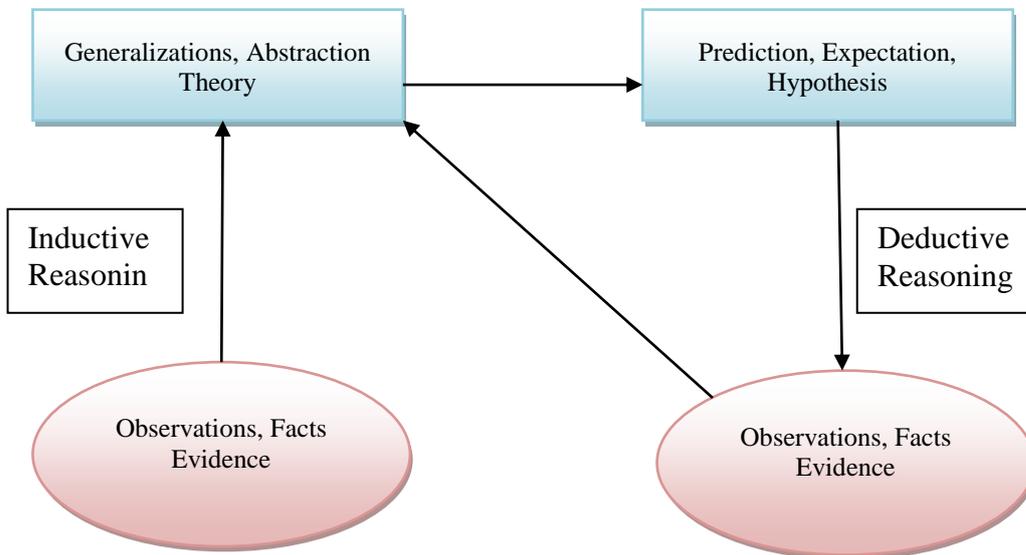


Figure 4.2: Inductive-Deductive Research Cycle

Before embarking on a mixed method approach for this study, careful consideration was required of items including timing of the data collection, the researcher's resources and skills at adopting and implementing a mixed methods approach, strategies for managing a possibly extensive data base, and the reporting and integration using a mixed method approach. With the necessary attention given to these issues, the potential to significantly reduce any problems encountered during data collection and enhancement of the overall quality of this study could be increased.

A trend is now emerging from research in the hospitality sector where mixed method research is becoming increasingly popular, particularly in post graduate studies (Altinay & Paraskevas, 2008). Examples of how the use of mixed methods

has enriched research findings, in particular hospitality research, can be shown through studies by Bohdanowicz and Zientara (2008), Kasim (2004) and Manaktola and Jauhari (2007). Therefore, a mixed method approach for collecting and analysing qualitative data and quantitative data has been adopted for this study.

From the research philosophies, approaches and strategies that have been presented, the following section discusses the research design of this study.

#### **4.4 RESEARCH DESIGN**

Social science uses one or more techniques in collecting qualitative and quantitative data (Neuman, 2012). Some techniques and study designs are more efficient and effective at addressing specific topics and related questions than others. This study has utilised knowledge and experience from existing scholars and related literature, therefore, the research steps followed are shown in Figure 4.3.

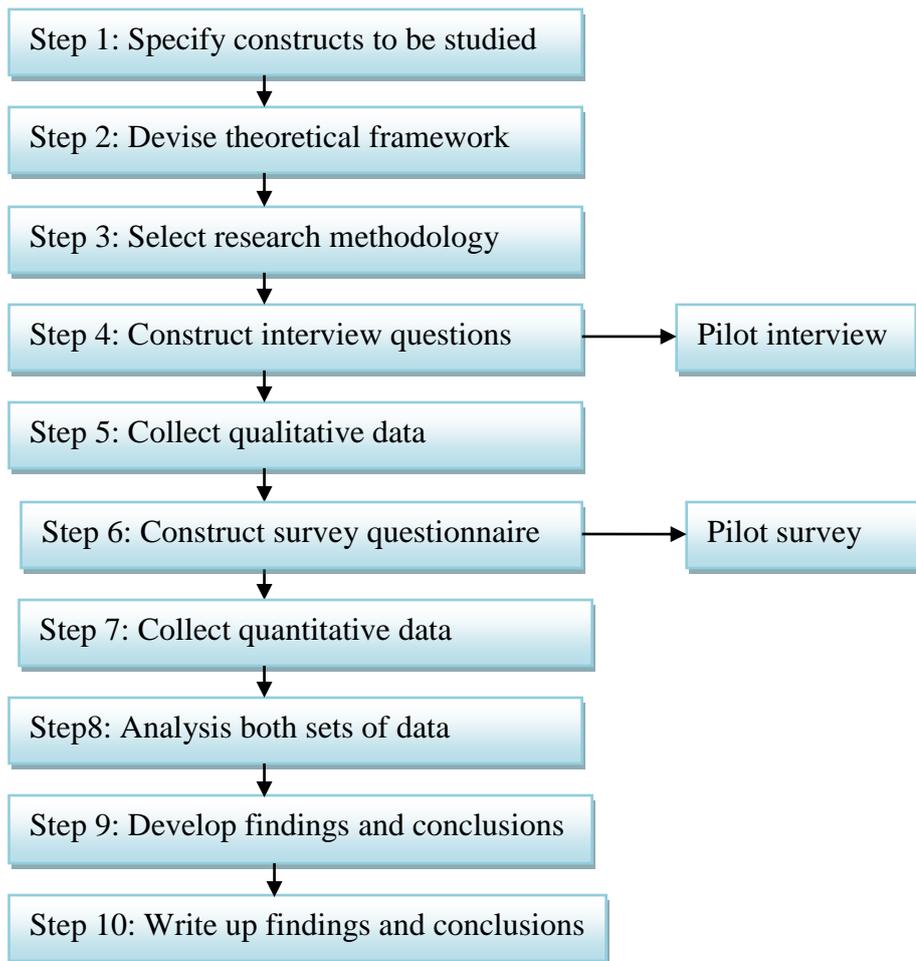


Figure 4.3: Research Design Process for this Study

#### 4.5 METHODOLOGICAL TRIANGULATION

Mixed methods are also a component of triangulation, in particular, methodological triangulation (Jennings, 2001). Triangulation techniques evolved from the early work of Campbell and Fiske when more than one quantitative method was used to measure psychological traits. This technique was called the multi-trait multi-method matrix (Campbell & Fiske, 1959). Denzin (1978) differentiates between four different triangulation methods: data, investigator,

theory and methodological triangulation (the use of multiple methods to study a research problem). Methodological triangulation is the most used and involves quantitative and qualitative research methods and data collection to investigate the same phenomenon within the same study (Tashakkori & Teddlie, 1998). Therefore, a methodological triangulation approach was employed in this study.

The following section discusses the theoretical framework developed for this study.

## **4.6 THEORETICAL FRAMEWORK**

### ***4.6.1 Introduction***

As illustrated in Chapter 2, CSR is a multidimensional concept having many definitions and various terms thus, many connections both socially and environmentally are reflected in various relationships with stakeholders. Emerging from the literature review, a theoretical framework has been developed (See Figure 3.1). In developing the proposed theoretical framework for this study the researcher has integrated three CSR related theories to form a framework guideline of for this study.

The following section will reaffirm each of these theories as presented and discussed in Chapter 2: social identity theory (Ashforth & Mael, 1989); resource-based theory (Barney, 2001); and stakeholder theory (Crane & Ruebottom, 2011; Russo & Perrini, 2010). The function of these theories is to help support this study's direction and goal.

*Social identity theory:* Social identity theory is based on a fundamental distinction between interpersonal and group processes. The concept is that every individual is characterised by social features dependent upon his or her membership of a group or category, through their personal features or individual characteristics (Deschamps & Devos, 1998 ). Therefore, individuals who have similar beliefs, such as social or environmental concerns, tend to be attracted to organisations that express a similar approach. Bohdanowicz and Zientara (2008) used this concept of employees being attracted to hotel organisations that behaved socially and environmentally ethically towards local communities, charities and promoted sustainability. Murray and Ayoun (2010) identified that university hospitality graduates were attracted to organisations that share their own social and environmental beliefs. Duygu (2009) employed social identity theory to analyse how CSR affects the organisational commitment of employees. These results suggest that employees prefer to work in socially responsible organisations.

Based on the social identity theory concept, the prestige of an organisation affects the self-esteem of its employees (Turker, 2009). Therefore social identity theory will be linked with employee attraction, CSR participation and commitment to the organisation, thus, is an important theory and can be applied to the theoretical framework.

This study's theoretical framework is also been referenced to a resource-based theory approach which will be discussed in the next section.

*Resource based theory:* A resource based theory approach can be broadly divided into four categories: financial resources, physical resources, human resources and organisational resources (Barney & Hesterly, 2006). Barney and Clark (2007)

suggested that human resources and the utilisation of organisational resources play key roles in maintaining competitive advantage and planning organisational strategic goals. This can also be illustrated through hotel studies by Chand and Katou (2007) where an Indian hotel's performance was linked with organisational objectives and human resources when gaining a competitive advantage.

In addition, the influence that organisational rewards and incentives have when attracting, motivating and retention of employees is also pivotal to the human resource, organisational objectives and policies embedded within an organisation. These constructs can be linked to a hotel employee's perception and participation in internal and external CSR practices. This forms an essential component of employee commitment to hotels (Lee & Kim, 2013) and to their competitive advantage and performance achievement (Leonidou, Leonidou, Fotiadis, & Zeriti, 2013).

The hotel industry depends upon service quality and the interaction between hotel employees and customers is critical, further reinforcing the linkage between human resources and organisational resources as a valuable intangible asset. Thus, human and organisational resources are an important area that adds to this study's theoretical framework through a resource based theory approach.

Stakeholder theory forms the last theoretical guideline to this study and is discussed in the next section.

*Stakeholder theory:* Stakeholder theory has been widely recognised as a management tool (Reynolds, Schultz, & Hekman, 2006). Stakeholder theory can examine managerial decisions and look closely at balancing stakeholder interests.

Therefore, by focusing stakeholder theory on managers and individual decision makers, stakeholder allocation and analysis of critical stakeholder decisions can be made.

Governments have acknowledged the significant role that businesses have within the community. Forming government and private sector partnerships is one example of corporate governance, and has been interpreted as a derivative of the privatisation movement in stimulating and addressing social and environmental concerns (Albareda et al., 2009).

Clarkson (1995) proposed that corporate social performance could be analysed and evaluated more effectively through using a framework that addressed a corporation's relationships with its stakeholders while taking account of concepts concerning CSR and the effects of a corporation's responsiveness. Finally, Crane and Ruebottom (2011) linked stakeholder theory and social identity. As many stakeholders interact with organisation's on the basis that there is a shared social identity that drives the groups cohesion to act in certain ways towards the organisations (Crane & Ruebottom, 2011).

Although these three theories form an important role in CSR in the hospitality industry and the relationship to the theoretical framework of this study, stakeholder theory is the most appropriate and will be incorporated into this study. However, all three theories will be integrated into the conclusion chapter of this thesis.

## **4.7 RESEARCH METHODS**

Creswell and Plano-Clark (2011) indicate that mixed methods research is a research design with philosophical assumptions as well as methods of inquiry that focuses on collecting, analysing and mixing both quantitative and qualitative data in a single study. This research adopts a sequential mixed methods research approach. In the sequential mixed methods, one research method supports the other research method. Veal (2006) indicated that a sequential mixed methods approach is helpful when there is a need to expand the findings from one research method by using the other research method. As noted above, pragmatic, interpretive paradigms are also associated with a mixed method research approach.

The first data collecting method of this study was in-depth interviews, a qualitative approach, followed by on-line survey questionnaire, a quantitative approach. For the first, and main, data collecting method, in-depth interviews with hotel managers were used. The second data collecting method involved the distribution and collection of data from on-line surveys with hotel employees. The in-depth interview stage of the study attempts to answer Kucukusta, Mak and Chan (2013) and Rodriguez Cano et al. (2008) who investigated CSR in the hotel industry and business environment respectively. Other examples have been Kasim (2007a) whose study investigated environmental impacts of tourism through using interviews with Malaysian hotel managers and representatives from various government agencies, non-governmental agencies and trade associations. Bohdanowicz and Zientara (2008) examined the rationale and effects of various CSR initiatives through employing in-depth interviews with hotel managers. Pomeroy and Dolnicar (2009) conducted semi-structured interviews with

Australian bank executives who had the responsibility for CSR programmes for gaining an insight into CSR activities and communication strategies.

Drawing upon Neuman's (2012) comments, the advantages to using semi-structured in-depth interview included face-to-face interviews having a high response rate and permitting the longest questions; ability for the interviewer to observe the surroundings, and use nonverbal communication and visual aids; and ability for the interviewer to ask complex questions through the use of extensive probing questions.

In-depth interviews will also permit the researcher to clarify the wording of questions to allow the interviewees to fully understand the questions being asked (Sekaran, 1992) his flexibility reduces the likelihood of misinterpretation on the part of the researcher and interviewee. Saunders et al. (2003) also explain the advantages of using semi-structured interviews in relation to flexibility employed during the interview process. Depending upon the organisational situation, there may be a need for the interviewee to ask additional questions in order to explore more deeply into the research question asked. Additionally, the adaptable nature of in-depth semi-structured interviews aid in the procurement of "real," "rich," and "deep" meaningful data for this study (Saunders et al., 2003). Finally, the semi-structured in-depth interview is also ideally suited for interviewing busy managers and professionals (Bryman & Bell 2011). When all the these advantages were examined as grounds to explore the research question, it seemed reasonable that in-depth semi-structured interviews with hotel managers were to be employed as the qualitative data collecting method for this study.

The researcher did consider possible weaknesses in employing semi-structured interviews as a method of data collection for this study. Drawing upon Neuman's (2012) comments, the disadvantages to using this data collecting method include the high cost, additional training, travel, supervision and personal, for this is the biggest disadvantage; interviewer bias towards the interviewee; interviewee bias towards the interviewer; and interviewer appearance, tone of voice, question wording and mannerisms may affect responses.

In order to maintain consistency, all interviews were conducted by the researcher with a maximum of two interviews being scheduled per day. This condition was applied as the success of the interview is dependent upon the interviewer's situational competence. In other words, the pre-preparation, concentration ability and tiredness may affect the interviewer's capability to complete the interview (Bryman & Bell, 2011). Another area of concern is that the interviewee may give the answers that they think the interviewer wants to hear. To minimise this weakness, the researcher took all available precautions during the interview to stand independently and avoid expressing their own views and perceptions concerning the research question. To avoid any ambiguity during interviews with hotel managers, careful attention was given to the wording and sequencing of the questions as discussed in the next section 4.7.2. The interviewees self-selected by agreeing to participate in the interviews (see section 4.9). However, taking all the above weaknesses' into consideration, qualitative researchers conclude that the interview method is the most suitable when seeking a respondent's perceptions and views (Bryman & Bell 2011). Therefore, interviews were employed in this study, as this was considered the most appropriate means to address the research questions. The next section discusses the design of the research question

#### **4.8 QUALITATIVE RESEARCH QUESTION DESIGN**

Design in qualitative in-depth questions is an interactive process that involves considerable thought between each component of the design to assess the implications of purpose, conceptual context method, research questions and validity threads from one component to another (Wengraf, 2001).

The interview questions were linked to the research questions and the purpose of the research, and therefore familiar and relevant to the literature presented (Neuman, 2012). The interviews in this study employed a semi-structured approach based upon the interview guidelines with the addition of several probing questions (See Appendix C). An acceptable balance between the broad topic of this study and the structured questions at the interview gave a higher response rate to the questions asked at the time of interview. The predetermined and standardised set of questions at interview also gave more control over the topic areas during the interview, enabling the interviewee to better focus on the topic (Saunders et al., 2003). Although the researcher used an interview guide (See Appendix C), as in the semi-structured interview method the questions could be slightly changed according to the interviewee's responses, and the organisational and situational context of the interview (Ticehurst & Veal, 2000). With this in mind, as the interview proceeded the researcher fully utilised the semi-structured interview approach by asking new questions that were specifically relevant to the organisational operation or the pre-planned question. The next section discusses the development of the interview categories and related interview questions.

#### **4.8.1 Interview questions**

Final questions for the semi-structured interviews with hotel managers were developed from the literature search and pilot interviews with hotel managers (See section 4.7.4). The resulting structured interview guide (See Appendix C) helped to prioritize the questions and keep the conversation focused, especially as the interviewee was only available during a short period of time. The interview questions for this study followed eight broad categories as now discussed.

**1) How would you describe your company? What are the main characteristics of your business?**

This category of question establishes a level of trust with the interviewee as recommended by Saunders et al. (2003). Questions associated with the hotel room occupancy, age of hotel, number of employees and characteristics unique to that particular hotel were asked, as an endeavour to relax and maintain a rapport with the interviewee. Additionally, a set of sub-questions related to the interviewee's demographic were asked concerning age, current position, length of employment in current position and length of employment in the hospitality industry.

**2) What is your understanding of the term Corporate Social Responsibility (CSR)?**

This category sought to gather information concerning the hotel manager's understanding and knowledge of CSR and their leadership influencing employees' CSR participation. Research by Bohdanowicz and Zientara (2009) conclude that a hotel manager's knowledge of CSR has influenced the quality of life of local communities and the well-being of their

employees through undertaking CSR activities. Further, Lee and Kim's (2013) study on the effect of perceived CSR on hotel employees' attitude and behaviour toward the organisation had shown that CSR influenced employee's organisational commitment and organisational citizenship behaviour and that CSR perceived by employees had shown an indirect effect on organisational commitment. Additionally, employees who believe that their hotel has a strong commitment to community outreach and charitable giving are more likely to engage in organisational citizenship behaviour.

**3) How would you describe your personal responsibility at work and home?**

This category aimed to identify hotel managers' personal approach to social and environmental responsibility. This set of questions was influenced by studies by Jones (1991) and Weerakit (2007) who investigated ethical and moral issues that would bias an individual towards attributes of personal responsibility. A leader's personal attitude and influence on managerial work and its implications for ethical behaviour and decision making were also investigated by Selart and Johansen (2011). Further, best practices are practical sustainable ways through which managers can show their personal commitment and social responsibility. Research by Wildes (2008) had shown that managers can lead and serve by incorporating a personal concern, beyond the corporate realm, for the well-being of others.

**4) What CSR practices does your hotel currently engage in?**

This category sought to identify the hotel's current CSR activities and why these were chosen. Bohdanowicz and Zientara's (2008) study on the issues and implications of CSR in the hospitality industry developed the question in this category. Their study concluded that the more focused a hotel is on internal social and environmental activities, the greater the involvement in the community. Environmental practices and CSR in hotel chains was further investigated by Bohdanowicz et al. (2011). An analysis of Hilton's We Care programme had shown that Chain hotels were more engaged in CSR than Independent hotels.

**5) Who do you think should initiate and pay costs associated with CSR activities/practices in NZ hotels?**

This category sought to identify the hotel manager's thoughts as to who they think should pay for CSR implementation and associated costs. Research by Lee and Park (2009) has shown that organisational initiated socially responsible activities help hotels and casinos achieve their financial goals. Additionally, Mackey et al. (2007) concluded that CSR and organisational performance were linked, thus encouraging organisations to initiate good practice in CSR. Social responsibility has also been recognised as the driver for local sustainable development (Costantino et al., 2010). Finally, Chain hotels have progressively initiated an integrated approach for selecting CSR programmes thus, reducing direct cost to the organisation (Tsai et al., 2010).

**6) What are the major challenges when implementing CSR activities in this hotel?**

This category identified research highlighting challenges associated with CSR adoption in industries which were similar, to challenges encountered in the hotel industry. Lee et al.'s (2012) study on the impact of CSR on relationship quality and relationship outcomes in service employees indicated that not all dimensions of CSR have the same effect on relationship.

**7) What rewards and incentives does this hotel you have in place?**

Apart from normal rewards and incentives, this category sought to identify those rewards specifically targeted at CSR activities. Research has shown that employees are more engaged in an organisation's stated objectives when suitable rewards are offered (Ryan & Deci, 2000). Maroudas et al. (2008) concluded that (HR) policies, practices and provision of appropriate employee incentives are important for the creation of an environment that promotes customer-oriented behaviour. Singh's (2013) comparative study of performance appraisals, incentives and rewards practices concluded that younger organisations are more likely to be following market principles in terms of explaining incentives and rewards systems to their employees, whilst older organisation's claim that working for them carries social and psychological benefits for employees.

**8) What characteristics are you seeking in new hotel employees?**

This category sought to identify future changes in employee criteria that would identify a person's social and environmental responsibility. Research has shown that like-minded people are attracted to organisations that demonstrate social and environmental responsibility or work with sustainable products (Connelly, Certo, Ireland, & Reutzel, 2011). Research by Murray and Ayoun (2010) has shown that hospitality businesses that pursue sustainable business practice are a means of signalling attractiveness and attracting future employees to the industry. Fisher et al. (2010) linked employee attitudes and behaviours with a hotel's business performance. Lee and Way's (2010) study had also shown that individual employment characteristics of hotel employees play an important role in employee satisfaction and work retention in the hotel industry.

Table 4.2: Summary of literature supporting final survey questions

Interview Category	Related Literature
1 How would you describe your company? What are the main characteristics of your business?	Altinay & Paraskevas (2008)
2 What is your understanding of the term Corporate Social Responsibility (CSR)?	Bohdanowicz & Zientara (2009) Lee & Kim (2013)
3 How would you describe your personal responsibility at work and home?	Jones (1991) Selart & Johansen (2011) Weerakit (2007) Wildes (2008)
4 What CSR practices does your hotel currently engage in?	Bohdanowicz & Zientara (2008) Bohdanowicz et al. (2011)
5 Who do you think should initiate and pay cost associated with CSR? activities/practices in NZ hotels?	Costantino et al. (2010) Lee & Park (2009) Mackey et al. (2007)
6 What are the major challenges when implementing CSR activities in this hotel?	Lee et al. (2012)
7 What rewards and incentives does this hotel you have in place?	Maroudas et al. (2008) Singh, (2013)
8 What characteristics are you seeking in new hotel employees?	Fisher et al. (2010) Lee & Way (2010) Murray & Ayoun (2010)

To validate this study's qualitative interview approach, hotel managers in New Zealand were interviewed as a pilot study. The final decision was then made as to which questions to include in the interview.

#### ***4.8.2 Pilot study: in-depth semi-structured interviews***

A pilot study using in-depth interviews was conducted with New Zealand hotel managers. This was to assess overall wording, sequencing, interviewee's familiarity with the interview content and length of time required to complete the interview (Ticehurst & Veal, 2000). Data collected from the pilot study with hotel managers was not included in the overall data for this qualitative study. This process also assessed the depth and range of the interview questions and further

expanded the eight categories discussed in Section 4.7.3. The pilot study revealed some questions needing re-wording and sequencing adjustment. This then ensured the data gathered was relevant, effective and fit for the purpose for this study (Saunders et al., 2003). The following section indicates those questions that were altered, added or excluded from the results of the pilot study.

#### **4.8.2.1 Altered questions**

Four questions were altered.

- 1) Does your hotel have an individual whose major responsibility is to deal with corporate social responsibility issues?

*Changed to*

**Does this hotel have a CSR related team or CSR appointed coordinator?**

- 2) What role do you think the government should play in deciding CSR policy for the NZ hotel industry?

*Changed to*

**What role do you think the NZ Government has in the adoption of CSR activities into the hospitality industry?**

- 3) Explain the major challenges that your hotel has faces (or has faced) in trying to implement of CSR programmes in this hotel.

*Changed to*

**Has this hotel had any challenges when implementing CSR activities?**

#### **4.8.2.2 Additional questions**

Two additional questions were included.

- **Does this hotel have a normal incentives and rewards scheme in place for employees?**
- **Have you recently changed your criteria for selecting employees?**

#### **4.8.2.3 Excluded question**

One question was excluded.

- What do you think your hotel can actively do for society and the environment?

Given the nature of this study, it was deemed appropriate to conduct each interview in an environment conducive to the interviewees comfort. This would establish rapport and maintain the interviewee's full participation while minimising constrained answers to the stated questions. Consequently, interviews were conducted in four main tourist centres in New Zealand (Auckland, Christchurch, Queenstown and Wellington), on the premises of each interviewee in this study.

#### ***4.8.3 Sample frame***

The sample frame encloses those New Zealand hotel managers whose hotel is registered with the New Zealand Qualmark Quality Assured standard and graded as 4 or 5 star ([www.qualmark.co.nz](http://www.qualmark.co.nz)). New Zealand Tourism has recognised Auckland in particular with more than 70 percent of all international arrivals and departures as a key tourist destination (Tourism New Zealand, 2007). Other significant tourist destinations recognised were Christchurch, Hamilton,

Queenstown, Rotorua and Wellington (Tourism New Zealand). Auckland, Christchurch, Queenstown and Wellington were chosen for the interview section of this study as they had notable tourist numbers, as evident from 2012 Tourism New Zealand statistics. These destinations also had a significant number of hotels registered with New Zealand Qualmark Quality Assured. In total, 69 hotels are registered with Qualmark Quality Assured as 4 and 5 star. Breaking this down further has shown that there are 35 Qualmark Assured hotels registered in Auckland, 9 registered in Christchurch, 14 registered in Queenstown, and 11 registered in Wellington. Consent for the interviews was given by 33 hotel managers representing 48 percent of the Qualmark Assured 4-5 star hotels. The researcher encountered no unexpected situations where the interview appointment was cancelled or postponed. Interviewee demographics are further broken down and discussed in Chapter 5, Analysis of Qualitative Data: Section 5.2.1 and 5.2.2.

#### ***4.8.4 Targeted interviewees***

The intended targeted interviewees for the qualitative interviews of this study were hotel managers currently employed in 4 and 5 star hotels in New Zealand. When determining hotel size, the New Zealand Hotel Council's accommodation sector the categories: large hotels (250 rooms or more), medium size hotels (100-249 rooms), small hotels (less than 100 rooms). (See Table 5.2). Interviewees represented each of the New Zealand Hotel Council's accommodation categories. Additionally, hotel managers from New Zealand hotels were considered a critical factor in this study due to their knowledge of managing high grade hotels in New Zealand. The hotel manager's potential influence over employee CSR participation and hotel adoption of CSR principles were also a contributing factor.

Sixty-nine information letters (Appendix A), interviewee consent forms (Appendix B) and interview questions (Appendix C) were posted to hotel managers selected for this study. Although all interview request letters were hand delivered to hotels in Auckland and Christchurch, and by New Zealand post to hotels in Wellington and Queenstown the initial response rate was poor.

Steps to increase the low response rate were initiated through personal communication. Keegan and Lucas (2004) indicated that through initiating follow up contact by direct personal communication with potential interviewees, responses rates could be improved. After a period of three weeks follow up contact via personal phone calls with hotel managers in the four chosen cities had a positive effect, by more than doubling the initial response. During this personal contact, the importance of the hotel manager's contribution to this study was again emphasised, also at this time confidentiality and anonymity were further stressed.

From the initial 69 hotel managers contacted, a total of 33 then agreed to be interviewed. Eleven hotel managers were interviewed from Auckland, six from Christchurch, ten from Queenstown and six from Wellington, a response rate of 48 percent. The sample size was viewed as appropriate for this study.

The following sections discuss the interview procedure for this study.

#### ***4.8.5 Interview procedures***

There are different ways of conducting interviews: groups, focus groups, video conferencing, telephone and face-to-face (Veal, 2006). Video conferencing and telephone interviews were discarded due to possible technology failure and the interviewer not being able to see facial expressions, body gestures and emotions

of the interviewee. Group and focus interviews were not appropriate for this study due to geographical location and transport cost involved in locating the interviewees in one place. Berg and Lune (2012) suggest that the visual actions and reactions of the interviewee would be of assistance to the researcher to construct some immediate connected questions during a face-to-face interview. These gestures can be noted in a field journal for future reference. A standard interview approach, as recommended by Saunders et al. (2003), was therefore adopted for the in-depth interviews.

The interviews were conducted during November 2010 and May 2011 at the interviewee's place of work. Interview times were arranged and agreed with the interviewees. All interviews were administered in English by the researcher. The interview commenced by providing the interviewee with an overview of the research objectives. Interviewees were asked to sign the previously received and viewed consent and information form (Appendix B) agreeing to confidentiality and anonymity of the interview, the interview being audio recorded and transcribed verbatim, withdrawal from the study at any time, interviewees being able to nominate not to answer any questions, information concerning the nature of the outputs to which the research was intended, and storage of the audio tapes and data during and after the completion of the study.

Berg and Lune (2012) have suggested that access to information from interview respondents is one of the most difficult tasks in qualitative research. This did not occur in this study as each hotel manager took great personal interest in the research area during their interview. To assist in obtaining honest and un-biased information, all the in-depth semi-structured interviews commenced through

establishing rapport and trust with the interviewees by way of familiarity with the hotel industry. Firstly, questions specifically concerning the number of rooms, number of employees and the age of the building, plus daily operational activities of the interviewee's organisation were discussed. Demographics concerning the interviewee's job title, length of time in their current position and age were also gathered during the initial stages of the interview. The interview then followed the eighth categories as discussed in Section 4.7.3. Each interview took an average of 45-50 minutes to complete dependent upon how interested the interviewee was in the questions being asked. Each interview was audio recorded with the signed consent of the interviewee, then transcribed. No incentive was provided for participation in the study.

The data collected through each interview stopped at a point of "theoretical saturation," as suggested by Glaser and Strauss (1997), Strauss and Corbin (1989) and Adler and Clark (2008) among others. Theoretical saturation is reached when data collection ceased to reveal any new insights to the study.

#### ***4.8.6 Data screening***

NVivo 10, a software package for managing and coding qualitative data, was employed for the next step of content analysis and the coding of the interview transcripts. For research purposes, the interviews were coded C1 to C33 (See Table 5.3: Demographics of Interviewees in this Study). This process followed the six steps as summarised from Berg's (2012) suggested basic steps for interview screening and analysis:

- (i) Collect data and make into text (transcribing);

- (ii) Code the data;
- (iii) Transform the codes into categories, labels or themes;
- (iv) Sort materials used to collect data by categories, identifying similar phases, patterns, relationships and commonalities or disparities;
- (v) Sorted materials are examined to identify and isolate meaningful patterns and processes; and
- (vi) Identified patterns are considered in the context of previous research and theories.

The content analysis of the qualitative data further clarified the eight significant categories acknowledged in Section 4.7.3. Each category from the interviews was clearly identified so that no ambiguity existed during interpretation and the development of effective coding. Findings from the qualitative in-depth interviews from this study were then used in the development of the quantitative survey questionnaire. The following section will discuss the rationale for developing an on-line survey questionnaire.

## **4.9 QUANTITATIVE RESEARCH: ON-LINE SURVEY**

### ***4.9.1 Introduction***

This section presents and discusses the survey questionnaire design, sample selection and sample size, data collection process and administration of the questionnaire instrument. This is followed by an assessment of the reliability and validity of this study's survey questionnaire. Finally, details are presented on the data cleaning process and the various statistical methods employed to analysis the data.

#### ***4.9.2 Quantitative research***

Surveys are one of the most popular methods of collecting data from among hospitality and tourism researchers (Altinay & Paraskevas, 2008). Hospitality and tourism organisations conduct regular surveys to collect information on issues that are important to them, such as customer feedback on service quality and overall satisfaction of the customer's experience. Surveys can also be administered to collect employee feedback in such areas as job satisfaction and innovation. Resulting data can assist in the identification of training needs and employee morale impacting on employee retention and commitment to the organisation. Surveys can systematically collect large amounts of information from a selected population in order to produce summaries and quantitative descriptions. Whatever the specific form or purpose of the survey, it is essential that a well-planned approach is followed.

Over the past 25 years technology has revolutionized the way in which surveys can be administered and the field of survey research has become much more scientific and sophisticated as a result (Evans & Mathur, 2005). This can be seen through systematic sampling to enhanced survey design and advanced computerised data analysis. However, management of an on-line survey questionnaire is similar to that of a paper-based questionnaire in that careful planning and questionnaire design related to the research questions and objectives are important (Saunders, Lewis, & Thornhill, 2000).

The following section discusses the rationale for selecting an on-line survey for this study.

## **4.10 STRENGTHS AND WEAKNESSES OF ON-LINE SURVEYS**

### ***4.10.1 Advantages of on-line surveys***

Research by Evans and Mathur (2005) highlighted the numerous strengths of on-line surveys. One is the global reach and low cost of administration through the use of the internet as a valued tool to obtain valuable information. This can be illustrated through the flexibility of different formats via the internet: e-mail with an embedded survey; e-mail with a link to a survey URL; a visit to a web site and an invitation to participate in a survey. One advantage of a survey has been the ability for it to be tailored to the respondent's demographics and language requirements through having multiple versions. Other advantages such as minimising the period it takes to administer the survey, data collection, data analysis and ease of data entry for the researcher plus survey question diversity all point to this technique being the most commonly used in hospitality research (Veal, 2006). If not correctly addressed, on-line surveys have potential weakness, therefore disadvantages of an on-line survey also needs to be acknowledged.

### ***4.10.2 Disadvantages of on-line surveys***

Research by Evans and Mathur (2005) also highlighted on-line survey disadvantages. One was that the majority of computers have software to screen "Junk Mail" or "Spam". This can result in respondents having difficulty distinguishing between a legitimate survey and "Junk Mail" or "Spam" message. Another disadvantage has been that the respondent may not be a true representation of the general population due to their limited access to a computer. Also, the respondent may have difficulties with completing the survey due to the

lack of familiarity with a computer and relevant computer and survey protocols. Another major problem with on-line surveys has been unclear instructions and questions, therefore instructions and questions must be extremely clear (Bryman & Bell, 2011). Finally, the respondents concerns over privacy and confidentiality of the data collected need to be considered. If these areas are not correctly attended to, a low response rate from the on-line survey could be the result.

However, taking all the above weaknesses into consideration, quantitative researchers conclude that the survey method is the most suitable when seeking a person's perceptions and views, as each respondent is asked to respond to exactly the same set of questions in a predetermined order (Plano Clark & Creswell, 2008). From the advantages and disadvantages presented for the use of an on-line survey, the development of an on-line survey instrument was viewed as the most appropriate means for obtaining data to support results from the qualitative study and address the research questions. The next section discusses the design of the research questions.

#### ***4.10.3 Qualtrics on-line survey***

Currently there are many commercially available on-line self-administered surveys available: Kiwiksurvey, SurveyMonkey, Zoomerang and Qualtrics. These different software programmes allow researchers to design their own surveys through pre-defined templates. Survey templates from these on-line websites also allow text-based questions to be administered as well as embedded video, audio, and graphics. After viewing all the alternatives Qualtrics on-line survey was chosen to administer the quantitative research for this study due to its ability to assist the researcher to undertake many kinds of on-line data collection and

analysis: customer satisfaction and loyalty surveys, product testing, employee evaluations, and feedback surveys. This can be achieved by accessing one of the many available surveys and question types and choosing an approved template, font, and colour. Qualtrics was also chosen due to its accessibility and ease of use for the researcher and respondent. Quantitative statistical surveys using Qualtrics software has also been employed in other hospitality research, thus, adding to its credibility and reliability. Finally, Qualtrics' on-line survey was also freely available through the University of Waikato.

Saunders et al. (2003) stated that the researcher needs to ensure that the survey will collect the precise data that is required to answer the research questions and achieve the stated objectives. This is of paramount importance, as the researcher is unlikely to return to the respondents and collect additional data using another questionnaire. As surveys are a very structured research technique, when designing a survey, in order to ensure its overall success there are stages recommended to be followed. The design of the questionnaire will also affect the response rate, the reliability, and validity of the data collected.

Saunders et al. (2003) suggest that response rates, reliability and validity can be maximised by careful attention to the design, layout and lucid explanation of the question's purpose. This is then supported through carefully planned and executed administration. Once the aim and objective of the research had been defined, and the qualitative data collected and analysed, Altinay and Paraskevas (2008) suggest eight steps for questionnaire design (see Table 4.3). This approach was adopted for this study.

## 4.11 QUANTITATIVE SURVEY QUESTIONNAIRE DESIGN

Table 4.3: The eight stages of questionnaire design

Step	Scale development
1	Decide on information required
2	Define target informants
3	Choose method(s) for reaching target respondents
4	Decide on question content
5	Develop question wording and format
6	Check length of the questionnaire
7	Pilot questionnaire
8	Finalize questionnaire

**Source:** Altinay & Paraskevas (2008).

### *4.11.1 Decide on information required*

In the initial stages of this study the research topic was identified and research questions developed (see Chapters 1 and 3). This ensured that the research problem was significantly understood and preparatory work on the research methods completed in order to address the research topic. Based on the review of CSR literature, the research gap was identified (See Chapter 2). From the qualitative data analysis, the approach to developing the research questionnaire was identified. As previously indicated in Section in 4.7.3, qualitative data further elucidated the eight categories appropriate to this study. Apart from demographic information from the respondent, the purpose of this survey questionnaire was to first identify the respondent's knowledge and understanding of CSR. Second, to discover whether CSR reward/incentives schemes influence hotel employee's CSR participation and whether the adoption of CSR initiative attracts potential

hotel employees. Lastly, to discover whether hotel managers are asking questions relating to socially and environmentally responsibility during interviews with potential employees.

#### ***4.11.2 Define target informants***

Selecting the organisations and respondents for surveys requires sampling. Selecting the sample from the population of is a very important factor in any research. In this study the population to be studied are employees in the New Zealand hotel industry working in 4 and 5 star hotels. However, sampling strategies vary considerably and the appropriate approach depends upon the purpose of the research objective/questions that are guiding the study (Bryman & Bell, 2011). Thus, the sampling selection strategy for the second data collection method (survey questionnaire) for this study needed to be selected to achieve the stated objective of the study: to explore the adoption and the extent of CSR practice in the New Zealand Hotel industry. To achieve the objective, it was necessary to contact 4 and 5 star hotels engaged in CSR practices that would agree to undertake the survey questionnaire. Therefore, it was decided that the sampling strategy most suitable for this study is purposive sampling, also known as judgmental, selective or subjective sampling (Neuman, 2012). Usually, purposive sampling is quite small especially when compared with probability sampling techniques (Neuman, 2012). Additionally, purposive sampling focuses on particular characteristics of a population, which will best answer the research questions. Hence, this sampling method relied upon the judgement of the researcher when selecting the hotels that were to be studied.

Empirical evidence has suggested a positive link between the size of an organisation and the level of CSR practices adopted (McElroy & Siegfried, 1985; Russo & Perrini, 2010; Udayasankar, 2008). This link indicates that larger companies are more likely to adopt CSR practices. Through viewing selected hotel web sites, it was ascertained that 37 hotels from six geographical locations were engaged in CSR to some extent. The 33 hotel managers from the qualitative data collection were also invited to participate in this sample. Accordingly, Auckland, Christchurch, Hamilton, Rotorua, Queenstown and Wellington cities were selected and hotels contacted to participate in the second data collection method. Hotel employees currently employed in these 37 hotels would be invited to take the survey. Respondents could access the survey through the Qualtrics-online website (See Section 4.13.3). This process observes netiquette and means that respondents can remain anonymous, and of equal importance, are not able to modify the questionnaire (Witmer, Colman, & Katzman, 1999).

#### ***4.11.3 Choose method(s) for reaching target respondents***

To reach the population sample, managers from each of the 37 hotels was directly contacted through email. On agreeing to participate, each hotel manager was then emailed a copy of the survey questionnaire (Appendix D), and an information letter establishing the survey's intent to be sent to the hotel employees encouraging them to participate and complete the survey (Appendix E). The respondents were also given access to the survey's URL web address administered through the University of Waikato Qualtrics research software <https://waikatomngt.qualtrics.com/ControlPanel/>. This could be accessed either through the organisation's computer or the respondent's own personal computer.

From viewing articles of previous hospitality studies, the researcher anticipated a low rate as evident from Evans and Mathur, (2005) and Keegan and Lucas, (2004). Following Saunders et al.'s (2003) suggestion to improve response rates for on-line surveys, after a period of three weeks participating hotel managers were sent a reminder email. In addition, a reminder letter that could be sent to hotel employees from the hotel manager was included (Appendix F).

For this study, a structured on-line survey questionnaire was developed to collect relevant data from New Zealand hotel employees.

#### ***4.11.4 Decide on question content***

The survey instrument needed to serve the purpose of the study which was to explore general CSR practices in the New Zealand hotel industry and the extent to which leadership, rewards/incentives and financial initiatives influence CSR participation. To achieve this purpose, two options were considered: adopting an already existing survey instrument with modifications, or constructing a new survey instrument. The latter alternative was considered as the best approach due to the limited research in the areas such as CSR leadership, CSR reward and incentives, and CSR and sustainability practices in the New Zealand hotel industry (See Section 1.1.2). From the eight broad categories and related questions asked in the qualitative study (See Section 4.7.3), further development of the survey question was undertaken. The survey questions were constructed based on the review of literature; the variables identified from the first data collecting method (qualitative study); and the overall scope and purpose of the study (See Section 4.1.5). Relevant data was collected from the survey in order to answer specific investigative research questions (See Table 4.4). Once the question

content was identified, the specific wording was necessary to answer specific investigative questions (Veal, 2006).

#### ***4.11.5 Develop question wording and format***

All survey questionnaires are directive in nature, as the questions that are asked dictate what is to be asked, although some survey questions are more restrictive than others. Regardless of the specific format and context, the main purpose of a survey is to provide a vehicle for obtaining accurate information from the respondent, not dependent upon length, whether implemented by direct or indirect means and composition of the questions (Brotherton, 2008).

The wording of the survey questions can be interpreted differently by different respondents. Therefore, choosing the right words, sentence structure and keeping technical terminology and jargon to the minimum is the first step (Altinay & Paraskevas, 2008). A general rule of thumb is to keep the questions as simple as possible by avoiding doubled-barrelled and leading questions, and breaking complex questions down into different sections (See Section 4.15).

Altinay and Paraskevas (2008) classify survey questions into four types: closed, open-ended, open response-option and rating/scale questions. In most situations, a survey will include all four types of question. Open-ended questions require more thought and more than a simple one-word answer; closed-ended questions are those which can be answered by a simple yes or no; ranking questions are those in which respondents are asked to place things in a rank order; and category questions request each respondent to fit their answer into a category (Saunders et al., 2003). The questions in this survey are representative of these classifications.

It is also evident that respondents undertaking an on-line survey can use a Likert scale differently (Duffy, Smith, erhanian, & Bremer, 2005). For example, Duffy et al. (2005) suggested some respondents are more likely to choose a midpoint in scales and the “I do not know” answer in general, where as in other research, respondents tend to choose extreme responses from the scale. Therefore, this potential problem has been minimised by limiting the number of questions requiring a Likert scale to 10 from a total of 40 survey questions for this study.

#### **4.11.6** Check length of the questionnaire

Altinay and Paraskevas (2008) suggest that a common assumption is that the length of the survey will affect the response rate, in the sense that this increased length tires respondents and pushes them beyond which they are willing to participate. Therefore, it is advisable to ensure that the survey is not too lengthy. Veal (2006) also stated that a long questionnaire would discourage potential respondents from completing a survey. The questionnaire survey for this study was designed to be completed within 20 minutes and administered through Qualtrics software, which has the potential to reduce the completion time. The research pilot tested the survey in relation to length of time to complete, as recommended by Ticehurst and Veal (2000) (See next point 7). This was also within the parameters set out by Altinay and Paraskevas (2008) who suggested that the length to complete the survey questionnaire and detail should be enough to provide rich and accurate data about the study being undertaken. Piloting of the survey questionnaire is presented and discussed next.

#### ***4.11.7 Pilot questionnaire***

The pilot study questionnaire was undertaken by two hotel managers and ten academics to identify areas of inconsistency and confusion that may be encountered by the survey respondent. This was also undertaken to assess the survey's wording, question sequencing, document layout, respondent's familiarity with the questions, and survey completion time (Ticehurst & Veal, 2000). Additionally, grammatical errors and omissions on behalf of the researcher could also be identified at this stage. The pilot test indicated that a change to the wording, sequencing of questions and clarification of some questions was required. Initially, the survey questionnaire contained 47 questions. From the pilot test results, seven questions were removed and three were altered. The following section indicates those questions that were altered, added or excluded from the results of the pilot of the survey questionnaire.

##### **4.11.7.1 Survey questions altered**

- Wording of questions was changed from “Social and environmental responsibility” to now read “CSR” e.g.

Social and environmental responsibility is more important now than ever before.

*Changed to:*

**CSR is more important now than ever before.**

- CSR contact representative

*Changed to:*

**CSR contact coordinator**

- activities/practice

*Changed to:*

**activities**

- Wording in italics was removed from the following question.  
“Involvement in environmental responsible *or community support activities* should be considered as important candidate interview criteria *for future employment opportunities?*”

#### **4.11.7.2 Questions added**

- No additional survey questions were added at this stage

#### **4.11.7.3 Questions excluded**

- What is your personal understanding of the term Corporate Social Responsibility (CSR)?
- Please drag the three (3) words that you most associate with CSR from a hotel employees prospective, into Group 2.
- Please indicate your level of agreement with the following statement using the 1-7 scale.  
  
Act responsibly in the market towards employees, society and environment
- I understand how the part of my work that involves society and environmental responsibility directly contributes to the overall success of this hotel.
- I am rewarded for the quality of my efforts that involve activities/project related to society and environmental responsibility.

- The hotel values my talents and the contribution that I make towards activities/project relating to society and environmental responsibility.
- Hotel employees should donate their time and talents for socially responsible activities.
- Hotel employees should donate their time and talents to environmental activities.

The following table indicates the categories in the survey questionnaire and the related number of the questions in the survey.

Table 4.4: Categories of on-line survey questionnaire

Categories in questionnaire	Corresponding question numbers
1) Personal understanding of CSR	1, 2, 3, 4, 5
2) Respondent demographics	6,7, 8, 9, 10,11
3) Leadership, delegation and team work	13,14,15,16
4) Hotel CSR activities	12,17,34,35,36
5) Personal involvement in CSR activities	18,19, 20, 21, 22, 23, 24, 25, 26, 27, 28
6) Responsible for initiating CSR activities and overall cost implications	29,30
7) Incentives and rewards	31, 32, 33
8) Employee interview criteria	37, 38, 39, 40

The final stage of Altinay and Paraskevas's (2008) eight stages (See Table 4.3) of questionnaire design is discussed next.

#### ***4.11.8 Finalise questionnaire***

With regard to the sequencing of the questions, it is common to commence a survey questionnaire with demographic questions; however, questions that engage the respondent in the study can be answered first (Altinay & Paraskevas, 2008) as in this study (Appendix D). Demographic questions are more suitable at the end of the questionnaire when the respondents are tiring (Altinay & Paraskevas). Positioning bias was also considered, when earlier questions are treated differently from the later questions, therefore the questions were grouped into sections with a logical sequence as suggested by Easterby-Smith et al. (1999) and Neuman (2012) (see Table 3.4). It is also important that the survey instructions stand out as in the case of this survey questionnaire to reduce or eliminate respondents not completing or not answering the question due to unclear instructions.

The development of the survey questionnaire questions from the literature, quantitative pilot study and qualitative interviews is discussed next.

### **4.12 DEVELOPMENT OF QUESTIONS FOR THE SURVEY**

From the literature review, in-depth interviews with hotel managers, and the pilot study, eight categories were identified to be included into the survey questionnaire (See Table 4.4). The following sections will present the development of the questionnaire through the eight identified categories.

#### **1) Section One (Table 4.4). Personal understanding of CSR.**

CSR and employee engagement are two of the most discussed issues in the business world today (Cooper & Wagman, 2009). An employee's CSR understanding is related to CSR activities undertaken as shown through studies by Lee and Kim (2013) and Lee and Way (2012). A seven point Likert scale ranging from (1) = "strongly disagree" to (7) = "strongly agree" was used to answer questions about the respondents' CSR knowledge and understanding. Respondents were also asked to select three words from a list of 18 that best describe CSR. Interviews with hotel managers from this study had indicated "Community" and "Environment" as being of significance when asked a similar question. From the pilot of the survey, it was decided to remove the question asking for an employee's word association with CSR from a hotel perspective and only include this question from the respondent's personal perspective.

## **2) Section Two (Table 4.4). Respondent's demographics.**

The respondent's length of time employed in the hotel industry, length of time in current employment, and age range were measured. Literature concerning staff turnover in the hospitality industry (DiPietro & Condly, 2007) and staff loyalty (Smith, 2002) has indicated that turnover was reaching crisis levels in many hospitality organisations, which were then struggling to maintain a consistent, well trained workforce. Interviews with hotel managers from this study also show that employee turnover was of concern:

One of the difficulties probably more for hotels than any other organisation, is a high turnover of management and staff ... so that's a consistent problem actually. (Auckland C8)

An option to choose from three generational categories was given to respondents, for example Generation X, Generation Y and Baby Boomer. Studies by Solnet and Hood (2008) and Davidson et al. (2011) had indicated that Generation X and Generation Y were the majority of employees in the hospitality industry.

### **3) Section Three (Table 4.4). Leadership, delegation and team work.**

Interviews with hotel managers from this study concerning leadership and team work provided supporting data for the quantitative study and followed Gurerk et al.'s (2009) investigation of motivational incentives and team work. Bohdanowicz et al. (2011), and Brownell (2010) also investigated the relationship between leaders, hotel managers and employees. These studies were significant to the smooth execution of CSR friendly hotel operations.

Research indicates there may be some influence by peer groups that may inspire a reluctant employee to participate in a CSR activity once, but rarely a second time (Cooper & Wagman, 2009). Employees are also influenced by hotel managers, as shown through interview evidence from this study:

I'm the only one who actually takes the lead in most of the implementation. (Auckland C2)

I think it's really important to have a champion within the hotel that everybody can go to, to ask questions. You have got to have somebody who is driving it all. (Auckland C11)

Respondents were invited to select their preferred answers from multi-choice questions ranging from a single answer to more than one answer.

#### **4) Section Four (Table 4.4). Hotel CSR activities.**

Interviews from the qualitative study indicated that hotel employee's participation in hotel CSR activities was influential on the overall CSR activity outcome. Fisher et al.'s (2010) survey questionnaire linking employee attitudes and behaviours with business performance was also applied to evaluate employee CSR participation in this study. Bohdanowicz (2006), Bohdanowicz and Zientara (2008) and Hsieh, (2012) were among many scholars who have looked closely at the impact hotels have socially and environmentally on the community. Therefore, this question focused on the respondent's view of current hotel CSR activities in New Zealand. Respondents were invited to indicate their CSR awareness on a seven point Likert scale where (1) = "strongly agree" and (7) = "strongly disagree". Results from the survey pilot study had also shown that there was some confusion with questions asking the respondents to indicate the value the hotel associates to their CSR participation. Consequently, these were removed (See Section 4.11.7.3)

#### **5) Section Five (Table 4.4). Personal involvement in CSR activities.**

Lee and Way (2010) investigated job satisfaction factors and employment characteristics influencing an individual's satisfaction with the work environment and the level of intention to remain at the current work place. This was linked to an employee's personal involvement in CSR activities through job satisfaction. Respondents for this study were invited to indicate their participation in future hotel and community social and environmental activities on a five point interval scale where (1) = "Never to" (5) = "Always". For the final part of section five, respondents were invited to indicate the length of time they would participate in

community support or environmental activities. This was measured either during their contracted working hours or during their leisure time. This gave data relating to how hotel companies contribute to improving the quality of life in host communities and the well-being of their employees as previously investigated by Bohdanowicz and Zientara (2009).

**6) Section Six (Table 4.4). Responsibility for initiating CSR activities and overall cost implications.**

The survey questionnaire asked the respondent who was responsible for initiating CSR activities and related overall cost implications. Hospitality research has shown the benefit from long term gains in CSR activities (Lee & Park, 2009). Stakeholder theory also has shown that through government, private enterprise and industry lead bodies, costs can be monitored resulting in long term gain from initial funding of CSR activities (Albareda et al. 2008). Interview comments with hotel managers had also indicated that each hotel should be held financially accountable for related CSR implantation:

I think the hotels should really be responsible for the cost. (Auckland, C11)

Respondents were asked to select from a list of eight possibilities; more than one answer could be given. Davis (1973) put forward arguments for and against business assumption of social responsibility which were used to develop related questions. Davis (1973) argued at the time that business has valuable resources which could be applied to social problems. The results from this question would

indicate the respondent's CSR involvement as well as their understanding of CSR in general.

#### **7) Section Seven (Table 4.4). Incentives and rewards.**

Incentives and rewards to stimulate employee's involvement in CSR were measured through this study's survey. Relevant literature and survey instruments from past studies provided the basis for developing this set of questions (McGehee, Wattanakamolchai, Perdue, & Calvert, 2009; Sheldon & Park, 2011). The reward variable from Galbraith's 2002 model was used. This model looks closely at characteristics that influence staff motivation to perform and address company goals; employees' goals in line with the organisation's objectives; and staff empowerment also influenced this set of questions. This question was further influenced through studies by Malhotra et al. (2007) and Meyer et al. (2004) who linked rewards to motivation and commitment to the organisation. The survey questionnaire invited respondents to indicate whether their present employer currently has an incentive or reward scheme in place to further increase employees CSR participation. Simple multi-choice yes/no questions were used for this question. In addition, the respondents indicated from a list of seven statements which CSR reward/incentive the hotel currently has in place. Results from the pilot study had removed one question relating to rewards (See Section 4.11.7.3).

#### **8) Section Eight (Table 4.4) Employee interview criteria.**

The eighth section of this survey questionnaire measured employee interview criteria; whether a potential employee's social or environmental involvement had

any bearing on employment opportunities in the hotel industry. Whether such a CSR related interview question should become normal future practice was also measured. Research by Cho et al. (2006) had measured the impact of HRM on management practices. Studies by Baum (2002), Kazlauskaite et al. (2006), and Nickson, Warhurst, and Dutton (2005) had indicated that attracting front line hotel employees with experience and skills has been an area of concern. Research by Murray and Ayoun (2010) had concluded that hotels who are more social and environmentally aware send positive signals thus attracting a better quality of employee. Therefore, there was a growing need to reflect a greater CSR approach with new requisites. Interviews with hotel managers has shown a reluctance to adopt a CSR approach in their interview criteria:

If they show, I mean, it's just another string to a person's bow as far as that's concerned. (Auckland C10)

Respondents were invited to respond using a 7-Likert scale ranging from 1= "Strongly disagree" to 7= "Strongly agree". This then measured their preferred response to the following statement, "Involvement in environmental responsible should be considered as important candidate interview criteria" Section eight employed ranking as a means to evaluate to what extent adopting CSR principles by an organisation attracted employees to an organisation and whether CSR participation should be included in interview questions. Eleven differing factors extended from Simons and Enz's (1995) and Charles and Marshall's (1992) previous studies to measure hotel workers motivation were used in this question's development.

Table 4.5: Summary of literature supporting final survey questions

Question Categories	Related literature
1 Personal understanding of CSR	Cooper and Wagman (2009) Lee & Kim (2013) Lee & Way (2012)
2 Respondent's demographics	DiPietro and Condly (2007) Davidson et al. (2011) Smith (2002) Solnet and Hood (2008)
3 Leadership, delegation and team work	Bohdanowicz et al. (2011) Brownell (2010) Cooper & Wagman (2009) Gurerk et al. (2009)
4 Hotel CSR activities	Bohdanowicz (2006) Bohdanowicz and Zientara (2008) Fisher et al. (2010) Hsieh (2012)
5 Personal involvement in CSR activities	Bohdanowicz & Zientara (2009) Lee & Way (2010)
6 Responsible for initiating CSR activities and overall cost implications	Albareda et al. (2008) Davis (1973) Lee & Park (2009)
7 Incentives and rewards	Galbraith (2002) Malhotra et al. (2007) McGehee et al. (2009) Meyer et al. (2004) Sheldon and Park (2011)
8 Employee interview criteria	Baum (2002) Charles and Marshall (1993) Cho et al. (2006) Kazlauskaite et al (2006) Murray & Ayoun (2010) Simons and Enz (1995) Nickson et al. (2005)

From the literature, interviews with hotel managers in the first data collecting method (qualitative research) of this study and pilot study of the survey (quantitative research) the resulting questionnaire survey was produced (Appendix

D). The survey questionnaire was now administered to the respondents as discussed in the following section.

#### **4.13 DATA COLLECTION, CODING AND ANALYSIS**

Coding quantitative data differs from coding qualitative data, as raw data are converted into numerical representations so that statistical analysis can be completed on the aggregated data (Jennings, 2001). Primary data collected through this survey instrument can be analysed by entering it into the statistical computer software, Statistical Package for Social Science 16.0 (SPSS 16.0) for statistical analysis. Prior to analysis, survey data are screened and cleaned to ensure suitability for the subsequent analysis. Analysis of the survey results was undertaken using quantifiable analyses (Saunders, Lewis, & Thornhill, 2003). For the survey data analysis, environmental practices and social practices were surveyed based upon the involvement of the different environmental and social activities undertaken. CSR incentives were surveyed and analysed based upon the prior list and ranking indicated by the respondent. Leadership roles were surveyed and analysed by hotel managers' participation in internal and external CSR practices. Each alternate source of CSR funding implementation was surveyed, and evaluated and analysed independently. For analysis purposes the data were subdivided into distinct set variables using SPSS (See Chapter 6).

#### **4.14 CHAPTER SUMMARY**

This chapter provides the research paradigm and analysis of the research methods adopted for this study. Combining this study's philosophy and methodological processes, a pragmatic, interpretive paradigmatic approach has been adopted

consisting of a mixed methodology approach in two stages. In sequential order, the first data collecting method employs a qualitative method to address the influence of government sponsored CSR initiatives; leadership roles of hotel managers and the financial cost implication. Qualitative in-depth interviews questions were developed at this first stage for interviews with 33 hotel managers from the New Zealand hotel industry. This deductive approach helped identify themes that were used in the development of the quantitative survey questionnaire for this study. The second data collecting method addresses the influence of CSR teams; the influence of CSR rewards/incentives and CSR adoption being part of an employee's attractiveness to an organisation. The quantitative survey for this study focused on findings from an on-line survey questionnaire administered through The University of Waikato Qualtrics website. This inductive approach generated the quantitative data collected for this study.

This study adopts a sequential mixed method in which the quantitative research approach is supporting the qualitative research approach. Sample selection, strategy, data collection process and data analysis methods for both the in-depth interviews and survey questionnaire are presented and discussed in this chapter. The next chapter presents and discusses the analysis of the qualitative research data.

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## **CHAPTER 5 QUALITATIVE RESEARCH FINDINGS**

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## **CHAPTER 5 QUALITATIVE RESEARCH FINDINGS**

### **5.1 CHAPTER INTRODUCTION**

This thesis adopts a sequential mixed methods approach to exploring the nature and extent of CSR practices in New Zealand hotels. The research consists of two methods of data collection: the semi-structured in-depth interview, and the questionnaire survey. This chapter presents the first data collecting stage, and reports the findings from the interviews with hotel managers. Research methods relating to interviews have been discussed and presented in the Chapter Four (Section 4.7.1). Through the qualitative data collected, this chapter identifies general CSR practices and notable CSR practices in New Zealand hotels; hotel managers' influence over CSR outcomes; and possible financial implications in an attempt to answer research question one, research question three and research question five, respectively. Additional qualitative findings will also be presented in this chapter in relation to research question two; whether independent or chain hotels more CSR active: research question four; CSR reward and incentives: research question six; hotels' financial responsibility for CSR implementation: and research question seven; employee hotel attractiveness. These findings will be supported through data collected from the survey questionnaire as discussed in the following Chapter Six.

This chapter is divided into nine sections. Section one provides a description of the sample size, the interviewees and participating hotel demographics. Section two presents the interviewees' knowledge and understanding of CSR and whether teams or individuals were involved CSR decision making. Section three presents current and future New Zealand hotel CSR practices, and employee CSR

involvement and participation. Section four presents the financial cost of CSR and its implications in New Zealand hotels. Section five presents evidence of present and future challenges encountered by hotels and hotel managers when implementing CSR activities. Section six presents the influence of rewards and incentives, specifically to motivate hotel employees to participate in CSR activities. Section seven presents current government CSR incentives available to the hotel industry. Section eight presents CSR as part of current or future employee interview criteria. The final section provides the chapter summary.

As discussed in Chapter One, section 1.3 and Chapter Two, section 2.3 academic publication surrounding CSR is centred more on the business environment and little has been presented about CSR in the hotel industry in general and less in the New Zealand hotel industry. Furthermore, there has been little empirical evidence of CSR practice in the New Zealand hotel industry (See Chapter One, Section 1.1.2) As a response to the identified research gap, the qualitative data presented in this chapter aims to explore aspects of CSR in the New Zealand hotel industry from a hotel manager's perspective. As a starting point, in-depth interviews were employed in order to achieve the overall objective of this study. The sample size and demographics are presented in the next section.

## **5.2 SAMPLE SIZE AND PARTICIPANT DEMOGRAPHICS**

Each of the questions emerged from the literature pertaining to CSR as previously discussed in Chapter Four. As presented in Chapter Four (See Section 4.8: Sample size), a total 69 hotels are registered with Qualmark Quality Assured as 4 and 5 star. Thirty three hotel managers (48% registered with Qualmark) employed

in self-selected New Zealand hotels were interviewed for this study. Each interviewee signed a consent form agreeing to be interviewed and was audio taped. The audio tapes were transcribed and then coded using NVivo 10 (See Section 4.11: Data screening). Hotel managers were selected because of their depth of knowledge in relationship to CSR and their position as policy implementers in each hotel.

### ***5.2.1 Interviewee demographics***

The link between organisational commitment and age has strong and consistent correlations across studies (Meyer et al., 2004; Meyer, Stanley, & Parfyonova, 2012). The average age of interviewees was 45 years, with a range between 33- 60 years. Additionally, a manager's age and time in their current position has been positively associated with CSR implementation and diversity practices. Older managers have a more positive correlation than younger managers (Fabrizi et al., 2014). The average length of time interviewees from this study were employed in their current position was 3.3 years. This varied from 5 days to 15 years. Table 5.1 indicates that 28 (85%) of the interviewees were male and 5 (15%) were female. This compares favorably with studies by Jeou-Shyan, Hsuan, Chih-Hsing, Lin, and Chang-Yen (2011) who collected data from 25 hotel top hotel managers in Taiwan using quantitative in-depth interviews of which the majority of hotel managers (64%) were male.

Table 5.1 Demographics of interviewees in this study

Interview Order	Gender	Employment Position	Time in current position
Auckland C1	Male	Chief Financial Officer	15 years
Auckland C2	Male	General Manager	2.5 years
Auckland C2	Male	General Manager	1 year
Auckland C4	Male	General Manager	1 year
Auckland C5	Male	General Manager	1 year
Auckland C6	Male	Director of Procurement	2 years
Auckland C7	Male	Rooms Division Manager	1 year
Auckland C8	Male	General Manager	15 months
Auckland C9	Female	General Manager	7 years
Auckland C10	Male	General Manager	12 years
Auckland C11	Male	Director of Marketing	5 days
Christchurch C12	Male	General Manager	15 years
Christchurch C13	Male	Assistant General Manager	1 year
Christchurch C14	Male	General Manager	5 years
Christchurch C15	Male	General Manager	1 year
Christchurch C16	Male	General Manager	2 years
Christchurch C17	Male	General Manager	1 year
Queenstown C18	Male	Assistant General Manager	1.5 years
Queenstown C19	Male	General Manager	4 years
Queenstown C20	Male	General Manager	3.5 years
Queenstown C21	Male	General Manager	3 years
Queenstown C22	Male	General Manager	3 years
Queenstown C23	Female	Human Resource Manager	1 year
Queenstown 24	Female	General Manager	6 months
Queenstown C25	Male	General Manager	3 years
Queenstown C26	Male	Assistant General Manager	1.5 years
Queenstown C27	Female	Operations Manager	3 years
Wellington C28	Male	General Manager	5 days
Wellington C29	Male	General Manager	2 years
Wellington C30	Male	Assistant General Manager	3 years
Wellington C31	Male	General Manager	6 months
Wellington C32	Female	Human Resource Manager	4 years
Wellington C33	Male	Front Office Manager	2 months
<b>Total</b>	<b>33</b>		

### 5.2.2 Hotel demographics

#### Hotel Size

This study also included the size of hotel and sector of the respondents as presented in previous studies as a control variable (Turker, 2009). To determine hotel size, this study applied the number of guest rooms as a guideline as laid down by the New Zealand Hotel Council's accommodation sector. The majority, 22 (67.0%) of interviewees were employed in medium size hotels (100-249 rooms). The least number of interviewees, 5 (15.0%) were employed in small hotels (less than 100 rooms) (see Table 5.2).

Table 5.2: Sample of classification of hotels

Hotel Size	Frequency	Percentage
Medium (100- 249 rooms)	22	67.0
Large (250- rooms or more)	6	18.0
Small (less than 100 rooms)	5	15.0
<b>Total</b>	<b>33</b>	<b>100.0</b>

Eleven hotels were from Auckland; seven Chain hotels and four Independent hotels. Christchurch was represented by six hotels; three Chain hotels and three Independent hotels. In Queenstown there were ten hotels; eight Chain hotels and two Independent hotels. Finally, in Wellington there were six hotels; four Chain hotels and two Independent hotels. In total, 33 semi-structured in-depth interviews with hotel managers were completed. Twelve (36.6%) of the participating hotels were 5 star and 21, (63.4%) were 4 star hotel properties. Breaking the data down further shows that 22 (67.0%) were Chain hotels whilst 11 (33.0%) were Independent hotels (See Table 5.3).

Table 5.3: Demographics of hotels in this study

Interview Order	5 Star rating	4 Star rating	Chain hotel	Independent hotel
Auckland C1	•			•
Auckland C2		•	•	
Auckland C2		•		•
Auckland C4	•		•	
Auckland C5	•		•	
Auckland C6	•		•	
Auckland C7	•		•	
Auckland C8		•	•	
Auckland C9		•		•
Auckland C10		•	•	
Auckland C11		•		•
Christchurch C12		•	•	
Christchurch C13		•		•
Christchurch C14		•		•
Christchurch C15	•		•	
Christchurch C16	•		•	
Christchurch C17		•		•
Queenstown C18	•		•	
Queenstown C19		•	•	
Queenstown C20		•	•	
Queenstown C21		•	•	
Queenstown C22		•	•	
Queenstown C23		•	•	
Queenstown 24	•			•
Queenstown C25	•		•	
Queenstown C26		•		•
Queenstown C27		•	•	
Wellington C28	•		•	
Wellington C29		•	•	
Wellington C30		•	•	
Wellington C31		•		•
Wellington C32	•			•
Wellington C33		•	•	
<b>Total</b>	<b>33</b>	<b>12</b>	<b>22</b>	<b>11</b>

### 5.3 KNOWLEDGE AND UNDERSTANDING OF CSR

The interview data was analysed using NVivo 10 and followed Berg and Lunes's (2012) suggested basic steps for interview screening and analysis from in-depth interviews.

#### 5.3.1 *Word association*

To indicate knowledge and understanding, interviewees were asked to associate CSR with three words of their own choosing. Table 5.4 indicates the most frequent words associated with CSR were *Community* (31%) and *Environment* (24%). Although environmental issues have been developed and explored, to a greater degree community partnerships and involvement was of more concern to hotel general managers from this study. The word association with environment was further subdivided into waste management, energy efficiency, recycling, water consumption and air pollution. The third most frequent word association with CSR was *Employees* (15%) (see Table 5.4). The words least associated with CSR were *Welfare* (1%) and *Moral Obligation* (1%). There was one manager from a Chain hotel who was unable to associate three words with CSR when asked this question, as illustrated through the following comment.

Not really, to be honest. I read the information you sent but no, not a good understanding. (Auckland C4)

Table 5.4: Interview participants' words associated with CSR

Word	Frequency	Percentage
Community	24	31.0
Environmental	19	24.0
Employees	12	15.0
Guest	7	9.0
Responsibility	6	8.0
Sustainability	5	6.0
Green	3	4.0
Communication	1	1.0
Welfare	1	1.0
Moral obligation	1	1.0
<b>Total</b>	<b>78</b>	<b>100</b>

#### 5.4 INDIVIDUAL OR TEAM

Table 5.5 indicates 25 (76%) hotels in this study employed a CSR team whereas, 8 (24%) had an individual CSR contact coordinator. This data can be further broken down to show that 16 (48%) CSR teams and 6 (18%) individual CSR contact coordinators were from Chain hotels. whereas 9 (21%) teams and 2 (6%) individual CSR contact coordinators were from Independent hotels. Table 5.5 also indicates that 19 (58%) of the CSR teams and individual CSR contact coordinators were the hotel general manager (GM), whereas 14 (42%) were hotel senior managers.

Table 5.5: Team or Individual CSR contact coordinator

Style of hotel	Team	Individual	GM	Manager
Chain hotel	16	6	13	9
Independent hotel	9	2	6	5
<b>Total</b>	<b>25</b>	<b>8</b>	<b>19</b>	<b>14</b>

The following comments from managers illustrate they were the main decision makers with regard to CSR activities:

I'm the only one who actually takes the lead in most of the implementation... (Auckland C2: Chain Hotel)

I would say it would be myself. (Auckland C9: Independent hotel)

## 5.5 CURRENT AND FUTURE CSR PRACTICES

As part of the interviews, hotel managers were asked What CSR activities has your hotel become involved in? Multiple answers could be given. The results have shown in descending order Community support (26%) and Environmental practice (24%) as being the most frequent CSR activity undertaken by each hotel under the direction of the hotel manager (See Table 5.6). In 23 (17%) cases, interviewees also indicated that Employee involvement was also important. The least CSR activity was Cash donations (3%) and Sporting sponsorship (1%) (See Table 5.6).

Table 5.6: Current CSR activity in hotel

Activities/Practices	Frequency	Percentage
Community support	27	26.0
Environmental practice	26	24.0
Employees involvement	23	17.0
National appeals	20	16.0
Hotel sponsorship	18	13.0
Cash donations	3	3.0
Sporting sponsorship	2	1.0
<b>Total</b>	<b>119</b>	<b>100.0</b>

*1 non response*

### ***5.5.1 Community support***

Jones et al.'s (2006) research emphasised the commitments and responsibilities the hospitality industry has within the community. Interviewee's awareness and understanding of CSR was also illustrated through involvement with community activities. Table 5.6 indicates that 27 (26%) interviewees stated that community CSR activities were important. To further break down this data, interviewees indicated their support for local fund raising events outside of corporate CSR directives.

These additional hotel CSR activities ranged from help for the homeless, sponsoring local schools, local fund raising events, and in the case of one independent hotel, providing new immigrants with basic necessities such as cook wear and bedding. This flexibility of community related projects and fund raising, such as vouchers for free overnight hotel accommodation, hotel luncheon or dinner vouchers, and free access to other hotel amenities such as gymnasiums and beauty spas, were common.

Interviewees in all four locations of this study (Auckland, Christchurch, Queenstown, Wellington) stated that community involvement and community partnership were a significant motivating factor in undertaking CSR activities.

The following interviewee comments illustrate this point:

...going to help in the community itself. ( Auckland C04)

...because we have been part of the community for 39 years.  
(Christchurch C12)

...connecting with the local high school and seeing how you can provide traineeships. (Queenstown C019)

...you give back to the community. (Queenstown C02)

The following comments from interviewees express this community involvement, outside of corporate or hotel owner's directives:

We want to be seen as leaders in our community and they value the opportunity to work with us. (Auckland C5)

We get an enormous amount of requests from community events asking for, generally, product, you know, like, um...vouchers for staying in the hotel restaurant... they want all this stuff for their school fairs and this and that. (Queenstown C23)

So, in terms of fundraising, there are a lot of events that happen during the year and, actually, within the community, obviously, we do a lot of fundraising. We have quiz nights and... to raise these funds and then participate in the events. (Queenstown C27)

A number of community CSR activities were centred on natural environmental themes. For example, beach cleaning in Auckland, river bank cleaning and tree planting in Christchurch, tree planting and water front clean up in Queenstown.

### ***5.5.2 Environmental involvement***

Interviewees had also described their hotel's involvement with environmental issues, either within the community or further afield. This can indicate that community involvement initiates CSR involvement or hotel CSR activities lead to further community involvement by the employee. The following comments express interviewees' views indicating further environmental involvement in their community:

... we sponsor a bird sanctuary, and we certainly do our bit for recycling and the interesting thing about that is, actually it is not company driven. (Auckland C8)

We have had an environmental audit on what our recycling and our waste management, for example. (Christchurch C14)

We've just, kind of, done community things so far and we're trying to recycle and limit our waste. One of our staff has a worm farm so we send what we can, scraps from the kitchen, back to the worm farm. (Queenstown C24)

Once a year, they clean up around the lake so we're involved in that. Then, we have our own Earth Guest Day which was a month ago, where we went to One Mile Creek and we cleaned up so we take, like, the wild pines out, we planted some trees as well. So we have our own, local day we also get involved in other environmental initiatives. (Queenstown C27)

### ***5.5.3 Employee involvement***

All interviewees stated that they saw a role for hotel employees' involvement and participation in hotel CSR activities. Interviewee comments such as the following were common:

For us it's easier to donate time and the staff to get involved as well. (Auckland C4)

Yes, there's an element of employee involvement... (C5 Auckland)

...I think it's more now a case of our staff wanting to do it and our guests expecting it. (Auckland C8)

Our staff are part of the plan? Yes. (Queenstown C23)

It's part of culture and something that we embrace. (Queenstown C21)

Employee involvement and participation was seen as having a beneficial and influential effect on the commitment to the organisation. The following three comments illustrate this:

You know, you get longevity of staff plus an improved performance.  
(Queenstown C19)

We need to rely on everyone being as engaged in what we do as a business, which involves looking out for our community.  
(Christchurch C14)

...it makes the employees happy for a start because they feel like they are participating. (Auckland C8)

Interviewees from Chain hotels also indicated that CSR corporate directives were the driving force as to which CSR activities were to be undertaken. For example, aligning with nationwide charities such as The Salvation Army, Cure Kid or the NZ Cancer Society was common. The following are interviewee statements supporting this view:

It would be obvious that makes corporately good sense to do so. [and] There's a lot of negotiation and there's environmental concern as central issues at a corporate level. (Queenstown C21)

Because we are in the business of shelter, we are a hotel, we shelter people so then we thought ... sponsoring homeless charities.  
(Wellington C29)

#### ***5.5.4 Employee CSR additional community activities***

As has been shown from interviewee comments, corporate CSR directives were an influential part of CSR decision and direction in hotels in this study. Interviewees were further asked *Why has your hotel chosen to become actively engaged in these particular CSR activities?* Qualitative data revealed that five

(15%) interviewees were further influenced by their employees' involvement with CSR community activities such as, children's charity, local church fund raising appeal, animal rescue, or grief counselling. This was evident through comments from interviewees, such as the following:

We get team members that come forward to say that they're involved in the local play group and they'd like some kind of support. So it's easy for a hotel to give away a room. (Auckland C5)

I'm lucky in that I have an HR Manager who is very passionate about youth development. It's because she's passionate about it and I agree with it because there's a benefit for both parties. (Queenstown C19)

The Women's Refuge really came about because one of our staff had cause to be involved ... (Wellington C32)

In these cases a contribution was made by the hotel to the charity or activity concerned, thus illustrating employee influence over hotel manager's CSR decision making. Although a small number of hotel managers indicated staff influence over CSR decisions, this has demonstrated a relationship between corporate commitment and staff incentives.

One additional comment made by an interviewee was that long serving employees were more active in the community. The following comment illustrates this:

I mean, by the nature of their longevity of the employees we get involved in things like ... you know. (Queenstown C19)

In this case, the hotel had a tendency to support CSR activities if there was a long servicing employee already involved.

## 5.6 COST OF CSR IMPLEMENTATION

When asked the question, *Who should pay the cost of implementing social responsibility in the NZ hotel industry?* 23 (79%) interviewees expressed their agreement that each hotel should pay CSR related costs. To a lesser extent, three (10%) interviewees indicated that the NZ Hotel Council and three interviewees (10%) indicated that the NZ Government should be accountable for cost associated with CSR implementation (see Table 5.7).

Table 5.7: Who should pay the cost of CSR implementation?

Activities/Practices	Frequency	Percentage
Each hotel	23	79.4
Hotel Council	3	10.3
NZ Government	3	10.3
<b>Total</b>	<b>29</b>	<b>100.0</b>

The following statements help to express this view:

...it is definitely down to the individual hotel and hotel chains to wear the cost. (Auckland C9)

I think the hotels should really be responsible for the cost. (Auckland C11)

A big part should come from the hotels. (Queenstown C27)

Their support and loyalty to local suppliers as a way of reducing associated CSR costs was also emphasised by interviewees. The purchase of local commodities such as meat and dairy products and services such as those from local IT and engineering companies has also helped absorb related CSR costs. This is shown through the following interviewee comments:

...and we always like to be in partnership with our suppliers and people that we deal with, so that we know that together we can achieve what we want to achieve in the long haul and this is what it is. (Auckland C2)

It comes from us but we also rely on local suppliers and then, obviously, giving them, you know, we'll get the press release out and they'll be, you know, they'll get advertising and PR out of that. (Queenstown C23)

Friendly Pack is one of them; they actually have a lot of research in terms of the products they actually roll out in the market. So they are the one that actually roll out a lot of New Zealand products that is eco and sustainable. (Auckland C2)

Interviewees emphasised that increased investment in CSR would enhance short term profitability and long term value for the organisation. Interviewees expressed their recognition of the importance of strategic CSR investment and the following comments clearly demonstrate this point:

If whatever we propose has a financial return on investment and, what we have been absolutely surprised to find out is, almost all of them do, almost every little CSR project that we've got ourselves involved with that had a cost had a return and we weren't expecting that. (Auckland C10)

I think hotels have gotten quite smart, and they can see potential savings in some of the sustainable initiatives they take. (Wellington C33)

Eleven (28%) of the interviewees indicated that challenges such as financial cost were directly related to the choice of CSR activity thus, an integrated strategic approach was recommended.

## 5.7 PRESENT AND FUTURE CSR CHALLENGES

Interviewees were asked to *Explain the major challengers that you have faced in implementing hotel CSR activities*. Multiple answers could be given. Twenty eight per cent stated that the Financial Cost of CSR implementation was a major challenge (See Table 5.8). Comments concerning present and future challenges surrounding cost such as the following were also common among interviewees:

You have to accept that some of these things do come at a cost. And that is the danger. (Auckland C8)

When you are talking about CSR they always stop short of something if it is going to cost them money. (Auckland C8)

So you can help the environment by changing it but there is going to be a cost involved and that, for a lot of hotels, is a very big challenge. (Auckland C11)

Of note here were the low aspects accredited to legal compliances and related costs, in contrast to other countries such as Australia and China.

Table 5.8: Challenges when implementing CSR activities

Main Challenge	Frequency	Percentage
Financial Cost	11	28.0
Corporate communication	5	13.0
Legal compliance	5	13.0
Employee involvement	4	10.0
Employee turnover	4	10.0
Communication with employees	2	5.0
Training and education of employees	2	5.0
Demographics of employees	1	3.0
Hotel design	1	3.0
Resources	1	3.0
No challenges	3	7.0
<b>Total</b>	<b>39</b>	<b>100.0</b>

### 5.7.1 Government CSR incentives

The cost of registration and participation in Qualmark (a prerequisite for each hotel participating in this study) was another concern. This could be related to non-legal requirements or a marketing necessity. To maintain the required Qualmark standard (Qualmark its implications and standards are discussed in Chapters 2 and 4) or progress and achieve a higher grading to bronze, silver or gold awards, further expenditure and investment in infrastructure and training of employees was needed, as shown in these interviewee comments:

You know, we had to change the sign outside and um...yeah, we changed everything on the website, and I think it was because we had maintained the initiatives we were doing but, because of the cost we hadn't really gone on to do a lot more, so maintaining what you've done in the previous year or so isn't sufficient to maintain your gold rating you have to show continuous improvement. (Christchurch C17)

We had maintained the government initiatives [Qualmark] we are doing, but because of the cost, we hadn't really gone on to a lot more. (Queenstown C18)

Breaking the data down further has shown that three (13%) interviewees stated that adhering to compliance and legal requirements issued by local councils and the NZ Government involving health, safety and environmental concerns were also challenging. The following interviewee comment expresses this concern:

I think some of the other challenges out there are accreditations. There's a plethora of accreditation and, from a procurement perspective, that's what I deal with every single day. (Auckland C6)

### ***5.7.2 Corporate CSR directives***

Five (13%) interviewees from Chain hotels expressed concern surrounding corporate bureaucracy (See Table 5.8). Communication from head office and implementation of corporate CSR activities against local community CSR activities had proven challenging for some interviewees. The following comment was common among Chain hotel managers:

Um, I think the red tape is probably the biggest hold-up to some of these things happening because it has to be done at a corporate level. (Christchurch C13)

Managers from Independent hotels had similar challenges concerning their owners.

A typical comment from an independent hotel manager is:

I think, for us as a standalone hotel, it is really about educating the owner and making sure that he is on board with all of the initiatives because without that, we can't really move forward. (Auckland C7)

### *5.7.3 Transient hotel employees*

The transient nature and international mix of the hotel industry staffing had supplied additional challenges. Employee turnover was expressed by four (10%) interviewees as of being some concern (See Table 5.8.) This was dependent upon the geographical location of each hotel. Of interviewees from Queenstown, six (60%) voiced concern due to the transient nature of hotel employees. The following comments are from hotel managers in Queenstown:

We try not to employ the transients, because it doesn't fit with our recruitment strategy. (Queenstown C23)

We're quite happy when people stay 12-18 months, we do well, but turnover is always going to be quite high in an area like this. (Queenstown C27)

Although there were interviewees that indicated the transient nature of the NZ hotel industry was a problem, there were hotel managers in this study who indicated this to be an advantage. For example, some hotel operators in Queenstown indicated the mix of new employees as adding a further dimension to Queenstown's hotel CSR teams and project groups. To support this claim, the following is a comment from an interviewee in Queenstown:

Yeah, we definitely get a lot of people with new initiatives or, you know, because it all comes to be creative as well so, um...we definitely have lots of new people that come on board that might have new ideas. (Queenstown C27)

As illustrated in Table 5.8, one (3%) interviewee stated that Hotel Design, and one (3%) interviewee that hotel Resources were the least challenging. Of particular

note was that three (7%) of the interviewees stated that there were no present or future challenges.

In addition, one interviewee from a Queenstown hotel stated that the challenge they had was too many wanting to help in CSR activities. They commented:

The fortunate thing is, in our hotel, that a lot of times, you know, I've got too many people sticking up their hands and I don't need that many. (Queenstown C25)

## **5.8 NEW ZEALAND HOTEL CSR REWARDS AND INCENTIVES**

In responses to the question *What incentive or reward to motivate employees do you have in place?* 15 (50%) hotel managers indicated that Employee Work Environment (Table 5.9) was a major factor that motivated and encouraged hotel employees. Interviewee comments such as “friendly”, “good team spirit”, “fair treatment” and “career advancement” were considered employee motivational factors in the work environment. As shown in Table 5.9, twelve (40%) interviewees stated that there were also “Employee service awards” as a normal workplace incentive. The least important factors were Opportunities for employees' education, with two responses (7%); and Communication of CSR opportunities with one response (3%) (see Table 5.9).

Table 5.9: Rewards and incentives that motivate employees

Reward or incentive	Frequency	Percentage
Employees' work environment	15	50.0
Employee service awards	12	40.0
Opportunities for employees' education	2	7.0
Communication of CSR opportunities	1	3.0
<b>Total</b>	<b>30</b>	<b>100.0</b>

An example of normal work place reward and incentives can be illustrated through one hotel in Christchurch having in place several service awards such as, Real Rewards, Show we Care Aim Higher, and Celebrate the Difference. The following comments from interviewees illustrate this point:

We have service awards. (Auckland C4)

We have an award for the employee of the month. (Christchurch 13)

...we reward those staff that, who give good service. (Christchurch 15)

We have staff awards every month, to encourage them to get involved with a particular task. (Queenstown C20)

### 5.8.1 CSR Incentives and rewards

Interviewees were then asked *Does the hotel have any reward or incentive for CSR participation?* Table 5.10 illustrates that 16 (48%) hotel managers had CSR reward schemes in place. Of these, 12 (60%) were Chain hotels and four (30%) were Independent hotels.

Table 5.10: CSR Rewards and incentive in New Zealand hotels

CSR Incentive/reward	Frequency	Percentage	Chain	Percentage	Independent	Percentage
Yes	16	48.0	12	60.0	4	30.0
No	17	52.0	8	40.0	9	70.0
<b>Total</b>	<b>33</b>	<b>100.0</b>	<b>20</b>		<b>13</b>	

Additionally, 17 (52%) interviewees stated that there were no incentives existing for the purpose of motivating or encouraging employee CSR involvement or participation. The following four comments illustrate this point.

We probably don't have a heavy incentive programme in that sense.  
(Queenstown C19)

I'm not aware of any CSR incentive. (Wellington C30)

We haven't brought any CSR incentive in yet. (Queenstown C24)

We don't really have an incentive scheme for the employees.  
(Auckland C9)

In addition, interviewees had indicated that employees were nonetheless encouraged to volunteer their time and services to local community CSR activities. For example, one Chain hotel in particular gave all employees paid time off to participate in one CSR activity per year; this was vetted through the HRM department and the GM, as shown by the following interviewee comment:

We are not the only company that does this. We give all our staff time off to take part and pay time off and one CSR activity a year. Some of them would participate in one particular day, some of them will do a three day cure kids event, so they will still be paid for their three days. (Auckland C6)

## 5.9 GOVERNMENT CSR INCENTIVES

### 5.9.1 Government incentives

Government sponsored CSR incentives such as, Qualmark and Enviro Awards have been an important catalyst in the first step towards CSR participation and environmental awareness. Interviewees were asked...*if Qualmark or Enviro Awards has influenced their CSR activities*. The following comments from interviewees illustrate Qualmark as an important stimulus:

Oh, I think Qualmark has already started which is a good thing. They started to award Enviro, Qualmark Enviro-Gold, Silver, Bronze, things like that..... and they have very good guidelines in terms of social responsibilities. (Auckland C2)

...that is also what kick started us as well. (Auckland C9)

...what we do is set up under the criteria of the Qualmark and that gives us guidance and encouragement and something to strive for. We have already achieved Environmental Silver, which is a new thing for us this year. (Auckland C10)

I think Qualmark, personally, is going in the right direction. (Queenstown C26)

As shown in Table 5.11, 10 (23%) interviewees agreed that Qualmark requirement initiative and stated guidelines were beneficial in pursuing CSR activities. The following comments from interviewees also illustrate this:

I think guidelines given to us by Qualmark. I think that we've cherry-picked from those that are easy to do, easy to achieve. (Auckland C10)

...probably the driving force was Qualmark... they introduced an environmental rating and we wanted to be part of that. (Christchurch C16)

...just getting our Qualmark Enviro Silver was important.  
(Queenstown C24)

Table 5.11: Choice of CSR activities

Reason for choice	Frequency	Percentage
Community involvement	11	25.5
Qualmark requirement	10	23.2
Corporate management decision	7	16.3
Employee involvement with CSR decision	6	14.0
Environmental connection	3	7.0
Financial return	3	7.0
Partnerships with community	2	4.5
Resources	1	2.5
<b>Total</b>	<b>43</b>	<b>100.0</b>

Overall, several informative interviewee comments were received concerning the acceptance of Qualmark and Enviro Awards, reinforcing their recognition as a quality assurance system within the New Zealand hotel industry. The following comments support this reasoning:

It's provided some guidelines but it's also proved a goal for us to work towards. (Christchurch C17)

I think Qualmark has a place in making us greener. (Queenstown C22)

I think Qualmark, personally, is going in the right direction. (Queenstown C26)

Chain hotels in particular were further extending their environmental and social awareness through developing specific social and environmental programmes that

exceeded Qualmark requirements. This was evident from the following interviewee comments from a Chain hotel:

So that really drives our sustainability initiatives, so that programme's already in place. But I suppose Qualmark and some of their criteria have helped. (Auckland C5)

So we actually believed that our internal audit was actually a little bit stronger or more robust than that of Qualmark. (Auckland C6)

What we've done, in my mind, surpassed what Qualmark put out as a standard but yet it's not always recognised as the same thing. (Christchurch C13)

You know, we've got Green Globe, you know, certification, again, before Qualmark came through, so to be brutally honest, Qualmark sits on the side. We will continue to do what we do. If through doing that, we get accreditation with Qualmark, well, that's great. (Christchurch C14)

## **5.10 CURRENT AND FUTURE INTERVIEW CRITERIA**

### ***5.10.1 Employment selection criteria***

When asking the interviewees the question *What characteristics are you seeking in your employees to work in your hotel?* responses indicated that the main emphasis for employee interview selection criteria focused on attributes such as Experience 13 (23%), and Attitude 10 (18%). The ability to Communicate, two (2%); have a Clean criminal record, one (2%); and Common sense, one (2%) were less important (See Table 5.12). Comments from interviewees in this study are:

We look for people with qualifications, relevant qualifications. (Auckland C8)

I would still go with the person who has the skills ... (Queenstown C19).

Essentially our employment will feature on attitude, communication skills. (Queenstown C21)

Skill set. More skill set, direction of where they want to go, how they have been able to handle certain situations etc., etc. (Wellington C28)

Table 5.12: Selection interview criteria for potential hotel employees

Interview selection criteria	Frequency	Percentage
Experience	13	23.0
Attitude	10	18.0
Teamwork	8	14.0
CSR activities	7	12.0
Enthusiasm	6	11.0
Personality	5	8.0
Qualifications	4	6.0
Communication skills	2	4.0
Clean criminal record	1	2.0
Common sense	1	2.0
<b>Total</b>	<b>57</b>	<b>100.0</b>

Seven (12 percent) interviewees commented that *CSR activities* was a question that was asked at interview, as the following comments illustrate:

We always ask about community involvement. (Wellington C32)

I think, yeah, going forward, if we were recruiting for certain positions and they showed awareness in those types of areas, I mean, that would naturally put them, maybe, ahead of other candidates who... (C17 Christchurch)

If you are asking me, Does their corporate social responsibility [count] as evidence in the community and an attractive factor in making their recruitment decision? I wouldn't say it's a critical one. I will say it's a supporting factor. (Queenstown C21)

It's something that we're definitely looking for. (Queenstown C24)

It is a question on the list of questions we ask.... We talk a lot about best practice within social responsibility. (Queenstown C25)

Additionally, if an employee displayed CSR tendencies during interview, this was looked upon positively and as an additional bonus. This can be illustrated through the following interviewee comments:

Absolutely, if somebody did come on that had an enthusiasm already born for that sort of thing, they would be embraced. Very much. (Auckland C10)

If they talk about that in the interview, it would certainly be a positive thing. (Queenstown C21)

So, I think it, most definitely, it would be considered a very big positive. (Queenstown C26)

Interviewees from this study also suggested that potential employees' expectations were that social and environmentally responsible activities and practices were already embedded into a hotel's existing business model, as shown through the following comment:

I think what is interesting is that the employee has an expectation of the corporate responsibility for us before they come in the door. (Queenstown C21)

Overall, social responsibility knowledge and community endeavours were seen as a positive by all interviewees in this study. Interviewees also stated that socially responsible behaviour would be reflected in the employee's personality or manifested within their application form or curriculum vitae (CV). This was evident through the following statements:

Caring people are going to be caring about their environment and their workplace. (Christchurch C16)

...the more rounded an individual is, the more, the better they are in a service industry because they immediately demonstrate a better empathy with the client. (Auckland C10)

### ***5.10.2 Change in interview selection criteria***

Hotel managers in this study were then asked if they thought *...that criteria for selecting employees will undergo a change in the future*. Comments reflecting the sentiments voiced by interviewees are provided here:

Possibly, it depends: depends on the market, depends on what's available and it could change. (Wellington C33)

May be this will be from the recommendations of the customer as they will decided on what they want their service to be. (Auckland C07)

Yeah, I mean that's an interesting question. I personally can see that becoming a bigger criteria in the selection processes. (Auckland C05)

Yeah, I guess potentially it definitively could change. I guess every hotel manager GM is different in what they are looking for in their teams and what direction they want to take the hotel. (Auckland C05)

Data from this qualitative study has also shown that 10 (30%) of hotel managers would not change current or future interview selection criteria to reflect a social or environmentally responsible attitude in potential employees. The following comments from interviewees indicate a reluctance to change interview selection criteria.

I...don't think it's going to change. (Auckland C02)

Oh, look, I, in the short term, I don't think – and short is defined by 0 to 2 or 3 years – I don't see that changing as a criterion for employment. (Christchurch C14)

I wouldn't...in the immediate term, I doubt whether we would change. (Queenstown C19)

Interviewees also stated that existing CSR participation and knowledge was not a prerequisite to hotel employment. This was evident from the following interview comments:

...we're struggling to find the right people to fill the roles now. So, we're sort of looking for the best applicant, no matter what. (Auckland C4)

I don't think they would choose one person over the other just because they are doing something locally for the community. (Auckland C11)

If I had a person who was socially fantastic but their skill level was fairly limited versus somebody whose skill was just superb for the role but maybe not as socially active, I would choose the one with the skills. (Christchurch C16)

## **5.11 CHAPTER SUMMARY**

To identify the features of CSR practice in New Zealand hotels, interviews with hotel managers were undertaken and the resulting data presented in this chapter. This method of data collection was conducted to gain insights into a New Zealand hotel manager's understanding of CSR and the influences concerning CSR practices. Data concerning the practice of CSR rewards and incentives, employee CSR involvement, current CSR implementation and challenges and hotel employee attractiveness and selection criteria were presented.

Data collected and presented in Chapter 5 will be beneficial in the development of the quantitative survey instrument for this study presented in the following chapter. This first data collection differentiated CSR practices into social and environmental practices and highlighted areas for further examination and discussion.

The predominance of social and environmental CSR activities was evident throughout the presentation of the interview data. Overall, literature has supported interviewees from this study's word association with CSR to community (31%) and environment (24%) being the most connected words (See Section 5.3). Additionally, interviewees indicated that community practices (27%) and environment practices (26%) being the most frequent CSR activity undertaken by each hotel (See Section 5.5). This illustrates the importance of an organisation's social goals now being viewed as a strategy (Dentchev, 2004) and the increasing role of environmentally sustainable practices (Babiak & Trendafilova, 2011). Studies by (Davis, 1973) have also pointed to organisations seeking improvement of public image in an attempt to gain more customers and attract better employees. Literature has also illustrated that integrating CSR principles through groups and teams has a positive effect on an organisation and community wellbeing (Bohdanowicz & Zientara, 2009). Many (76%) of the hotels in this study employed a CSR team. The majority (48%) of the CSR teams were employed in Chain hotels, as reflected in current literature (Bohdanowicz et al, 2011; Bohdanowicz & Zientara, 2008). The reason for this practice could be the result of a corporate decision to increase employee CSR participation. Interestingly, all interviewees saw the role of their employees as paramount in the execution of CSR activities (See Section 5.5.3). Every interviewee saw the overall financial

cost of CSR implementation as each hotel's responsibility (See Section 5.6). Lee and Park (2009) have linked financial benefits to sustainability CSR activities. Further, Bohdanowicz (2006), Bohdanowicz et al. (2011) and Kasim (2006, 2007b) suggested that the hotel sector benefits in long term financial gains when investing in social and environmental responsibility principles. Interestingly, however, 28 percent of the interviewees did comment that the financial costs of CSR were a perceived future challenge if CSR were to be maintained within the core competencies of the organisation.

Although the majority (90%) of hotel managers in this study had a reward/incentive scheme in place, less than half (48%) had a CSR reward/incentive with the majority of these (60%) represented by Chain hotels. This is supported through literature pointing to Chain hotels as amongst the first to undertake CSR activities and now leading the way in CSR thinking and implementation (Tzschentke et al., 2008), (See Section 2.16).

As presented in the literature, governments have a major impact on organisations and how they are managed (Ring et al., 2005) (See Section 2.17.1). However, the role of government necessitates much more than promoting and encouraging CSR involvement (Albareda et al., 2008). Interviewees in this study saw government sponsored CSR incentives such as Qualmark and Enviro Awards as important catalysts for CSR participation and environmental awareness by New Zealand hotels (See Section 5.9). Literature has suggested that in some cases governments have inadequate regulations promoting sustainable practices (Albareda et al., 2008), (See Section 2.17.1). However, interview data from this study has suggested that without government support many of the hotels in this study may

not have invested in CSR practices. Finally, literature has demonstrated that employees' attractiveness to organisations that demonstrate a social and environmental conscious is greater (Holcomb et al., 2007; Murray & Ayoun, 2010; Willard, 2002, 2005). Interestingly, data from this study has shown that hotel managers are more concerned with an employee's experience (23%) and attitude (18%). Therefore, employee recruitment and selection procedures focus on practical skills and not social and environmental awareness.

Although this chapter explains the features of CSR practice in the New Zealand hotel industry, the presentation of data from the interviews limits its discussion to the interview questions and restricts further examination to uncover contextual influences and related phenomena. This chapter raises further questions: To what extent are hotel employees engaged in CSR practices? Which CSR reward/incentives are more effective? Is social responsibility part of an employee's hotel attractiveness? These questions cannot be correctly answered without the cooperation of hotel employees. Answers to these questions, and others relating to hotel employee CSR interpretation and involvement will be investigated and presented in the second data collection of this thesis. The results from the on-line survey are presented in the next chapter.

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**CHAPTER 6 QUANTATITIVE RESEARCH FINDINGS**

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## **CHAPTER 6 QUANTATITIVE RESEARCH FINDINGS**

### **6.1 CHAPTER INTRODUCTION**

The previous chapter reported qualitative data results from 33 semi-structured in-depth interviews with hotel managers. This chapter presents the second data collecting stage through reporting the findings from the on-line survey completed by New Zealand hotel employees. Research methods relating to survey questionnaires has been discussed and presented in Chapter 4 (Section 4.7). Through the results from the quantitative data collected, this chapter identifies New Zealand hotel employees' general understanding of CSR; hotel employees' use of CSR teams; the influence of CSR rewards/incentives; CSR financial responsibility; and employee attractiveness to the hotel industry, in an attempt to answer, respectively, research question two, research question four, research question six and research question seven. Additional quantitative findings are also presented in this chapter as supporting data for the qualitative interviews for this study. The main objective from the quantitative data is to support and complement initial findings achieved through the qualitative study. The purpose of initiating quantitative research was also to establish a stronger evaluation between New Zealand hotel CSR practices influencing New Zealand hotel employees' CSR participation.

This chapter is divided into two sections. The first section (6.2 to 6.4) presents the survey reliability value; survey response rate; and demographics of the respondents completing the survey. The second section (6.3 to 6.12) presents survey findings specifically on New Zealand hotel employees' understanding of CSR; the use of CSR teams or individuals as the contact point; hotel employee

CSR activities; influence of CSR rewards/incentives on hotel employee participation; and attractiveness of hotel employment.

As presented in Chapter 1, section 1.3, previous research has indicated employees form an emotional attachment to the organisations that implement CSR activities and are more likely to engage in CSR activities (Maroudas et al., 2008). To date, evidence from the literature search has indicated little empirical research of CSR from the employees' perspective (Chapter 2, Section 2.7). As a response to the identified research gap (See Chapter 1, Section 1.1.2), the quantitative data presented in this chapter aims to explore aspects of CSR in the New Zealand hotel industry from a hotel employees' perspective. The survey reliability, sample size and demographics are presented in the next section.

## **6.2 RELIABILITY OF SURVEY QUESTIONNAIRE**

As discussed in Chapter 4, the survey questionnaire (Appendix C) was delivered to the respondents using an electronic web survey. Qualtrics web-based survey software was employed between July 2013 and September 2013. A total of 34 survey questions were asked of the respondents. Although a total of 140 surveys were received, 20 were deemed to be unusable due to errors in survey answers and large sections of the survey questions being unanswered. In total, 120 usable on-line surveys were accepted for analysis. Although the low number of serviceable surveys was disappointing, data from the survey was still usable in support of the qualitative data and overall objective of this study. To further validate the statistical analysis from the quantitative survey, both Independent and Chain hotel data were combined to produce a more meaningful and stronger data set. SPSS 11.0 (SPSS, Inc., Chicago, IL, USA) was used to analyse the data, primarily

through descriptive statistics, frequencies, Chi square and cross tabulation. To determine the reliability of the data, Cronbach's alpha coefficient was used to measure internal consistency. A reliability value of 0.874 resulted which is considered good (George & Mallery, 2011).

### **6.3 SURVEY QUESTIONNAIRE RESPONSE RATE**

Historically, survey questionnaires in the hospitality industry are difficult and challenging and low response rates for quantitative studies are a major problem (Keegan & Lucas, 2004). There were some issues that have affected the response rates from this study that should be mentioned at this stage. Security and confidentiality concerns were raised by hotel managers for the researcher to directly contacting hotel employees in this study. Therefore, the reliance on hotel managers to encourage and deliver the information letter and URL address to their employees did offer challenges. Each hotel manager was initially contacted via email on two occasions seeking their approval to engage hotel employees in this study's survey. Each hotel manager was additionally contacted via telephone and then face-to-face meetings were arranged and held to further encourage their support. Finally a reminder email was sent with a survey reminder letter attached (See Appendix F) which could then be sent to all hotel employees. In total, 37 hotel managers agreed to undertake the distribution of the survey. Additionally, two major earthquakes struck Christchurch on 4 September 2010 and 22 February 2011 causing a noticeable effect on the domestic and international tourism numbers for New Zealand. In addition, several leading hotels were demolished, thus reducing the pool of potential survey respondent. This will be discussed further in the limitations section of this thesis.

## 6.4 DEMOGRAPHIC PROFILE OF THE RESPONDENTS

Survey respondents are employed in New Zealand hotels located in six geographical locations; Auckland, Christchurch, Hamilton, Queenstown, Rotorua and Wellington giving a broad selection of representation of the New Zealand hotel industry (See Table 6.1).

Table 6.1: The geographical location, style and number of hotels surveyed

Geographical Location	Chain	Independent	Total
Auckland	7	9	16
Christchurch	2	1	3
Hamilton	2	0	2
Rotorua	3	0	3
Queenstown	5	5	10
Wellington	2	1	3
<b>Total</b>	<b>21</b>	<b>16</b>	<b>37</b>

Table 6.3 gives the breakdown of positions held by the survey participants. As illustrated in Table 6.2, the largest number of participants was in a Supervisory position (31.8%). The smallest number of positions represented was Senior Managers (10.3%).

Table 6.2: Status position of survey respondent

Position held	Frequency	Percentage
Supervisor	34	31.8
Manager	28	26.2
Employee	27	25.2
Senior Manager	11	10.3
Other	7	6.5
<b>Total</b>	<b>107</b>	<b>100.0</b>

*13 non responses*

As illustrated in Table 6.3, the greatest number of survey respondents (40.9%) have been employed in the hotel industry for more than ten years. Breaking the data down further shows that 31.5 percent of the respondents have been employed for up to five years in the hotel industry.

Table 6.3: Length of employment in the hotel industry

	Frequency	Percentage
Less than 1 year	4	3.3
1-2 years	13	11.8
3-4 years	18	16.4
5-6 years	15	13.6
7-8 years	8	7.3
9-10 years	7	6.4
More than 10 years	45	40.9
<b>Total</b>	<b>110</b>	<b>100.0</b>

*10 non responses*

As illustrated in Table 6.4, the majority of survey respondents (68.2%) have been working at their current hotel for at least four years. Survey respondents indicated the least amount of time employed at their current hotel (10.1%) was between 7 and 10 years.

Table 6.4: Length of time employed at current hotel

Duration	Frequency	Percentage
Less than 1 year	26	23.8
1-2 years	32	29.4
3-4 years	18	16.5
5-6 years	15	13.8
7-8 years	5	4.6
9-10 years	6	5.5
> 10 years	15	13.8
<b>Total</b>	<b>109</b>	<b>100.0</b>

*11 non responses*

Table 6.5 illustrates the current position held by survey respondents at the time of this study. “*Food & Beverage*” employees were the highest representation in the survey (18.5 per cent), the smallest representation of position was from IT (1.9 per cent).

Table 6.5: Functional positions held by respondents

Position	Frequency	Percentage
Food & Beverage	20	18.5
Rooms Division	16	14.8
Human Resource	15	13.9
Front Office	15	13.9
Sales	14	13.0
Operations	9	8.3
Finance	9	8.3
Marketing	4	3.7
Information Technology	2	1.9
Other	4	3.7
<b>Total</b>	<b>108</b>	<b>100.0</b>

*12 non responses*

Table 6.6 indicates that 32.1 percent of participants had been employed in their current position for less than one year, whilst less than 10 percent had been employed for more than seven years.

Table 6.6: Employment in current functional position

	Frequency	Percentage
Less than 1 year	35	32.1
1-2 years	30	27.5
3-4 years	15	13.8
5-6 years	19	17.4
7-8 years	3	2.8
more than 10 years	7	6.4
<b>Total</b>	<b>109</b>	<b>100.0</b>

*11 non responses*

To evaluate the relationship between the status of the respondent and the functional position held, Table 6.7 presents a cross tabulation between these two sets of data. As is illustrated, Senior Managers were largely from Operations, while the majority of Managers were from Food and Beverage, with Supervisors largely from Rooms Division, and Employees from Front Office.

Table 6.7: Cross tabulation between functional position and status position

	Senior Manager	Manager	Supervisor	Employee	Other	Total
Finance	1	1	3	3	1	9
Food & Beverage	2	11	4	2	0	19
Human Resource	2	3	5	3	2	15
Information Technology	0	0	0	1	1	2
Marketing	0	2	0	1	1	4
Operations	4	1	2	1	0	8
Rooms Division	1	4	8	3	0	16
Sales	0	2	4	6	2	14
Front Office	0	2	6	7	0	15
Other	1	1	2	0	0	4
<b>Total</b>	<b>11</b>	<b>27</b>	<b>34</b>	<b>27</b>	<b>7</b>	<b>106</b>

As illustrated in Table 6.8, the majority of survey respondents were from Generation Y (51.9%) with 31.5 percent belong to Generation X, Baby Boomers being the least represented age range with 16.7 percent.

Table 6.8: Generation of survey respondents'

	Frequency	Percentage
Gen Y (1981 to 2000)	56	51.9
Gen X (1966 to 1980)	34	31.5
Baby Boomer (1946 to 1965)	18	16.7
<b>Total</b>	<b>108</b>	<b>100.0</b>

*12 non responses*

## 6.5 CSR UNDERSTANDING

The combined data set has shown 79 percent of respondents are aware their hotel engaged in social and environmentally responsible practices. Of this, 57 percent of respondents were employed in Chain hotels (See Table 6.9) whereas 43 percent were employed in Independent hotels. Although the majority of employees from Chain hotels were aware of their hotel's CSR practices, chi square cross tabulations results indicated there was no significant difference between the two styles of hotel (sig = 0.285).

Table 6.9: Hotel engagement in social and environmentally practices

	Hotel Style		Total	
	Independent	Chain		
Does your hotel engage in social and environmentally responsible practices	Yes	41	54	95
	No	13	12	25
Total		54	66	120

(CHI-Square =0.625, df=1, sig. =0.285) Not significant

Survey respondents were asked general questions related to their understanding of CSR in their current hotel. Table 6.10 indicates the results from a seven point Likert scale where 1 = “Strongly Disagree” and 7 = “Strongly Agree” the views of respondents in relation to agreement with each of the statements. As illustrated in Table 6.10, survey respondents had a high level of agreement with the following three statements: *I have a clear understanding of my company’s values and behavioural standards* (Mean 5.99); *This hotel has a clear set of priorities and objectives relating to CSR* (Mean 5.98); and *I have a clear understanding of my hotel’s strategic goals* (Mean 5.64).

Table 6.10: Respondents' general understanding of CSR

	Mean	Std. Dev
I have a clear understanding of my company’s values and behavioural standards	5.99	1.24
This hotel has a clear set of priorities and objectives relating to CSR	5.98	1.21
I have a clear understanding of my hotels strategic goals	5.64	1.32

Survey respondents were also asked to indicate their general understanding of CSR by nominating three words most associated with CSR from a list of eighteen provided. Table 6.11 indicates the most frequent words selected to describe CSR were Sustainable (13.4%), then Environmental Centred (12.2%), and finally Ethical (12.9%).

Table 6.11: Frequency of word choice to describe CSR

Word	Frequency	Percentage
Sustainable	45	14.5
Environmentally centred	41	13.2
Ethical	40	12.9
Mutually beneficial	37	12.0
People-centred	31	10.0
Community centred	30	9.68
Voluntary	24	8.00
Green	16	5.16
Necessary	14	4.50
Long term	9	3.00
Profitable	8	2.50
Competitive	4	1.30
Vague	3	1.00
Expensive	2	0.65
Costly	2	0.65
Nuisance	1	0.32
Cumbersome	0	0
I do not know	3	1.00
<b>Total</b>	<b>310</b>	<b>100</b>

*More than one response indicated*

Interestingly, hotel managers interviewed for this study were also asked to associate CSR with three words of their own choosing. The most frequent words chosen by hotel managers that associated with CSR were Community (31%), Environmental (24%), and Employees (15%) (See Figure 5.4).

Additionally, survey respondents were asked eight questions in relation to their understanding of social and environmental responsibility. Table 6.12 indicates results from a seven point Likert scale where 1 = “Strongly Disagree” and 7 = “Strongly Agree” for each of the statements. Table 6.12 illustrates that respondents had the highest level of agreement (Mean 6.16) with the following

two statements *CSR is more important now than ever before* and *CSR is particularly important for the hospitality industry* (Mean 5.76), and the lowest level of agreement (Mean 2.38) with the statement *CSR is less important for the hospitality industry than for other industries*.

Table 6.12: Respondents' view of environmental responsibility

	Mean	Std. Dev
CSR is more important now than ever before.	6.16	.77
CSR is particularly important for the hospitality industry.	5.76	1.22
The hospitality industry is participating equally too other industries in CSR.	5.14	1.40
The environmental aspect of CSR is more important than the societal aspect.	3.89	1.43
The societal aspect of CSR is more important than the environmental aspect.	3.65	1.41
CSR means giving money to good causes.	3.47	1.51
CSR is to idealistic to put into practice.	3.18	1.65
CSR is less important for the hospitality industry than for other industries.	2.38	1.19

The survey responses in Table 6.12 were analysed using ANOVA Analysis of Variance to evaluate differences due to respondents' level of employment, length of employment in the industry, length of time employed in the current position, and length of time employed in the current hotel and job function. The analyses indicate that there was no statistically significant difference in each of the cases, implying strong agreement across genders and types of positions held in the industry.

Through using a seven point Likert scale where “1 = Strongly Disagree” and 7 = “Strongly Agree” survey respondents were asked *The work I do for society and for the environment makes a difference to the hotel*. The results from this survey

question indicate a mean score of 5.25. This indicates that the results are higher than “Somewhat Agree”.

## 6.6 CSR INDIVIDUAL OR TEAM

The survey also contained questions about the specific hotel's implementation of CSR. Respondents were asked if there is a designated individual CSR contact coordinator. Table 6.13 indicates Human resource managers (37%) as the most common individual CSR contact coordinator. The high percentage presented here was due to the HRM department being the main contact and information channel for CSR coordination. The next most frequent representation was General managers (24%) as the most common individual CSR contact coordinator. Among Others, Rooms division managers, Operations managers and committees and teams were common answers.

Table 6.13: Individual as main CSR contact

Position	Frequency	Percentage
Human resources manager	39	37.0
General manager	26	24.0
Chief engineer	3	3.0
Front Office manager	3	3.0
Food and Beverage manager	1	1.0
Others (Please specify)	23	22.0
Don't know	10	10.0
<b>Total</b>	<b>105</b>	<b>100</b>

*15 non responses*

Survey respondents were asked whether the ... *hotel has a specific team as the contact point who are responsible for coordinating activities related to society and the environment or CSR.* Table 6.14, shows that 76 (72.4%) respondents

indicated Yes, there was a dedicated CSR team; whereas 16 (15.2%) indicated there was No CSR team, and 13 (12.4%) indicated Don't know if there was a dedicated CSR team at their hotel.

Table 6.14: Dedicated CSR team

	Frequency	Percentage
Yes	76	72.4
No	16	15.2
Don't know	13	12.4
<b>Total</b>	<b>105</b>	<b>100.0</b>

*15 non responses*

Evidence from hotel managers' interviews also confirms that the majority of hotels in this study employed CSR teams.

Survey respondents were further asked *How many members are in your hotel's CSR team?* Table 6.15 indicates that 36 (39.1%) of the respondents indicated that their hotel's CSR team has a membership greater than five. Significantly, 36 (39.1%) of the respondents *Don't know* the number of members on their CSR team.

Table 6.15: Number of people in CSR team

Members	Frequency	Percentage
2	5	5.4
3	4	4.3
4	2	2.2
5	9	9.8
> 5	36	39.1
Don't know	36	39.1
<b>Total</b>	<b>92</b>	<b>100.0</b>

*18 non responses*

To further understand the overall operation of CSR in the hotels surveyed, respondents were further asked *Where do ideas for CSR activities relating to CSR in your hotel originate?* More than one answer was indicated per response.

Table 6.16 indicates that CSR ideas are generated *From hotel managers* (26.2%), *From hotel environment/CSR teams* (22.3%) and *From the employees* (20.5%), while the least number of CSR ideas were generated *From community support groups* (7.9%) and *From the hotel's individual CSR contact coordinator* (5.2%)

Table 6.16: Where CSR ideas originate

Origin of ideas	Frequency	Percentage
From hotel managers	60	26.2
From the hotels' environment/CSR teams	51	22.3
From the employees	47	20.5
From the hotel company's corporate office	36	15.7
From community support groups	18	7.9
From the hotels individual CSR contact coordinator	12	5.2
Don't Know	5	2.2
<b>Total</b>	<b>229</b>	<b>100.0</b>

*More than one response indicated*

The results, therefore, imply that CSR policies tend to be internally generated, although the role of head office and company policies may be under represented here.

To further evaluate hotels CSR current activities, using a seven point Likert scale, respondents were asked to rank in order where, 1= “least important” and 7 = “most important”, their hotel's current CSR activities. Table 6.17 indicates that *Community based environmental activities*. (Mean 5.98) had the highest level of agreement, whereas *International activities* was the least favoured (Mean 3.35) CSR activity currently undertaken by the hotel.

Table 6.17: Hotel's current social and environmentally responsible activities

Activities	Mean	Std. Dev
Community based environmental activities	5.98	0.99
Community based activities	5.23	1.48
Environmental activities outside this community.	4.88	1.24
Nationally organised activities	4.88	1.35
International activities	3.35	1.02
Others	2.28	1.37
I am not aware of any CSR activities undertaken by this hotel	1.39	1.22

This corresponds with interviews with hotel managers from this study that show *Community Support* (26%) and *Environmental practice* (24%) being the most frequent CSR activity undertaken by each hotel (See Table 5.8).

## 6.7 EMPLOYEE INVOLVEMENT IN CSR ACTIVITIES

Respondents were asked their agreement with statements shown in Table 6.18. Of note, was that 86 (92.5%) respondents agreed with the statement *I would participate in BOTH social and environmentally responsible activities*. Therefore indicating that they would participate in hotel CSR activities.

Table 6.18: Respondents' social and environmental behaviour

Statement	Frequency	Percentage
I would participate in BOTH social and environmentally responsible activities	86	92.5
I would ONLY participate in environmentally related activities	4	4.3
I would NOT participate in any social and environmentally responsible activities	3	3.2
I would ONLY participate in socially responsible activities	0	0
Others	0	0
<b>Total</b>	<b>93</b>	<b>100</b>

*17 non responses*

To better understand employee’s personal involvement in CSR activities respondents were asked if they were ... *personally involved in socially responsible community activities other than those organised by this hotel.*

Table 6.19 indicates that 45 (48.9%) survey respondents said they Occasionally participated in socially responsible community activities other than those organised by the hotel. Of note was that 19 (20.7%) respondents indicated that they would Frequently be personally involved in *socially* responsible community activities other than those organised by the hotel.

Table 6.19: Personally involved in *socially* responsible activities (External)?

Response	Frequency	Percentage
Occasionally	45	48.9
Not at all	28	30.4
Frequently	19	20.7
<b>Total</b>	<b>92</b>	<b>100.0</b>

*18 non responses*

Additionally, respondents were asked if they were ... *personally involved in environmentally responsible activities other than those organised by their hotel.*

Table 6.20 indicates that 50 (54.3%) survey respondents specified Occasionally they would be involved in *environmentally* responsible activities other than those organised by the hotel.

Of note was that 27 (29.3%) of respondents indicated Not at all being involved in environmentally responsible activities *other than those* organised by the hotel.

Table 6.20: Personal involved in *environmental* activities (Internal)?

Response	Frequency	Percentage
Occasionally	50	54.3
Not at all	27	29.3
Frequently	15	16.3
<b>Total</b>	<b>92</b>	<b>100.0</b>

*18 non responses*

To further demonstrate CSR commitment, survey respondents indicated what percentage (0-100 percent) of their time per week, either working time, or leisure time would be donated to *socially* responsible activities.

As illustrated in Table 6.21 *During your leisure time* (Mean 12.68%) was favoured more by respondents than *During your contracted working hours* (Mean 9.65 %) for socially responsible activities.

Table 6.21: Donation of time to socially responsible activities

	Mean	Frequency	Std. Dev
During your contracted working hours	9.65	81	15.68
During your leisure time	12.68	75	19.57
<b>Total</b>		<b>156</b>	

*More than one response indicated*

Extending this question further, survey respondents then indicated what percentage (0-100 percent) of their time per week, either working time, or leisure time would be donated to *environmentally* responsible activities.

As illustrated in Table 6.22, *During your leisure time* (Mean 13.14%) was more favoured by respondents. *During your contracted working hours* (Mean 10.45%) was least favoured by respondents for environmentally responsible activities.

Table 6.22: Donation of time to *environmentally* responsible activities

	Mean	Frequency	Std. Dev
During your contracted working hours	10.45	79	15.41
During your leisure time	13.14	73	19.78
<b>Total</b>		<b>152</b>	

*More than one response indicated*

## 6.8 HOTEL REWARDS AND INCENTIVES

This section reports on the findings of hotel employees' awareness of hotel rewards/incentives and their influence on employee participation. Survey respondents were asked *Does your hotel currently have any rewards/incentive scheme in place?* Table 6.23 illustrates that 48 (52.2%) of respondents indicated Yes, 32 (34.8%) respondents indicated No, and 12 (13%) of the survey respondents were unaware and Don't Know of any hotel normal employee reward and incentive scheme.

Table 6.23: Does the hotel have rewards and incentives in place?

Response	Frequency	Percentage
Yes	48	52.2
No	32	34.8
Don't know	12	13.0
<b>Total</b>	<b>92</b>	<b>100.0</b>

*18 non responses*

Data from qualitative interviews with hotel managers in this study indicated that the normal main rewards and incentives were related to Employee work environment. Employee service awards were also specified as normal reward recognition (See Table 5.9).

This section reports on the findings of hotel employees' awareness of hotel CSR rewards/incentives and their influence on employee participation. Respondents were asked *Which of the following rewards/incentives does your hotel have in place...to participate in a CSR activity?* As illustrated in Table 6.24, recognition through the staff notice board, 32 (29.6%) and employee of the month awards 30 (27.8%) were the most frequent rewards and incentives for CSR participation. Cash incentive, 8 (7.4%) respondents, was the CSR reward and incentive least used.

Table 6.24: Most frequent rewards and incentives for CSR participation

Reward or incentive	Frequency	Percentage
Recognition through staff notice board	32	29.6
Employee of the month awards	30	27.8
Recognition through in house news letter	19	17.6
Given time off during your working week	11	10.2
Cash incentive	8	7.4
No incentives or rewards for CSR activities	6	5.6
Others	2	1.9
<b>Total</b>	<b>108</b>	<b>100.0</b>

*12 non responses*

### **6.8.1 Reward motivation of employees CSR participation (internal)**

Table 6.25 compares respondent motivation to participate in internal CSR practices by the rewards and incentives offered. Employees participation in future

social and environmental activities/practices is used as a proxy for a sense of motivation whilst the influence of rewards was measured by how often employees would participate in internally coordinated socially and environmentally responsible activities/practices. Results indicate a substantially different percentage distributions (See Table 6.25), for example 12/37 (32%) of employees are sometimes motivated, whereas 21/49 (42.8%) of employees are more than sometimes motivated through rewards offered compared with, 25/37 (67.5%) of employees sometimes motivated and 28/49 (48.9%) of employees more than sometimes motivated when no reward is offered. Chi-square cross tabulation results indicate no significant difference (sig.= 0.224).

Table 6.25: Reward motivation of employees CSR participation (internal)

Reward and incentive	Are you motivated to participate in <i>internal</i> CSR practices		Total
	Sometimes	More than sometimes	
Does your hotel have a reward system that has motivated you to participate in <i>internal</i> social and environmental responsibility	12	21	33
	25	28	53
<b>Total</b>	<b>37</b>	<b>49</b>	<b>86</b>

(Chi-Square = 0.969, df=1, sig. =0.224)

### 6.8.2 Reward motivation of employees CSR participation (external)

Table 6.26 compares respondent motivation to participate in external CSR practices through rewards and incentives. Employee participation in future social

and environmental activities/practices is used as a proxy for a sense of motivation whilst the influence of rewards was measured by how often employees would participate in externally coordinated CSR activities/practices. Results indicate a substantially different percentage distribution (See Table 6.26), for example 12/27 (44%) of employees are sometimes motivated, whereas 20/59 (33.9%) of employees are more than sometimes motivated through rewards offered compared with, 15/27 (55.5%) of employees sometimes motivated and 39/59 (66%) of employees more than sometimes motivated when no reward is offered. Chi-square cross tabulation results indicate no significant difference (sig. = 0.242).

Table 6.26: Reward motivation of employees CSR participation (external)

Reward and incentive		Are you motivated to participate in <i>external</i> CSR practices		Total
		Sometimes	More than sometimes	
Does your hotel have a reward system that has motivated you to participate in <i>external</i> social and environmental responsibility	Yes	12	20	32
	No	15	39	54
<b>Total</b>		<b>27</b>	<b>59</b>	<b>86</b>

(Chi-Square = 0.882, df=1, sig. =0.241)

## 6.9 CSR ACTIVITIES COORDINATED BY HOTELS

This section reports whether the length of employment influences a hotel employees CSR involvement. Respondents were asked *How often have you*

*participated in a CSR activity/practice coordinated by your hotel during the past year?*

Table 6.27 indicates that respondents were participating in more CSR activities coordinated by their hotel the longer their employment. As illustrated in Table 6.27, 78 percent of respondents indicated no CSR participation during the first month whereas, only 54 percent of respondents indicated no participation at one year, an increase of 40 percent of CSR participation. Table 6.27 also indicates that respondents employed for one year at their current hotel participated in CSR activities, Some activities, 18 (15%); and A few activities, 37 (31%).

Table 6.27: Respondent participation in hotel CSR activities

How Often	1 Month	6 Months	1 Year
None	94	73	65
Some	26	26	18
A Few	0	21	37
<b>Total</b>	<b>120</b>	<b>120</b>	<b>120</b>

To better understand their involvement through hotel coordinated CSR activities, respondents were asked to indicate their participation in *socially* responsible activities coordinated by their hotel. Table 6.28 illustrates that Cure Kids, 64 (32%) and Earth Hour 55 (28.1%) were the most frequently undertaken *socially* responsible activities coordinated by the hotel. Respondents could indicate more than one answer

Table 6.28: Participation in *socially* responsible activities

Activity	Frequency	Percentage
Cure Kids	64	32.7
Earth Hour	55	28.1
Cancer Society of NZ	22	11.2
Community fund raising	12	6.1
Major charities in NZ	9	4.6
City Mission	6	3.1
Major global charities	6	3.1
Foundation for youth development	5	2.6
Star Ship Hospital	4	2.0
Community Trust and Westpac	1	0.5
Others	6	3.1
None of the above	6	3.1
<b>Total</b>	<b>196</b>	<b>100.0</b>

*More than one response indicated*

Interviews with managers from this study had also indicated a preference to connect with charities such as Cure Kids and Cancer Society of NZ. Major charities in New Zealand such as Air NZ Environment, Sustainable coastline, Epilepsy NZ, Loud Shirt Day, Ronald McDonald House, Breast cancer and Aids day were indicated. Additionally, Beach cleans ups by local council, CANTEEN, Daffodil Day, SPCA, Local school Gala, School fundraisers, School Quiz Nights, and Tree Planting, were some of the community fund raising activities indicated by respondents. Tear Fund, Flood Fiji, Plant for the Planet, World Asia Day were some of the major global charities indicated by respondents.

Respondents were asked about their participation in *environmentally* responsible activities coordinated by the hotel. Multiple answers to this question could be given. Survey results shown in Table 6.29 illustrate that Waste recycling, 57 (25.6%); Energy reduction, 57 (25.6%); and Tree planting, 54 (24.2) were the most frequently undertaken *environmentally* responsible activity by respondents.

Table 6.29: Participation in *environmentally* responsible activities

Activity	Frequency	Percentage
Waste recycling	57	25.6
Energy reduction	57	25.6
Tree planting	54	24.2
Beach or river clean ups	19	8.5
Worm farming	13	5.8
Community environmental activities	7	3.1
Major environmental charities in NZ	4	1.9
Major global environmental charities	3	1.3
Others	3	1.3
None of the above	6	2.7
<b>Total</b>	<b>223</b>	<b>100.0</b>

*More than one response indicated*

Interviews with hotel managers also indicated a number of environmental themes. For example, beach cleaning in Auckland, river bank cleaning and tree planting in Christchurch, tree planting and water front clean ups in Queenstown were undertaken (See Section 5.5). This had indicated a tendency to be more accountable for environmentally associated activities that were easier to participate in as a group project.

## 6.10 COSTS INCURRED WHEN INITIATING CSR ACTIVITIES

This section presents results in relation to CSR cost incurred. Respondents were asked to indicate *Whom do you think should pay for the overall cost of implementing CSR activities/practices in the NZ hotel industry?* Survey responses indicate that Each hotel 56 (23.9%) and The Tourism Industry Association 55 (23.5 %) were the most frequent answers to this question (See Table 6.30). The least frequent answer was NZ hotel employees 8 (3.4%). Of note was that The NZ Government 51 (21.8%) was also viewed positively as contributing to CSR cost implementation. Multiple answers could be given for this question.

Table 6.30: Who should pay for overall *cost* of CSR implementation

Payer	Frequency	Percentage
Each hotel within their geographical location	56	23.9
The Tourism Industry Association: Accommodation sector	55	23.5
The NZ Government	51	21.8
Major chain hotel company's	39	16.7
Independently owned hotels	25	10.7
NZ hotel employees	8	3.4
<b>Total</b>	<b>234</b>	<b>100.0</b>

*More than one response indicated*

The majority (79%) have agreed with hotel managers' interviews for this study that each hotel should be accountable for any costs incurred when implementing CSR activities (See Table 5.7)

## **6.11 EMPLOYMENT OPPORTUNITIES**

Using a Likert scale where 1 = most important and 12 = least important, survey respondents were asked to rank in order of importance the main reasons that attracted them to seek employment at their current hotel (See Table 6.31). Each item for the 12 options on this survey question was treated independently and thus assessed independently. However, Table 6.31 presents all of the survey responses simultaneously.

As Table 6.30 indicates, within the first five rankings, 90 percent of respondents gave Good opportunities to advance my career... as their first choice. Also amongst the first five rankings A good working environment (81%) and The good reputation of the hotel (70%) were also highly rated. It is of particular note that within the first five rankings Hotel involvement with activities related to society (23%) and The hotel's involvement in environmental activities/practices (41%) were not looked upon as highly important when seeking hotel employment.

It is also important to note that data from interviews with hotel managers in this study had indicated that Experience and Attitude were important employee attributes (See Table 5.12)

Table 6.31: Main reason for seeking employment at current hotel

Rank	Location is near my home	A good wage salary offered	Good opportunities to advance my career in the hotel industry	The hotels involvement in environmental activities	Hotel involvement with activities related to society	A good working environment	I have a friend or relative already working here	The good reputation of the hotel	The working hours suit my present life style	The only hotel that offered me employment
1.00	15.0	6.3	48.8	3.8	0.0	10.0	0.0	8.8	5.0	1.3
2.00	33.8	21.3	61.3	6.3	3.8	30.0	3.8	25.0	10.0	3.8
3.00	45.0	35.0	80.0	12.5	8.8	50.0	7.5	38.8	16.3	5.0
4.00	55.0	48.8	87.5	23.8	13.8	63.8	10.0	55.0	33.8	6.3
5.00	63.8	65.0	90.0	41.3	23.8	81.3	15.0	70.0	38.8	7.5
6.00	70.0	70.0	92.5	58.8	45.0	96.3	21.3	76.3	55.0	10.0
7.00	76.3	82.5	98.8	81.3	68.8	100.0	31.3	83.8	61.3	10.0
8.00	85.0	91.3	100.0	92.5	87.5	100.0	42.5	98.8	81.3	12.5
9.00	91.3	96.3	100.0	96.3	97.5	100.0	78.8	98.8	100.0	27.5
10.00	97.5	98.8	100.0	98.8	98.8	100.0	91.3	100.0	100.0	86.3
11.00	98.8	98.8	100.0	100.0	98.8	100.0	97.5	100.0	100.0	91.3
12.00	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

## 6.12 CSR AS EMPLOYMENT CRITERIA

Finally, survey participants were asked to specify their level of agreement with three questions in relation to CSR being an important interview criteria.

Table 6.32 indicates on a seven point Likert scale where 1 = “Strongly Disagree” and “7 = Strongly Agree” the views of survey respondents in relation to agreement with each statement. As illustrated in Table 6.32, the respondents had the highest level of agreement (Mean 4.34) with the statement Involvement in environmentally responsible activities should be considered as an important candidate interview criteria and the lowest level of agreement (Mean 4.04) was with the statement My employers should change their interview criteria to include social and environmental responsibility.

Table 6.32: Participants' view of including CSR into interview criteria

Statement	Mean	Std. Dev
Involvement in environmentally responsible activities should be considered as an important candidate interview criteria	4.34	1.57
Involvement in socially responsible activities should be considered as an important candidate interview criteria	4.29	1.55
My employers should change their interview criteria to include social and environmental responsibility	4.04	1.55

In contrast, interviews with hotel managers from this study have shown that although social and environmental behaviours were looked upon positively, these were not considered as important candidate interview requirements (See Section 5.10) .

## **6.13 CHAPTER SUMMARY**

To identify CSR activities within the New Zealand hotel industry, a questionnaire survey was undertaken with New Zealand hotel employees and the resulting data presented in this chapter. The method of data collection was to gain further insights into CSR practice being undertaken in the New Zealand hotel industry from a hotel employee's perspective. Data concerning current CSR rewards and incentives, employee CSR participation, the use of CSR teams or individuals, and employee attractiveness to the hotel industry in general was presented. The results from this second data collecting method will also support the qualitative research results presented in this thesis (See Chapter 5). Respondents represented a cross section of employees from 37 New Zealand hotels with 4 and 5 star rating that were classified by way of geographical location (See Section 6.4). Respondents age range, length of employment and position of employment when completing this survey have also been included (See Section 6.4).

Although this chapter presents CSR activities in a New Zealand hotel context, the results are limited by the response rate and the answers from the survey questionnaire. By combining data from Independent and Chain hotels, a stronger data set has been presented and subsequent results have provided support material for the qualitative data set for this thesis. This chapter has helped to answer questions concerning CSR adoption within the New Zealand hotel industry and its potential influence on CSR teams, CSR rewards/incentives, and employee attractiveness to the hotel industry. The role of a well-coordinated CSR programme can influence employee commitment to the hotel organisation and can impact on hotel social and environmental activities.

The next chapter will discuss this study's stated research questions through presenting results from the qualitative and quantitative research from this study and relevant literature.

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## **CHAPTER 7 DISCUSSION AND IMPLICATIONS**

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## **CHAPTER 7 DISCUSSION AND IMPLICATIONS**

### **7.1 CHAPTER INTRODUCTION**

The main theme of this study has been the adoption of CSR into the New Zealand hotel industry and the challenges this has presented. This chapter first addresses the integration of the supporting theoretical framework that guides the development of this study. General demographics form the qualitative and quantitative data sets, CSR familiarisation as an incentive from a hotel manager's perspective will be presented next. Drawing on the results from Chapter 5 and Chapter 6, this chapter then examines the extent to which CSR practices in the New Zealand hotel industry have been adopted by discussing the proposed research questions through evaluating the relevant data collected from this study and pertinent literature. More specifically, this chapter reviews the qualitative and quantitative results and discusses this study's overall objective firstly by addressing Research Question 1: New Zealand government CSR incentives stimulating CSR adoption in the hotel industry. Next, the extent, influence and effectiveness of CSR teams will be presented, in reference to Research Question 2. Leadership in CSR advancement and the influence of CSR rewards/incentives are presented next, addressing Research Question 3 and Research Question 4 respectively. Financial implications of CSR adoption, Research Question 5, and Research Question 6 are discussed in the next section of this chapter. The influence of CSR practices on employee attractiveness to the New Zealand hotel industry, Research Question 7, is then discussed. Finally, theoretical contributions to current literature are then detailed and managerial implications for 4 and 5 star hotels in the New Zealand hotel industry are summarised.

## **7.2 INTERGRATION OF SUPPORTING THEORIES**

To guide and support this study, resource-based theory, social identity theory, and stakeholder theory were employed as the theoretical framework (See Chapter 1, Section 1.1.2, Chapter 2, Section 2.8, 2.10, 2.13, Chapter 3). The researcher has attempted to integrate these three mainstream CSR theories into this study and interrelate each by identifying the convergent features of each theory. Following suggestions by Gray et al., (1996) the researcher has argued that these three mainstream theories are complementary, rather than competitive, in nature, thus supportive of the overall research objective for this study. Therefore, the integration of these theories has identified possible motives for New Zealand hotels to adopt CSR principles within normal operating procedures.

Firstly, a resource based theory approach has been central to how competent an organisation is in combining and deploying its human and physical resources (Conner, 1991). Research by Barney and Clark (2007), Haynes and Fryer (1999), Kazlauskaita et al. (2006), and Wright et al. (2001) has all demonstrated the importance of HRM in organisations, specifically the hospitality industry. Evident in the literature has been the significance placed upon obtaining good quality employees and the importance that organisations put on attracting, motivating and retaining competent employees. Apparent in the qualitative data from this study was the resource based approach that hotel managers were taking through the value placed upon their employee's participation in CSR activities (See Section 5.5.3). This indicates that New Zealand hotel managers are motivated to support their employees in CSR activities.

Secondly, by applying social identity theory, Murray and Ayoun (2010) examined CSR behaviours of organisation's influencing attractiveness and long-term retention of employees in the hospitality industry. Evident from the qualitative data in this study was the use of normal rewards/incentives as a tool for employee attractiveness to the hotel industry (See Section 5.8). Although social identity theory literature suggests that employees' identify with social and environmental values of an organisation similar to their own values (Murray & Ayoun, 2010), qualitative data has shown that 48 percent of the hotels in this study did not have rewards/incentives encouraging CSR participation (See Table 5.10). This indicates that, although employers value employee CSR participation, they are not prepared to reward those who demonstrate social or environmental endeavours, this conflicts with current literature supporting employee recognition (Newman & Sheikh, 2012). Managers need to recognize the strength of the relationship between employee perceptions of organisational rewards and commitment. This has important implications for hotel managers looking to enhance the organisational commitment and CSR participation of their employees through the provision of appropriate rewards.

Finally, to reflect the changing social and environmental role, and the transparent accountability that stakeholders are placing upon organisational behaviours and expectations, stakeholder theory was applied. This proposes that organisational management and ethics are closely linked, suggesting that organisations maintain a social and environmental responsibility (Phillips, 2003). As key stakeholders, governments occupy a major role (See Section 2.17). Evident from the literature has been that government sponsored initiatives have influenced the acceptance and implementation of CSR, especially in large organisations (Albareda et al.,

2007). Qualitative data from this study has indicated that New Zealand government sponsored CSR incentives have encouraged further CSR participation from the hotel industry (See Section 5.9). Other evidence of stakeholder influence identified in this study has been employee involvement in CSR teams. Qualitative data has shown that all hotels in this study employed a CSR team or individual (See Section 5.4) This has shown the essential role the stakeholders play in CSR decisions and in encouraging future adoption of CSR principles in the New Zealand hotel industry. This is significant as without stakeholder (government) intervention, New Zealand hotels may not adopt a CSR approach.

These three mainstream theories have helped to justify the motives of New Zealand hotels adopting CSR practices in both operations and accountability. Adoption of CSR principles and disclosure of CSR practices have already been integrated into many existing hotel operations. For example, international hotel chains such as Accor, Hilton, and Scandic hotels are committed to reducing resource usage, while at the same time enhancing the guest experience and gaining employee loyalty (Bohdanowicz et al., 2011). Through transparent triple bottom line reporting, these hotel chains are also good examples of operating business in a more responsible manner that will bring financial savings, new revenue opportunities, as well as better marketing and public relations coverage (Bohdanowicz et al.). In building an organization's human resources and displaying accountability to stakeholders, communication between stakeholders and the organisation play a vital role (Carroll, 1991). Therefore, motives for undertaking CSR principles, practice and non-participation were given precedence during the first data collection method.

Overall, the qualitative data from the interviews in this study suggest that the relevance of the three mainstream theories in interpreting motives for adopting CSR principles and practices is supportive.. The next section will present general demographics from the qualitative and quantitative data sets for this study.

### **7.3 DEMOGRAPHICS FROM QUALITATIVE AND QUANTATIVE DATA**

From the analysis of qualitative data set, the majority of interviews (67%) were from medium size (100- 249 rooms), 4 and 5 star, Chain hotels. The qualitative survey has shown that the average length of employment for managers interviewed was 3.3 years, and from the quantitative survey, the average length of employment at their current hotel was just under five years. Of those participating in the qualitative study, their organisational rank was general hotel manager or senior hotel manager. For those respondents from the quantitative survey, their organisational rank was front line employees or supervisors. Research by Solnet and Hood (2008) and Davidson et al. (2011) indicated that Generation X and Generation Y are the majority of employees in the hospitality industry. The majority of quantitative survey respondents (85%) in this study were indeed Generation X and Generation Y. The next section will discuss a hotel manager's familiarisation and understanding of CSR as a possible incentive for CSR adoption

### **7.4 CSR FAMILIARISATION AS AN INCENTIVE**

The first stage of this study's data collection (in-depth interviews) has attempted to establish certain facts about a New Zealand hotel manager's knowledge and

understanding of CSR as a possible motive for adopting CSR principles. All interviewee organisations in this study were involved in CSR activities and supported their employees in community or environmental activities (See Section 5.5). However, the presence of internal and external challengers such as Corporate communication (13%), Legal compliance (13%), and Employee involvement (10%) had an effect on some hotels in undertaking future CSR actions or reporting such activities (See Section 5.7). One interviewee said:

Um, I think the red tape is probably the biggest hold-up to some of these things happening because it has to be done at a corporate level.  
(Christchurch C13)

What became apparent through qualitative interviews from this study was that CSR knowledge and understanding varied. Interviews with managers from Chain hotels had shown a greater knowledge and understanding of CSR than Independent hotel managers (See Chapter 5, Section 5.3.1). To illustrate this, interviewees were asked to describe CSR in their own words. The following comments from managers in Chain hotels demonstrate their general depth and breadth of CSR knowledge.

...the community, our staff and our guests... (Queenstown C27)

...responsible in a corporate environment and a community environment. (Auckland C10)

...having that moral obligation. (Auckland C6)

Of note was that only one interviewee indicated their CSR knowledge was limited when asked to associate three words to described CSR:

Not really, to be honest.... not a good understanding. (Auckland C4)

However, in general, evidence from qualitative data for this study has indicated a hotel manager's CSR knowledge can motivate overall employee CSR acceptance. This can be shown through the implementation of employee CSR teams and individuals as the main CSR contact point (See Section 5.5). Qualitative data indicating that Community support (26%) and Environmental practices (24%) as current and future hotel CSR activities (See Section 5.5) has also shown a hotel manager's understanding of the CSR concept. Additionally, quantitative data from this study indicates that the majority of hotel employees (72%) were aware of a dedicated CSR team (See Section 6.14). This again illustrates the motivation and leadership qualities of hotel managers to inform and involve their employees in CSR activities. Study by Wildes (2008) has revealed that "CSR is driven by leadership, education, empowerment, rewards, and most probably legal consequences" (p. 70). Further, the explicit role of CSR is the acceptance of corporate citizenship with a strategic and managerial purpose. It is, therefore, arguable that those hotel managers who exhibit greater understanding and commitment to CSR are motivated to provide more favourable opportunities for employee CSR involvement. Thus, New Zealand hotel managers can lead and serve by incorporating a personal concern, beyond the corporate realm, for the well-being of others (Wildes, 2008).

The next section will address the research questions for this study through evaluating the relevant data collected from this study and pertinent literature.

## **7.5 RESEARCH QUESTION ADDRESSED**

This explorative study has revealed a mixed response to the effectiveness of CSR adoption into the New Zealand hotel industry. The following section presents and discusses seven research questions developed from the overall thesis research problem presented in Chapter 1 (See section 1.2.1). Supporting qualitative, quantitative results and literature relevant to each research question will be presented in this chapter with the new knowledge drawn from the resulting analysis.

### ***7.5.1 Research question 1***

#### **Have government incentives stimulated the development of CSR activities in hotels?**

Research by Lee et al. (2013) and Tsai et al. (2010) highlighted that CSR implementation was a critical issue for the hotel industry. Their research suggested a more integrated approach was needed when selecting CSR activities. This would then involve stakeholders' initiatives such as those proposed by the New Zealand government, and existing organisational CSR initiatives. Thus, New Zealand government initiatives such as Qualmark and Enviro Awards (See Section 2.17.5) have been responsible for a greater hotel CSR participation (See Section 5.9). To reinforce stakeholder importance, Tourism New Zealand and the Automobile Association of New Zealand will not feature a hotel in their marketing material unless it is Qualmark accredited. Further, research by Albareda et al. (2008) has acknowledged that social and environmental government commitments to community focused CSR raises awareness, engages

stakeholders, and facilitates voluntary services. Interviews with managers in this study have shown that government incentives such as Qualmark and Enviro Awards were influential in the adoption of CSR principles by the New Zealand hotel industry. The following comments by managers illustrate this point:

Qualmark and that gives us guidance and encouragement and something to strive for. (Auckland C10)

I think Qualmark has already started, which is a good thing. (Auckland C2)

Qualmark provided some guidelines, but it's also proved a goal for us to work towards. (Christchurch C17)

The Qualmark. I think it's definitely starting to gain momentum at the end since it's a pretty good system. So as a result, we put out results of other programmes, and focus on the Qualmark one. (Queenstown C20)

Thus, New Zealand government CSR initiatives have helped hotels adopt standards and codes of conduct related to environmental issues, thereby developing a greater CSR awareness amongst front line hotel staff. This has resulted in the acceptance and embedding of Qualmark and Enviro Awards into daily hotel operations (See Section 2.17.2).

Interview evidence from this study had shown government CSR incentives, such as Qualmark and Enviro Award, to be beneficial in establishing guidelines and committing the hospitality industry to CSR activities (See Section 5.7.1). When inquiring about government incentives and the relationship to Qualmark and Enviro Awards the following comments were made by hotel managers:

Oh, I think Qualmark has already started which is a good thing. (Auckland C6)

...what we do, is set up under the criteria of the Qualmark, and that gives us guidance and encouragement and something to strive for (Queenstown C25)

This comment indicates that New Zealand government incentives have motivated hotels to initiate CSR principles and reporting, and illustrates the (high) degree to which hotels in this study have implemented government incentives to motivate employees and support existing CSR initiatives.

It has been well established that governments have a major impact on organisations and how, through the use of codes of compliance, legislation and incentives, they influence decision making (Ring et al., 2005). As key stakeholders in the hospitality industry, governments have acknowledged the hotel industry's impact on the environment (Kasim, 2007b). Thus, the New Zealand government has adopted internationally recognised frameworks, such as ISO 4000, and voluntary programmes, such as Qualmark and Enviro awards (See section 2.17.2). The majority of hotels in this study were complying with these accreditation agencies, Qualmark (100%) and Enviro Award (63%) and acknowledged the importance of the Qualmark framework.

It was clear that Chain hotels in this study had embraced the CSR initiative through government initiatives while involving employees, whereas Independent hotels had done so to a slightly lesser degree. Studies by Bohdanowicz et al. (2011) have also shown that Chain hotels are more engaged in CSR activities. Evidence of CSR being driven by local structural influences was also visible as interviews with some chain hotel managers revealed further commitment than the Qualmark and Enviro Awards recommended criteria, and incorporated their own social and environmental standards such as Planet 21. Other examples could be seen in the

personal values of hotel managers and employees driving CSR initiatives such as sponsorship of bird sanctuaries, river and lake clean-ups, worm farming, and helping the elderly (See Section 5.5). Research by Bohdanowicz and Zientara (2008), Henderson (2007) and Kasim (2007) has suggested that well-structured CSR activities are looked upon as important factors in building community partnerships and employee commitment. Furthermore, results from interviews in this study have also shown that most (26%) of CSR activities were community centred (See Table 5.6).

The majority of hotel managers had voiced their support for New Zealand government CSR initiatives (See Section 5.9) as the following comment demonstrates:

I think Qualmark, personally, is going in the right direction.  
(Queenstown C26)

However, results from the quantitative survey in this study indicate that government incentives Qualmark and Enviro Awards were not a significant factor in stimulating CSR involvement by hotel employees. This is contrary to research by Virakul et al. (2009) suggesting that unwanted CSR projects are likely to remain unsuccessful and not defensible without incorporating stakeholder support. However, employee survey results from this study indicated a particular awareness of community based environmental activities coordinated by their hotels (See Table 6.29). This identifies the changing role and new relationships that governments have encouraged with businesses and social organisations through promoting self-regulation of sustainability (Albareda et al., 2007; Albareda et al., 2008; Albareda et al., 2009). This behaviour also illustrates the

important role of CSR leadership through the hotel managers. Wildes (2008) stated that CSR is about making a leadership commitment to core values, and recognising local and cultural differences when implementing global policies.

Although the use of the New Zealand government CSR incentive has been seen to have stimulated further CSR activity in the hotel industry, the challenge has been for hotel managers to have a total understanding of CSR principles and lead by example in educating and influencing hotel employees in CSR participation. Results from this study support existing research by Bohdanowicz et al. (2011), Albareda et al. (2009), and Albareda et al. (2008), and leads to the conclusion that Chain hotels are more effective at incorporating government sponsored CSR incentives, thus stimulating further development of CSR activities. These findings also suggest that a New Zealand hotel managers' knowledge in CSR and leadership skills are areas of concern; thus, advocating a more thorough selection and strategic employment of hotel managers with CSR knowledge, thereby, influencing hotel employee social and environmental participation as essential requirements to achieve a positive uptake and outcome if government CSR incentives are to further stimulate the development of CSR activities in New Zealand hotels.

### *7.5.2 Research question 2*

#### **Does the use of CSR teams make Chain hotels or Independent hotels more effective in their participation in CSR activities?**

To answer this research question interviews and the questionnaire survey were used; some noticeable results were found. The outcome from interviews with hotel managers had shown that Chain hotels had the greater CSR team representation at 48 percent (See Table 5.5). This can be illustrated through the following interview comments from chain hotel managers.

..within the hotel itself we have a monthly meeting called a pulse meeting...have agenda items about things in the community. (Auckland C8)

We've got a green team at the hotel. (Christchurch C16)

We have, what we call a Responsible Business Committee in the hotel. (Queenstown C18)

In contrast to Chain hotels, only 18 per cent of Independent hotels have a CSR related team, (See Table 5.5). The following comments from independent hotel managers were common:

Do we have a standalone environmental care department? No, we don't. (Auckland C1)

No, not really. The hotel doesn't. (Christchurch C17)

..as far as a team or such just dedicated, no not really. (Queenstown C24)

As evident through interviews with managers from Chain hotels in this study, CSR direction and implementation was driven primarily from corporate office

directives, then through appointed CSR related teams. There was, however, some flexibility of social and environmental community activities given within each Chain hotel which has the potential to be expanded further. The following comments from chain hotel managers illustrate this:

We've done a number of...um...what would you call it?... rubbish collection...yes...around the beach area, Frankton track. (Queenstown C18)

But, then there's a lot of scope for us to just do what we feel is right, for example, we'd have a Big Health Week for the staff. (Queenstown C23)

However, interviews with Independent hotel managers had indicated that CSR ideas were driven by employees in the majority of cases. The following comment illustrates this point:

It is now driven by our staff and that is one thing that came through. (Auckland C1)

So we do quite a lot of that sort of activity when employee's schools are fundraising and all that sort of stuff. (Auckland C9)

This finding shows that restrictions can be placed upon CSR activities by Chain hotels through corporate office directives. However, studies by Gokulsing (2011) have shown that CSR policy and programmes are necessary steps in securing responsible corporate behaviour in support of community development, whereas, evidence from this study has indicated that Independent hotel CSR direction can be more flexible and encompass meaningful projects within existing communities and therefore should be marked for further research.

Literature has shown the importance of teams in the hotel industry, especially hotel CSR teams (Bohdanowicz et al., 2011). Hotels have created specific action teams linking all employee levels that have helped in reducing wastage through recycling, reducing energy and water usage. These teams go by different names: Green Team, CSR Team and Environmental Team, and undertake various roles, including coordinating CSR activities. Good leadership is also essential if teams and individuals are motivated to achieve identifiable goals of the organisation (Ellemers et al., 2004). Thus, the link between leadership and team can be identified in this study through evidence from interviews with managers which indicated their role in forming and maintain teams. The following comments clearly illustrate the hotel managers' role as the team leader:

I'm the only one who actually takes the lead in most of the implementation... (Chain Hotel Auckland C2)

I would say it would be myself. (Independent hotel Auckland C9)

Literature has also shown how leaders develop and maintain collaborative relationships by establishing open communication, forming and supporting team efforts, and providing the necessary resources to fulfil a shared vision (Brownell, 2010). For example, it is generally acknowledged that teamwork and empowerment are useful traits in achieving environment improvement Hart (1995). It naturally follows that. if managers are reluctant to delegate responsibility and are unwilling to organise teams or work in teams, they run the risk of seeing their social and environmental efforts fail (Bohdanowicz et al., 2011).

Research by Bohdanowicz and Zientara (2008, 2009), Bohdanowicz et al. (2011) and Kasim (2004) has shown that Chain hotels have made considerable progress in the area of CSR integration. In addition, Chain hotels that were more CSR active had a greater employee involvement (Bohdanowicz & Zientara, 2008; Bohdanowicz et al., 2011; Kasim, 2004; Lee & Heo, 2009). Findings from this study indicate that Chain hotels are more CSR aware, through their recognition of nominated CSR teams and individuals. Employees from Chain hotels engage with CSR to a greater degree than those from Independent hotels. Evidence from the quantitative data indicate that the majority (72.4%) of hotel employees were aware there was a team coordinating CSR activities (See Section 5.5). Findings from this research also indicate that Chain hotels are more CSR active and involve their employees to a greater degree than Independent hotels.

In answer to this research question, a dedicated CSR team has therefore been critical to the success of any CSR activity. CSR teams have improved the coordination of CSR process, the identification of CSR opportunities and the engagement of managers and employees in CSR activities. Overall, results from this study have shown that Chain hotels were more engaged in CSR activities when there was a CSR team present. Chain hotels are also more involved in CSR activities than Independent hotels due to their inherent management structure and corporate directives.

### *7.5.3 Research question 3*

#### **Does a hotel manager's leadership in CSR activities influence hotel direction in CSR?**

Ethical and moral qualities are represented through hotel managers' socially responsible actions within the community (Bohdanowicz & Zientara, 2009). This was also evident through research by Henderson (2007) and Bohdanowicz et al. (2011) where successful CSR activities resulted from good leadership by hotel managers and their influence over employees. Evidence from this study indicates that managers from Chain and Independent hotels were actively involved in CSR decision making through their presence on CSR teams or as the individual CSR coordinator. This can be illustrated by the following comments from interviews with managers:

I'm the only one who actually takes the lead in most of the implementation... (Chain Hotel Auckland C2)

I would say it would be myself. (Independent Hotel Auckland C9)

I guess I am the first point of contact... (Chain Hotel Auckland C8)

...I suppose it falls back to me mostly. (Chain Hotel Christchurch C12)

I will not say I am responsible to develop policy but I would lead a team to create a committee where they will develop I would say action or best practice. (Independent hotel Wellington 31)

Literature has stated that strong leadership roles of managers create a more CSR committed organisation (Bohdanowicz et al., 2011; Clark et al., 2009). Yeung (2004) emphasised the importance of leadership in developing a CSR consciousness. The survey with employees in this study indicated that CSR ideas were generated through hotel managers (26%) as team leaders and employees

(20%) (See Table 6.16), thus, leadership from managers can be seen to be influencing employee CSR involvement. Further, data from the employees' survey in this study indicated a strong connection of Community based environmental activities, with 54 percent of respondents showing their involvement with environmentally responsible activities coordinated by their hotel (See Table 6.17). This evidence can indicate that hotel managers have an influence over employee's involvement in CSR activities. Interviews with managers also illustrate that their leadership style influences employees. The following comments illustrate this point:

The manager does have a lot of influence .... He is excellent in getting involved in a lot of charitable organizations and then stimulating the staff in the same way. (Queenstown C23)

... I definitely think that my role does influence, and me practicing does influence something very important... staff are more motivated and they will follow the same practice. (Wellington C33)

Brockhoff, Chakrabarti, and Kirchgeorg (1999) research also concluded that managers instigate values that guide employees' daily work behaviours, driven through their leadership roles (Wildes, 2008). This has been evident through each of the Chain hotels in this study using a similar leadership approach to CSR indicating a corporate methodology of initiating CSR activities. The following interview comment illustrates CSR corporate policy being initiated through Chain hotels' head office.

Whole of Accor, yes. I'm pretty sure all brands are participating with Plant for the Planet. (Wellington C33)

Interviews with managers suggested that Chain hotels followed the corporate directive and participated in CSR activities that supported major charities such as The Salvation Army, Cure Kids, Red Cross and Cancer Society of New Zealand (See Section 5.5). This was also evident through survey responses (See Table 6.28). The following are comments from interviews with managers supporting this view:

...depending on where we sit, and that's a corporate thing as well.  
(Queenstown C22)

...general fund raising, that would go to the Red Cross. (Queenstown C23)

One of the big things, of course is Cure Kids for all our hotels.  
(Queenstown C25)

As previously discussed, although Chain hotels had followed the corporate direction with regard to CSR activities, there was some flexibility by managers as to their choice of community CSR projects. This was evident through interviews with managers which had shown that Community (26.0%) and Environment (24%) were focused areas, with hotel employees' involvement (17%) playing a role in participating and completing in CSR activities (See Table 5.6). Local community CSR activities such as environmental projects with local schools, and initiatives with wild life and bird sanctuaries were good examples of CSR activities other than those issued as corporate directives. This indicates that hotel managers' leadership in CSR activities does go beyond what is required. The following comments from interviews illustrate this point.

...it has to be very important that we help the community around.  
(Wellington C31)

...we're sponsors of various charities locally. (Queenstown C18)

...environment is a big thing. (Queenstown C27)

...there's a lot of work with the pre-schools and schools we are fundraising for. (Christchurch C14)

There is evidence from this study of corporate leadership and CSR directives given to hotel managers from Chain hotels and, in some cases, owners' influence of independent hotels (See Section 5.7.2). Other noticeable results were found in answering this research question. Evidence from qualitative interviews has shown hotel front line hotel employees' influence over the hotel managers' engagement in CSR activities. Five hotel managers from this study (15%) had commented that they were influenced by hotel employee's involvement with CSR activities. The majority of these CSR projects were local community based: children's charity, fund raising appeal, animal rescue etc. (See Section 5.5.4). The following comment illustrates this point:

The Women's Refuge really came about because one of our staff had cause to be involved ... (Wellington C32)

The extent to which a hotel was involved in community or environmental CSR activities could also be influenced by a manager's understanding and knowledge of CSR adoption (See Table 5.4). Thus, the hotel CSR direction was influenced by a manager's knowledge and understanding of CSR as well as corporate direction and, in some cases, the involvement of front line employees in community activities. Findings from this research question indicate that New Zealand hotel managers are instrumental in CSR direction and their ability to influence hotel employees to undertake CSR activities. This illustrates good leadership by way of a hotel manager's knowledge of CSR. A hotel manager's knowledge and understanding of CSR requirements has also benefited their current hotel, hotel employees and the New Zealand hotel industry through greater CSR involvement.

In the majority of Chain hotels in this study, CSR activities and direction have been mainly driven by corporate directives complying with the regulatory framework whereby hotels effectively need to be Qualmark accredited for marketing reasons. There was also evidence that suggested CSR activities outside of corporate direction could be influenced by employee involvement in social or environmental activities. Overall, it can be argued that hotel managers in New Zealand agree that CSR should be an important core component of the business operation. They also believe that CSR can be compatible within existing hotel operational and management structures. However, leadership approaches to CSR vary dependent upon style of hotel and CSR knowledge of hotel manager. This study has suggested that New Zealand hotel managers from Chain hotels could go beyond the corporate directive by encompassing additional community social and environmental activities.

#### **7.5.4 Research question 4**

##### **Do rewards and incentives influence the extent to which employees participate in CSR activities?**

Initiating rewards and incentives has the potential to promote stronger commitment and a more positive attitude from employees, thus enhancing the capacity for greater CSR participation. Research has shown that effective systems of recognition that engage and motivate employees have become widely incorporated into the work environment (Whitelaw & Morda, 2004). Maroudaset al.'s (2008) research on employee motivation in hotel brands suggests that suitable rewards and strategies for developing CSR activities are needed. This could be achieved through recognising employee participation in more community socially and environmentally based projects. Study by Bohdanowicz and Zientara (2009) has shown that supporting community environmental programmes contributed to improving the quality of life of local communities and the overall well-being of hotel employees.

Given the positive outcomes of rewards, research evidence has indicated a strong link between rewards, employee participation and organisational commitment (Chiang & Birtch, 2010; Meyer et al., 2004; Singh, 2013; Steers & Porter, 1991). Although, the majority (91%) (See Table 5.9) of interviewees indicated that there were normal reward schemes in place, only 48 percent of the hotels had rewards recognising and encouraging CSR activities (See Table 5.10). The survey in this study has indicated that only 52 percent of hotels had in place a normal reward/incentive programme (Table 6.23). The most frequent normal reward/incentive offered was *Recognition through the staff notice board* (Table

6.24). This is in contrast to interview results suggesting that 91 percent of hotels offered normal rewards/incentives, with the hotel managers recognising Employee work environment (50%) as the most frequent normal reward/incentive offered (See Table 5.9).

Data from the survey also indicated that rewards/incentives specifically for CSR had little influence on employee participation in CSR activities (See Section 6.8). Although all hotel managers from this study have acknowledged employee participation in hotel CSR activities as important, the survey with employees indicated that of those hotels engaged in CSR only 15 percent indicated Some and 30 percent indicated A Few when asked How often have you participated in CSR activities? over the past year (See Table 6.27). This indicates that although the majority of hotels have CSR rewards in place this has little effect on employee motivation to participate during the first six months of employment. Research has shown that this may be affected by employees with different cultural value orientations responding differently to the provision of organisational rewards (Newman & Sheikh, 2012). Previous research has also shown the need for hospitality organisations to integrate instruction, leadership skills and instil the organisational core values into early orientation and training programs to better prepare future hospitality leaders (Scott-Halsell, Shumate, & Blum, 2007).

Rewards and incentives are considered an effective HR practice (Delery & Doty, 1996) and the principal means of achieving and emphasising organisational behaviour (Singh, 2013). An important part of a hotel is the involvement of front line employees in normal daily operational activities. Hotel acceptance and involvement with normal operational goals and activities can be influenced

through offering rewards and incentives to enhance affective employee commitment (Malhotra et al., 2007). Therefore, employee CSR participation may also be influenced through effective rewards/incentives if administered correctly. Although interviews with hotel managers from this study indicated there was a normal reward/incentive scheme in place, this was not looked upon as a high priority as is evident from the following comments from managers:

We don't really have an incentive scheme for the employee.  
(Auckland C9)

We haven't brought an incentive in yet... (Queenstown C24)

I would say it tends to be on a very ad hoc basis. (Queenstown C26)

There are no incentives as such... (Wellington C33)

Breaking the data down further, interviews with hotel managers from this study have shown that of the 52 percent of hotels offering normal rewards and incentives, 12 (60%) were Chain hotels and 4 (30%) were Independent hotels (Table 5.10).

This can also be illustrated through the following comments from interviews with managers from Chain hotels:

We have a number of rewards that all have a sustainability and CSR category in them. (Auckland C6)

There is an area in the staff room that's dedicated to the green initiatives and incentives, we've got in place a notice board there. (Christchurch C16)

We would reward individual employees for coming up with good CSR ideas... (Queenstown C18)

Interview comments from independent hotel managers confirming a CSR reward and incentive scheme are as follows:

I would reward them rather than having any incentive scheme.  
(Auckland C9)

Well, in housekeeping, we run an incentive programme, specifically  
for reducing waste recycling. (Wellington C32)

Findings related to this research question have shown that Chain hotels are more engaged in offering CSR related rewards. These findings also suggest that Chain hotels motivate employees to participate in CSR through rewards more than do the Independent hotels. Findings also indicate there were differing results from the two sets of data as to whether a normal reward system was offered. The research from this study indicates that a well-structured induction/orientation programme given to employees within the first six months of their tenure may help eliminate misunderstanding of organisational core values and promote more awareness and participation in CSR activities.

### *7.5.5 Research question 5*

#### **Does the financial cost of CSR implementation influence the adoption of CSR principles?**

Not all CSR activities create value for an organisation. With limited resources and the increasing costs of materials, the selection of relevant CSR activities and the related cost has become a critical issue for many organisations. Lee et al. (2013) and Tsai et al. (2010) have highlighted financial cost of CSR implementation as being a critical issue for hotel organisations. Their research suggested a more integrated approach was needed when selecting CSR activities to reduce overall financial costs. Study by Albareda et al. (2008) has suggested that new approaches in government CSR thinking should focus on strategies and integration in an effort to maintain or reduce costs. Approaches such as partnerships between organisations, community foundations and trusts, as well as financial incentives such as buying local products have been suggested as possible approaches to reducing associated costs of CSR implementation (Albareda et al., 2008). These approaches have the potential to encourage and enhance CSR awareness producing a long term financial gain.

Lee and Park's (2009) research stated that hotel organisations that invested in CSR have increased firm value and profitability. Additionally, Lee and Park stated that an organisation's profitability is reflected in short term performance measures with the firm value representing long term gain. However, not all organisations can obtain a short term gain while increasing the value of the organisation over the longer term. Interview results from managers in this study indicated that the financial cost of CSR implementation in hotel operations was of concern. Table

5.8 illustrates that a number (28%) of hotel managers thought Financial Costs were the main challenge when implementing CSR activities. The following comments from interviews with managers support this statement:

I mean there is a cost to this. (Auckland C6)

You have to accept that some of these things do come at a cost. And that is the danger. (Auckland C8)

When you are talking about CSR they always stop short of something if it is going to cost them money. (Auckland C8)

We would like someone else to pay for it, but I don't think it's realistic. (Christchurch C12)

Further evidence from this study has shown although hotels are involved in CSR activities, there were some challenges (See Table 5.8). One challenge is related to the cost of implementing Qualmark and Enviro Awards, as illustrated through the following comments from the qualitative interview data:

...there is going to be a cost involved and that for a lot of hotels is a very big challenge. (Auckland C11)

...because of the cost we hadn't really gone on to do a lot more, so maintaining what you've done... (Christchurch C18)

However, from the interview data there were examples where a financial gain was evident through CSR involvement. The following comment was made by a hotel manager:

...almost every little project that we've got ourselves involved with that had a cost had a return and most, we weren't expecting that necessarily. (Auckland C10)

Working together with stakeholders and industry lead bodies there has been a recognition that public policies and incentives are key in encouraging a greater

sense of CSR adoption thus, associated cost are unavoidable. As discussed in Chapter 2, Section 2.14 related cost implications will directly affect the financial bottom line of an organisation. Additionally, evidence from the quantitative survey in this study has revealed that the cost of CSR implementation was of concern (See Table 6.30) and this should be absorbed by the hotel in question. Empirical research articles by Costantino et al. (2010) and Tsai et al. (2010) have upheld this view as the traditionally recognised approach to absorb overall cost of CSR implementation due to the long term financial return to the business.

Governments, together with other stakeholders, have assumed a relevant role as drivers of CSR implementation through recognition and adoption of CSR principles (Albareda et al, 2008). As discussed in Chapter 2 (See Section 2.17), the New Zealand government's CSR initiatives (Qualmark and Enviro Awards) have benefited the hotel industry through CSR integration, community involvement, and environmental recognition that has produced long term financial gains to the hospitality industry. Research by Albareda et al. (2008) has stated that new approaches in government CSR thinking focusing on strategies such as partnerships between organisations, community foundations and trusts, as well as financial incentives develop and enhance CSR awareness producing long term financial gain. However, the cost associated with New Zealand Government CSR initiatives has met with some resistance by some sections of the hotel industry. The following comments from interviews with managers from this study illustrate this:

...as a hotel group around New Zealand, there is some dissatisfaction with Qualmark so we have dropped the environment aspect... [and]  
... the fact is, that many corporations balked at the idea of having to

spend money and resources to practice environmental policy.  
(Auckland C8)

...because of the cost we hadn't really gone on to do a lot more. Maintaining what you've done in the previous year or so isn't sufficient to maintain your gold rating, you have to show continuous improvement. (Queenstown C18)

Although CSR projects can increase overall operating cost, managers can make adjustments of CSR activities thus reducing overall costs through cost evaluation and strategic selection of relevant CSR projects (Tsai et al., 2010). The following comment supports this claim:

I think the responsibility is on us [hotel industry] to decide on what we're prepared to contribute...it's a sign of our commitment to wanting to be a part of that wider community in terms of what we can contribute to. (Auckland C5)

Research has shown that there are long term financial gains through strategic investment from the adoption of a CSR approach. Lee and Park's (2009) research stated that hotel organisations that invested in CSR have increased firm value and profitability and that an organisation's firm value has increased. For example, Marriott Hotels have used the concept of strategic CSR to identify and cultivate needed employees through training the unemployed, thus reducing recruiting and retaining costs (Tsai et al., 2010).

Interviews with managers from this study have shown an overall acceptance of government CSR initiatives and an expectation that the related costs of implementation would be recouped in the long term. The following comment from a hotel manager's interview illustrates this point:

... but it has gone full circle now where the cost is being offset by the expectation that people will want to give your business; that you

doing the right thing and if you're not doing the right thing, they're not going to stay in your hotel. I think it's certainly being paid for.  
(Auckland C6)

Further, studies by Tsai et al. (2010) have shown that a higher CSR profile has driven organisations to fulfil their stated CSR goals. Although there is related cost associated with the New Zealand government CSR incentives, the majority of hotels have employed Qualmark and Enviro Awards as guide lines and benchmarks to improve CSR quality standards. Research has shown that through strategic selection of CSR activities, start-up cost can be avoided and long term financial gain can result (Tsai et al.). Findings from this research question suggest that hotel managers are aware that following a CSR approach has initial cost, nevertheless in the long term there is a financial return through committed employees and loyal customers. Further, this study has also indicated that the majority of New Zealand hotel managers and their employees are committed to their role as socially responsible organisations (See Table 5.6 & Table 6.18).

Although numerous CSR activities increase costs, they may be positively evaluated by different stakeholder groups (Tsai et al., 2010). Through benchmarking, initiating best practice and directing organisations to be held accountable for their social and environmental activities, an associated cost is inevitable. However, the long term financial and personal gain in reputation to the organisation outweigh the associated startup costs. Evidence from this study has shown that hotel managers were aware of the initial costs of CSR implementation. The involvement of the hotel employees in community CSR activities has enabled the enhancement employee well-being, which is especially important in the

service industry due to uncertainty and rapid change, and opportunity for marketing opportunities for the hotel.

#### ***7.5.6 Research question 6***

##### **Do hotels have the responsibility to pay for the adoption of CSR?**

CSR will remain a focus of the public and organisational interest for the foreseeable future (Bohdanowicz et al., 2011). Consequently, there has been some debate as to who should pay costs of the adoption of a CSR approach in the hospitality industry. As previously discussed, organisations have found that CSR implementation can incur financial cost in the short term and increase cost significantly in the long term. Nevertheless, research evidence differs as to who should pay for the direct cost associated with CSR implementation. Studies by Mohd Ghazali (2008) have suggested that stakeholders should take a more active role in sharing associated CSR cost. Empirical research by Albareda et al. (2008) has indicated that governments should take a greater role in reducing cost of CSR implementation by reducing compliance and legislative cost. Research by Bohdanowicz and Zientara (2008) has also acknowledged that a hotel should be responsible for any CSR implementation costs incurred.

Evidence is now indicating that hotels are beginning to adsorb the cost of CSR implementation (Bohdanowicz et al., 2011). This study's survey of employees has shown 24 per cent of the respondents agreed that each hotel should be responsible for overall cost of CSR adoption (See Table 6.30). Notable from interviews with managers in this study was that 79 per cent agreed each hotel should be accountable for costs associated with CSR implementation (Table 5.7). Comments from interviews with managers have suggested that a more integrated approach to

CSR is being accepted and costs should be the responsibility of the hotel concerned, as shown by their comments:

...it is definitely down to the individual hotel and hotel chain to wear the cost. (Auckland C9)

I think the hotels should really be responsible for the cost. (Auckland C11)

It's got to be a cost directly to the business. (Christchurch C13)

I would say it would have to be self-financed. (Queenstown C18)

A big part should come from the hotels. (Queenstown C27)

We as a company so far will fund it ourselves in all of our initiatives. (Wellington C31)

Furthermore, research by Bohdanowicz and Zientara (2008) had established that CSR initiatives deemed beneficial in the long term were carried regardless of the organisation's financial situation. Thus, it follows that certain CSR activities, even if initially costly but complying with organisational philosophy, should be seen as beneficial to long term objectives. Interviews with chain hotel managers in this study have illustrated their responsibility to go further and accept the related CSR implementation and monitoring cost incurred, as the following comments indicate:

What we've done, in my mind, surpassed what Qualmark put out as a standard but yet it's not always recognised as the same thing. (Christchurch C13)

You know, we've got Green Globe certification before Qualmark came through. (Christchurch C14)

Obviously, for Qualmark and Earth Check, you've got to sit there and benchmark and monitor and manage and report on what you've done and actually we've done a hell of a lot more... (Queenstown C16)

Studies by Albareda et al. (2008), and Hamann and Acutt (2003) highlighted that a coordinated action is needed both at government and corporate levels to create a more cost effective socially and environmentally responsible operating environment. The hospitality industry is now being held more accountable for their environmental foot print and impact on local communities (Chan, 2009; Hsieh, 2012). Evidence from research has indicated that hotel managers have acknowledged that social and environmental responsible measures are necessary (Chan, 2009; Kim, 2005).

Previous failures to initiate adequate social and environmental guide lines had made it difficult for hotels and other organisations to honour their CSR commitments. As a responsible employer, some New Zealand Chain hotels have set in place a number of sustainable measures involving their guests, employees and the community. A number of Chain hotels had initiated their own social and environmental charter. For example, Accor hotels initiated their Hotel Environmental Charter, Earth Guest, Plant for the Planet and, most recently, Plant 21. Further studies have shown the hotel industry is becoming more accepting of their financial obligation to CSR implementation, specifically in relation to the natural and operating environment. For example, Chan's (2009) study had shown that environmental management systems such as ISO 14001 measures are being widely adopted by hotels. Bohdanowicz et al.'s (2011) research had shown that through CSR programmes, Chain hotels have demonstrated their commitment to environmental protection. Hsieh's (2012) study concluded that hotel organisations have established environmental policies or initiated environmental programmes.

Through establishing links with industry lead bodies and relevant stakeholders, the New Zealand hotel industry has further demonstrated their adoption of social and environmental policies and financial commitment to CSR implementation.

The following comment from a hotel in this study illustrates this point:

So we actually believed that our internal audit was actually a little bit stronger or more robust than Qualmark's and we've worked with them on that, and about two or three months ago, they have actually agreed that our policies are probably a little bit more robust than theirs. So, now we actually work close with them to really look at the way they manage Qualmark, and the Enviro section. (Auckland C6)

Findings related to this question indicate that social and environmental concerns have been placed high on the New Zealand hotel industry and government agendas. The New Zealand hotel industry has demonstrated their commitment to CSR principles through their adoption of government incentives such as Qualmark and Enviro Award and related costs. Chain hotels, in particular, have furthered links with stakeholders in developing consistent and measureable standards for sustainable practice at considerable cost. As has been shown, this study has strong evidence suggesting that hotel managers and employees agree that each hotel has a responsibility to pay for the adoption of CSR practices.

### *7.5.7 Research question 7*

#### **Is social responsibility part of an employee's hotel attractiveness?**

Researchers have indicated that hotel managers have emphasised the important role that HR has within the hotel industry (Enz, 2009). Attracting front line hotel employees with experience and skills has been an area of concern for some time (Baum, 2002; Fisher et al., 2010; Kazlauskaitė et al., 2006; Lee & Way, 2010; Nickson et al., 2005). Survey findings from employees in this study have shown that Career advancement and Good working conditions were more valued by the employee (See Table 6.31). However, interviews with managers in this study have shown that front line employees with the criteria of Experience (23%) and Attitude (18%) (See Table 5.12) were the more sought after for hotel employment.

The following comments from managers further reinforce this point:

Good employee is basically a good attitude, attitude in terms of their commitment. (Auckland C2)

...the right people in terms of skill based, personality and their ability to, you know, take on board what we want to be offering to our guests, so... (Auckland C5)

We look for people with qualifications, relevant qualifications. (Auckland C8)

Essentially our employment will feature on attitude, communication skills. (Queenstown C21)

Results from the qualitative study relating to this research question are also similar to those from empirical studies emphasising skills and training for the hospitality sector (Baum, 2002; Davidson et al., 2011). Although results from interviews with managers in this study have shown social and environmental

endeavours were looked upon positively in front line employees, they were not an essential requirement during interview (Table 5.12). Potential employees' social and environmental activities do not always advantage their job prospects. Although interviews with managers from this study had shown empathy with an employee's social and environmental responsibility, there was evidence to suggest that this characteristic had no relationship to job prospects. The following comments from interviews with managers clearly illustrate this point:

I don't think they would choose one person over the other just because they are doing something locally for the community.  
(Auckland C11)

I don't think it's one of the main criteria. (Queenstown C18)

I would still go for the person whose skill level was better.  
(Queenstown C19)

It's not, necessarily a direct prerequisite in an interview process.  
(Queenstown C26)

These findings are in contrast to research by Turban and Greening (1997), Greening and Turban (2000), and Turban (2001) emphasising that an organisation's community commitment, social values and environmental behaviour positively influenced employers through attracting and retaining workers. Further, Murray and Ayoun's (2010) research highlighted the relationship between employee's sustainable values and ethical responsibilities in hotels. Current literature has emphasised that future employees are attracted to hotel organisations that implement sustainable practices similar to their own (Murray & Ayoun, 2010; Willard, 2002, 2005). However, if a potential employee demonstrated these talents they were viewed favourably but not as an essential job requirement. The following interview comments from managers illustrate this point:

That can also be valuable because that brings in some really good ideas all the time... (Auckland C6)

We would look at that as a bonus. (Christchurch C15)

So, it's something that we're definitely looking for but it's not a compulsory criterion yet. (Queenstown C24)

We probably wouldn't directly ask them about social responsibility. (Queenstown C23)

It can be argued that hotels which demonstrate a greater social and environmental approach to daily operations do attract like-minded employees (Lee & Kim, 2013). Porter and Kramer (2006) concluded that CSR practices induce a positive reputation and strengthen brand image. Consequently, research evidence now indicates a growing need for a change in interview criteria that reflects a greater CSR approach. However, evidence from the qualitative data set from this study has indicated that although social and environmental endeavours were accepted additional skills, (not a requirement), there were mixed views as to whether employee interview criteria should be changed to reflect a CSR approach. The following comments from managers in this study illustrate this point:

I don't think it's going to change. (Auckland C2)

I think it could change. I think everything is changeable and you just have to adapt accordingly. (Auckland C9)

Yeah. I think it will. I think it will change in the future, as hotels become more and more involved with CSR. (Auckland C11)

I don't see that changing as a criterion for employment. (Christchurch C14)

I wouldn't say it's a critical one. I will say it's a supporting factor. (Queenstown C21)

Additionally, results from the survey with employees in this study have shown that changes to employee interview criteria were mixed if a CSR related question were to be included during employee recruitment interviews (See Table 6.32).

Additionally, survey results have indicated that the hotel's involvement in social and environmental activities was not rated highly (See Table 6.31). This again challenges recent studies which have stated that hotels who are more socially and environmentally aware send positive signals, thus attracting a better quality employee (Murray & Ayoun, 2010).

There were, however, some hotel managers in this study who had shown a willingness to embrace a CSR approach and change front line employee interview questions reflecting current research evidence. This group of managers also believed that their hotel's CSR activities could attract and retain hotel employees to a greater extent, as evident in recent research. The following are comments from interviews with managers illustrating this point.

I think that is the way industry is moving. (Auckland C6)

As hotels become more involved in CSR is great to see in practice and see the results. (Auckland C11)

...the employee has an expectation of the corporate responsibility for us before they come to the door. (Queenstown C21)

Therefore, these hotels HRM departments had included interview questions directly relating to social and environmental responsibility. The following comments illustrate that questions related to employee's CSR activities were being asked during interview:

We always ask about community involvement. (Wellington C32)

When we're reading CV's, we're looking for those sorts of things in terms of people who are involved in community style projects for example. (Auckland C3)

Caring people are going to be caring about their environment. (Christchurch C16)

This is something that we're definitely looking for. (Queenstown C24)

It's a question on the list of questions that we ask... (Queenstown C25)

I would ask him what his contributions to the environment are, does he actively recycle?... (Wellington C33)

This then shows that a growing percentage of hotels are adopting a CSR approach during interviews that reflect an employee's social and environmental awareness in the community. Murray and Ayoun's (2010) study concluded that hospitality organisations that are committed to developing a holistic strategy and embrace supported aspects of sustainable development, such as community commitment, environmental awareness and importantly actions, will benefit greatly through recruitment and improved competitive advantage.

Results from this study have shown many New Zealand Chain and Independent hotels did not fully embrace CSR as part of an employee's selection process. However, evidence from this study suggests a change in interview criteria that reflects a potential employee's social and environmental responsibility is being undertaken, all be it gradually.

Although, social and environmental responsibility was looked upon as an additional benefit in potential front line employees, this did not advantage their job prospects. In addition, the results of this study also indicate that hotel participation in CSR does not have a major influence over employee attraction and retention.

## **7.9 CHAPTER SUMMARY**

This chapter discussed findings from qualitative and quantitative research and relevant literature in order to provide a holistic CSR view focused on the New Zealand hotel industry. In summary, this section provided suggestive evidence of the ethical choices, costs and rewards and incentives which are fundamental when deciding upon CSR strategies in the hotel industry. Employee participation was seen as vital to a successful CSR activity. Motivation of employees to participate in CSR projects is also essential in reaching a positive outcome. Notable, was that over half the participating hotels in this study had no reward and incentive scheme in place to encourage employees to participate in CSR activities. However, surprisingly, employees were seen as a valuable link between the hotel and the host community when initiating CSR activity. Government incentives will continue to focus participating hotels on community projects engaging environmental and social/public welfare and encourage further participation.

Building upon these findings, the next chapter will bring together all aspects of this study in the conclusion. Chapter 8 presents a discussion drawing upon the qualitative and quantitative findings which are presented in the light of the theoretical and practical implications from this study.

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**CHAPTER 8 PRACTICAL AND MANAGERIAL  
CONTRIBUTIONS**

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## **CHAPTER 8 PRACTICAL AND MANAGERIAL CONTRIBUTIONS**

### **8.1 CHAPTER INTRODUCTION**

The previous chapter has presented the findings, discussed how the research questions were achieved, and explained this in relation to the CSR literature from this study. This final chapter summarises the thesis findings, firstly presenting an overview of the study, then summarising the key results and the main focus of this research with reference to related theories and stated research questions. It presents some reflections based upon the research methodology and the theoretical framework for this study. Importantly, Chapter 8 also discusses how this research has contributed and extended existing literature with new knowledge.

From the presentation of data in Chapters 5 and Chapter 6 followed by discussion and implications in Chapter 7, this chapter will present the practical and theoretical contribution to literature, specifically hospitality literature. The next section presents an overview of this study including the stated research questions and a summary of the methodology undertaken. Next, the practical contribution section will present findings and conclusions reached; this will be followed by a theoretical contribution section with findings and conclusions reached. Recommendations, reflections, potential for further research arising from this study and finally limitations of this study will then be presented. The next section presents an overview of this study.

#### ***8.1.1 Overview of the study***

This explorative study examines the extent to which New Zealand 4 and 5 star hotel managers have adopted CSR practices, and their commitment through

participation in CSR activities. Additionally, this study has investigated the influence of New Zealand government CSR sponsored incentives have on the adoption of social and environmental policies into the New Zealand hotel industry and the effect this has on hotel employees' overall CSR participation. Finally, whether the commitment of the New Zealand hotel industry to social and environmental practices has influenced employee hotel attractiveness was discussed. A pragmatic interpretive methodological approach was adopted (See Chapter 4) in designing the research methodology best suited to answering the seven research questions listed below.

### ***8.1.2 Research questions***

**Research Question 1:** Have government sponsored incentives stimulated the development of CSR activities in hotels?

**Research Question 2:** Does the use of CSR teams make Chain hotels or Independent hotels more effective in their participation in CSR activities?

**Research Question 3:** Does a hotel manager's leadership in CSR activities influence hotel direction in CSR?

**Research Question 4:** Do rewards and incentives influence the extent to which employees participate in CSR activities?

**Research Question 5:** Does the financial cost of CSR implementation influence the adoption of CSR principles?

**Research Question 6:** Do hotels have the responsibility to pay for the adoption of CSR?

**Research Question 7:** Is social responsibility part of the employee's hotel attractiveness?

### ***8.1.3 Methodology***

A mixed method approach, utilising qualitative (in-depth interviews) and quantitative (on-line survey) methods was employed to gather data for this study. Data obtained from in-depth interviews with 33 New Zealand hotel managers was content analysed using NVivo 10, a computer software programme. The quantitative survey was administered on-line to employees in 37 New Zealand hotels. Statistical analysis of the survey results using SPSS 11.0 (SPSS, Inc., Chicago, IL, USA) computer software was employed. Data from the quantitative survey was used to support findings from the qualitative interviews.

## **8.2 PRACTICAL CONTRIBUTIONS**

The vision of CSR in New Zealand feeds into a natural and environmentally conscious country portrayed through Tourism New Zealand's marketing and promotional materials (Ministry of Tourism, 2007). The New Zealand government has played an important role in creating a more socially and environmentally responsible business environment through CSR sponsored incentives such as Qualmark and Enviro Awards. The next section will present practical findings from this study that can contribute to the further embedding of CSR principles by the New Zealand hotel industry.

### ***8.2.1 Adoption of CSR in hotels***

Evidence from this study has shown that hotel managers from Chain hotels and Independent hotels have adopted CSR government sponsored initiatives. Although sustainable awareness and direction is a necessary component of a hotel manager's criteria, it was apparent that managers from Chain hotels had a more

rigorous CSR programme in place develop through initiatives from their own corporate office such as Planet 21 and Earth Guest. Hotel managers from Chain hotels also had a tendency to exceed the recommended criteria for achieving Qualmark and Enviro Award, indicating stronger commitment to adopting CSR principles. Chain hotels had also imbedded the New Zealand government sponsored Qualmark and Enviro Awards into their own well-developed CSR programmes. This has allowed Chain hotels to utilise the existing marketing and networking structures already in place as a vehicle to further showcase their adoption of CSR practices. Independent hotels in this study, although committed to a lesser degree, had shown that Qualmark and Enviro Awards were extremely helpful in setting standard environmental operating procedures where none had existed previously. Qualmark and Enviro Awards were also seen as a positive way of involving employees and customers into social and environmental issues by both hotel styles (Chain and Independent). Although qualitative evidence from this study has indicated that Chain hotel managers were more involved in CSR activities, Independent hotel managers were more flexible at adopting new CSR local community projects due to less corporate directive. Findings from this section of study can be integrated into already existing hotel CSR values. A more flexible approach by managers employed in Chain hotels through accepting additional community focused social and environmental projects would prove beneficial. Through this practical initiative, New Zealand government CSR incentives can further broaden stakeholders' and the general public's personal, social, and environmental knowledge and awareness pertaining to the community.

### **8.2.2 CSR teams**

Another important finding from this study was that CSR teams employed in Independent hotels were more flexible at coordinating community focused CSR activities than CSR teams in Chain hotels. Although this study has indicated that Chain hotels employed more CSR teams (See Table 5.5) evidence has shown that Chain hotels followed corporate directives with a greater frequency in their CSR approach. This confirms similar findings from studies (Bhattacharyya, 2010; Waldman et al., 2006) where the extent to which managers are personally committed to an organisation's social policies were linked to the organisation's projected corporate image. Overall, it was evident that CSR behaviour from hotels with international connections (Chain hotels) in this study has shown there is a definite focus on corporate directives relating to CSR in Chain hotels more so than Independent hotels.

This study also identified the influence that members of CSR teams have on CSR directives. Qualitative data has shown the tendency for members of CSR related teams to set agendas. As evident from the qualitative data in this study, three hotels (11%) (See Section 5.5.4) indicated that members of CSR related teams were influential over decisions concerning hotel sponsored CSR activities in the community. In addition, those employees who were longer serving and already involved with particular charities or fund raising events were instrumental in influencing a hotel manager's decision as to CSR involvement with the related employee activity (See section 5.5.4). This finding adds a practical contribution concerning the development of CSR teams and the influence of team members.

### ***8.2.3 CSR leadership***

The workplace culture an organisation establishes can be significantly related to overall organisational performance. An organisation's culture can also turn individuals or groups away from acting in its best interests or guide their actions to be of benefit. As has been shown, adhering to organisational culture and beliefs can be accomplished through good leadership and motivation of individuals. A hotel manager's leadership role sets the hotel direction and initiates the continued monitoring and maintaining of quality service and comfort standards as well as social and environmental direction. Leadership styles and team participation are an important factor in the hospitality industry and therefore can impact on the successful completion of stated goals including CSR activities (Guillet et al., 2012). Hotel managers in this study were taking strong leadership roles concerning CSR decision making (See Section 5.4 and Section 6.13).

The turnover of hotel staff is often related to a poor work environment, lack of motivation, poor supervision and resulting leadership skills. The need for quality leaders in the hospitality industry has been readily recognised as critical to the long-term well-being of the industry (Whitelaw & Morda, 2004). As previously discussed, CSR is about making a commitment to responsible social and environmental endeavours as part of organisational objectives. From a hotel manager's perspective, CSR is also about making a leadership commitment to organisational core values and recognising when to involve and motivate employees by leading from the front. Hotel managers can lead and serve by participating in CSR activities in daily hotel operations thereby responding to the social and environmental changes expressed through related stakeholders.

However, evidence from this study has indicated that although managers were influential in CSR decision making through their leadership role they had a limited motivational presence in encouraging employees to participate in CSR activities.

Referring to the theoretical framework (See Figure 3.3), it is evident that a hotel manager's leadership was reflected in all aspects CSR implementation, specifically their awareness of and change in people's attitudes towards their social and environment involvement. Therefore, a hotel manager's leadership role can set the direction of CSR activities outside of corporate directives. Evidence from this study has shown that hotel managers were involved in CSR decision making on all occasions (See Section 5.4), whether as a team member or as the individual contact CSR coordinator associated with the nomination of CSR activities (See Section 5.4). Thus, evidence from this study suggests that a hotel manager's leadership is influential in CSR decision making. This finding from this study corroborates with Ellemers et al. (2004) findings indicating leaders and managers can create and communicate a sense of shared identity and sustain particular work-related behaviours among employees through leadership decisions.

Important to social identity theory is the perception that a leader as representative of the group or organisation (Ellemers et al., 2004). This may vary dependent upon situations or over time as to the identity that the leader shares with the group (organisation) or the differences between the leader and the group (organisation) (Ellemers et al., 2004). Recognition and praise from individual managers help in promoting a positive working environment. Through rotating CSR team membership, interacting and participating more with local community projects,

and hotel managers stepping down as the chairperson, a more flexible approach could be adopted. Leaders can shape an organisational culture in various ways, by motivational speeches, employee selection, or by rewarding desired actions.

#### ***8.2.4 Hotel Employee CSR participation***

An interesting result from this study has been the involvement of employees in hotel coordinated CSR activities leading to further community CSR action by the hotel or the employees involved. Evidence gathered through this study did indicate that those employees in Chain hotels were active in corporate initiated CSR actions such as Cure Kids, Earth Hour, Water and waste recycling, and Tree planting. There was, however, a majority of employees that indicated they would Occasionally and Not at all pursue personal involvement in environmental activities external to their hotel. This was a strong indication that employees' involved in coordinated hotel CSR activities were not influenced to engage in external personal activities other than those coordinated through their hotel.

Although evidence from this study has indicated that hotel employees would participate in limited social and environmental activities coordinated through their hotel (internal) (See Table 6.19 & Table 6.20), there was however no indication as to what types of CSR activity this would encompass. Evidence pointed to slightly more employees indicating that environmental activities would be the preferred option (See Table 6.20). These findings are similar to previous research findings by Babiak and Trendafilova (2011), Bohdanowicz (2006), and Kasim (2007) indicating that activities connected with the environment were the more favoured in hotels. It was also noticeable that employees from this study indicated they would donate 13 per cent of their leisure time to environmental activities (See

Table 6.22). This study underpins research that indicates environmental hotel CSR activities are preferred and thus need to be addressed through managerial and employee participation due to predicted future hotel industry expansion.

## **8.3 THEORITICAL CONTRIBUTIONS**

### ***8.3.1 Rewards/incentives***

The choice of a reward/incentive scheme also influences and shapes organisational culture (Whitelaw & Morda, 2004). As evident from this study, normal rewards and incentives were in place, such as the acknowledgment for good service standards or long service by the employee. However, there was a lack of CSR rewards/incentives offered to hotel employees in this study. Evidence has shown that there was little influence and motivation for employees to perform and address CSR objectives that were in line with organisational and employee goals and perception. It was evident that hotel managers in this study were not recognising employee CSR participation through offering rewards/incentives (See Table 6.25 and Table 6.26).

This finding is in contrast to findings from research by Bohdanowicz and Zientara (2008), Bohdanowicz et al. (2011) and Bryane (2003) stating that a well-structured reward and incentive programme targeted at encouraging CSR participation among employees can result in a motivated workforce, with higher regard for their work place environment and improved overall employee job satisfaction. Image building of a hotel through engaging employees in CSR practices has a positive correlation between job satisfaction and organisational commitment (Bohdanowicz, 2008).

### **8.3.2 CSR Orientation**

Of further concern was the hotel employee's lack of motivation to participate in CSR activities. Although a good understanding of what CSR encompasses had been indicated (See Table 6.9 and Table 6.11) by quantitative data from this study, there seemed to be reluctance from hotel employees to participate in CSR activities coordinated by the hotel (See Table 6.27). Evidence from this study has suggested that CSR participation was greatly lacking during the first six months of employment: however, there was a slight increase in CSR participation over the following six months (Table 6.27). Of interest also, was that 30 per cent of the quantitative survey respondents indicated that they did not participate in CSR activities at all (See Table 6.19) and 29 per cent of survey respondents indicated that they did not participate in CSR activities coordinated by their respective hotels. This could indicate a lack of employee motivation, an absence of CSR rewards/incentives, and poor leadership by the manager and organisation concerned.

In many situations, employees are motivated to behave in ways that express or support the social identity of the organisation or community shared by others in a work situation (Tsai et al., 2009). Social identity theory has an important role in shaping the culture of an organisation in various ways (Gurerk et al., 2009; Schein, 2004) and can be applied to employees from hotels in this study identifying with an organisation's social and environmental ideals being similar to their own. Therefore, the image of an organisation can be built up in the minds of its employees, and the profile of impressions and expectations from stakeholders and managers reflected in its organisational culture. Research by Poulston (2008) has

highlighted the poor training reputation of the New Zealand hospitality industry. Therefore, adopting a clear strategy that best fits changing business environment of the hotel industry is important for future survival. Human resources can ignore internationally accepted goals and norms when implementing CSR programmes. New Zealand government CSR incentives have helped to develop and support such oversights through benchmarking of CSR policies and procedures, plus making available useful templates and materials for CSR training. While some employee CSR involvement is inevitable, more is also achievable. With the inclusion of CSR workshops in hotel employee induction/orientation programmes, employees are likely to develop a deeper awareness of CSR and engage in activities that are enjoyable, stimulating and beneficial to the local community environment.

### ***8.3.3 Employee employment expectations***

Evident from this study's quantitative findings has been the lack of social and environmental concern shown by potential New Zealand hotel employees (See Section 6.9). Results have illustrated that employees were more focused on Career advancement and Good working conditions (See Table 6.31). Although the Good reputation of the hotel did feature highly amongst the reasons that attracted employees to seek employment, this, however, was not connected with the hotel's adoption of a socially responsible approach. Quantitative data indicated that Hotel involvement in social and environmental activities was not ranked very highly (See Table 31). Evidence from this study has also indicated that hotel managers place a greater emphasis upon employees having Experience and Attitude (See

Table 5.12) rather than a social or environmental understanding or prior participation in such activities.

Many employees derive justifiable pride from their organisation's positive community involvement in responsible environmental and social activities (Porter & Kramer, 2006). Additionally, this attracts and retains an employee's relationship with the organisation (Lee et al., 2012). Coldwell, Billsberry, van Meurs, and Marsh (2008) indicated that an organisation's lack of participation in social and environmental initiatives can affect the level of counterproductive behaviours exhibited by their employees. As a result, employees are not necessarily driven by personal considerations. Employee motivation to participate and identify with an organisation's belief is projected on and informed by the needs, goals, expectations or rewards within the organisation they work for (Ellemers et al., 2004).

Evidence from this study also indicated a hotel's involvement in social and environmental activities as having no significant effect upon employee decision to seek employment with that hotel. Importantly, previous research has shown that social and environmental practices displayed in an organisation's mission and its overall culture attracted an employee with similar sustainable standards (Murray & Ayoun, 2010). Evidence from this study challenges findings by Murray and Ayoun that acknowledged the social identity employees have with an organisation's social and environmentally responsible values.

### ***8.3.4 Recognition of CSR Participation***

Both sets of data from this study have indicated the marginal importance placed upon an employee's social and environmental involvement as a recognised attribute at an interview. Qualitative data from this study has suggested hotel managers (30%) did not see the benefit of adding social and environmental requirements to their interview criteria, as they did not see these attributes as a priority over other job applicants (See Section 5.8.2). However, if an employee displayed these tendencies, they were looked upon as an added bonus and of benefit to the organisation rather than a requirement. Research by Wright et al. (2001) indicated that a resource based theory approach has significantly influenced the fields of strategy and strategic human resource and has a direct effect on employee selection criteria. Studies by (Fraser, 2005) have also stated that the key area to CSR success has been the participation of employees.

Although qualitative results from this study have indicated that hotel managers' acknowledged the contribution value of employee participation in CSR activities (See Section 5.4.3), there was a evident lack of CSR encouragement, particularly through rewards/incentives and recognition during employee interview criteria. However, each employee must possess the desire and be internally driven to undertake their selected job (Simons & Enz, 1995). In addition, participation in social and environmental practices by the hotel industry can act as an influencing factor in attracting and retaining hotel employees, as evident through research by Bohdanowicz et al. (2011). Studies by Jamali (2008) and Franklin (2008) have also suggested hotel CSR practices attract and retain hotel employees due to CSR being accepted by the hotels due to the importance placed on a stakeholder

approach. Findings from this study challenge present interview criteria for New Zealand hotel employees. The inclusion of CSR participation as an interview criterion could initiate future employee attractiveness to the hotel industry.

### ***8.3.5 Costs of CSR adoption***

Costs of CSR implementation were challenges faced by all hotels in this study (See Table 5.8). However, it has been acknowledged that long term financial benefits can be gained by employing closer monitoring of daily operational procedures concerning environmental issues (Chan, 2005). Nevertheless, it was apparent from this study that the majority (79%) of hotel managers indicated each hotel should bear the cost of CSR implementation and continued CSR participation (See Table 5.7). As previously discussed, Chain hotels were able to utilize more resources due to their greater physical presence and network of hotel properties and resources. Findings from this study also indicated that hotel managers' concerns related to cost, although a non-legal requirement was perhaps a marketing necessity to maintain competitive advantage.

In addition, research by Lindgreen et al. (2012) has indicated that expectations concerning an organisation's CSR programme will differ among stakeholders. As evident in the literature, the function of social responsibility by stakeholders and the influence social responsibility has on stakeholders poses a management issue (Post et al., 2002). Therefore, the balancing of different stakeholder priorities in relation to corporate objectives has to be considered due to possible cost implications.

### ***8.3.6 Stakeholder influence***

Stakeholders such as governments have acknowledged the significant role that organisations play in addressing and resolving environmental and social problems. Relevant financial costs of implementing CSR activities have meant a shift in strategies for governments. Consequently, an adjustment in areas such as, organisational thinking, reporting of stakeholder relationships, and incentives offered has occurred (Porter & Kramer, 2006). Evidence from this study has indicated that New Zealand government sponsored CSR incentives have been beneficial in the overall adoption of a sustainable approach in the New Zealand hotel industry. Guidelines and benchmarking against recognised standards have further developed and enhanced a socially and environmentally committed New Zealand hotel industry. Further, this study has shown that hotel organisations are more motivated to report their CSR practices, showcasing social and environmental performances while improving their image in the eyes of stakeholders. Findings from this study have added to existing literature that indicates government sponsored CSR incentives were timely and have benefited organisations through providing guidelines and benchmarking that encourages social and environmentally sustainable best practice.

## **8.4 SUMMARY OF FINDINGS**

The findings from this study have provided useful insights for New Zealand and other Western style hotel managers and their recognition of CSR principles and adoption into daily hotel operations. The following is a summary from Section 8.2 Practical Contributions and Section 8.3 Theoretical Contributions of this thesis.

- (i) This study confirms the established relationships from the literature suggesting that Chain hotels are more CSR active than Independent hotels.
- (ii) This study confirms the established relationships from the literature suggesting that government sponsored CSR initiatives stimulate CSR participation by hotel organisations.
- (iii) This study establishes that CSR rewards and incentives are not being utilized as motivation tools to encourage CSR participation by employees in New Zealand hotels.
- (iv) This study establishes that employees' knowledge and personal participation in social or environmental charities or activities is to no advantage in gaining employment in New Zealand hotels.
- (v) This study establishes that New Zealand hotel employees are not highly active in social or environmental activities not coordinated through their organisation.
- (vi) This study establishes that costs related to CSR adoption are absorbed by the organisation.
- (vii) This study establishes that New Zealand hotel managers' leadership roles influence hotel employees' CSR participation to a limited extent.

The contribution and achievements of this study have been highlighted in the previous section. The following section will present the recommendations that have emerged from this study.

## 8.5 RECOMMENDATIONS

There are several recommendations arising from this research study.

- 1) Evidence from this study has suggested that hotel managers incorporate social and environmental questions into employee interview criteria. This is supported through previous research indicating that employee involvement in CSR can improve motivation, job satisfaction and overall organisational performance (Lee & Way, 2010; Lee & Kim, 2013).
- 2) Advocates of a stakeholder theory approach applied to CSR, such as Clarkson (1995), Sweeney and Coughlan (2008), and Russo and Perrini (2010), view managers as now being accountable to an organisation fulfilling its responsibility to its primary stakeholder groups such as employees, customers, suppliers, local community organisations and government. Hence, stakeholder theory implies that engaging in certain CSR activities is beneficial for the organisation. Chain hotels should, therefore, have more flexibility in their approach to CSR activities and not be bound by corporate CSR directives. Research has indicated that through community based social and environmental activities, the well-being of the community and employees can be enhanced (Bohdanowicz & Zientara, 2009).
- 3) An area that would require little cost resulting in maximum benefit to the New Zealand hotel industry is the motivation of employees to participate in CSR through specifically targeting rewards and incentives. Existing studies in the hotel industry have documented the benefits of promoting rewards and incentives that have encouraged and motivated employees to participate in CSR activities (Bohdanowicz & Zientara, 2009). Many hotels have the foundations of a normal reward scheme in place, hence the additional requirements to embed a CSR-related reward and incentive scheme would not be difficult.
- 4) Hierarchical management levels may contribute to different employees being motivated: therefore, the review of the makeup and efficient use of CSR teams in New Zealand hotels is required. It is recommended that a

cross section of hotel employees on a rotational basis participate in CSR related teams. This will reduce employee influence in adopting certain CSR activities and events. The reduction of overall control from the hotel manager's influence over final CSR decisions is also recommended.

- 5) Although New Zealand government sponsored CSR incentives have proven a positive step, further encouragement for the New Zealand hotels to implement a CSR approach should be adopted. This would engage the industry in showcasing best practice and involve more community socially and environmentally responsible projects such as educational projects focusing on local environmental concerns or an individual personal responsibility to society.

Developing from this study have been several areas for further research. This will be highlighted and discussed in the next section.

## **8.6 POTENTIAL FOR FURTHER RESEARCH**

The adoption of a CSR approach by the New Zealand hotel industry introduced in this explorative study provides a natural guide to future research. While this study has provided a foundational path for further focused research, the contributions from this study suggest more questioning of CSR principles and their adoption into the hotel industry. The following section lays out some of the more immediately accessible avenues for further research.

As highlighted in this study, employee involvement in CSR activities has been researched and documented in the international hospitality industry as being a key area. This has been beneficial for the organisations concerned through areas such as creating a positive image for its stakeholders within the community, and developing a more committed loyal employee. Hence, a natural direction for future research would include CSR related rewards and incentives improving New

Zealand hotel employee commitment, reducing turnover, and increasing firm value.

As well as introducing new areas of CSR research, formalising areas that already exist in the hotel industry and studying them at a more focused level can build upon already existing literature. For example, attracting and retaining hotel employees has become of critical importance, not only in the New Zealand hospitality industry. This study has pointed in favour of employing individuals with a social and environmental awareness and application. Therefore, the inclusion of CSR related questions in New Zealand hotel employee's interview criteria is an area that would initiate further research specifically investigating whether this resulted in a more committed, loyal employee, thus reducing turnover rates in the New Zealand hotel industry. Additionally, in the context of hotel employees, Murray and Ayoun (2010) have strongly indicated that employees seek out organisations that integrate sustainable social and environmental behaviours into their daily operation. Hence, valuable research can build upon existing studies in Europe and North America that have investigated how CSR actions have attracted employees to work specifically in the hotel industry.

Much research also remains to be done on the topics of personal social and environmental commitment such as coordinated corporate CSR directives specifically within Chain hotel industry influencing employees to personally commit to social or environmental activities external to the hotel. This ripple effect upon the community can further add to Bohdanowicz and Zientara's (2009) study that investigated the contribution by hotel companies in improving the quality of life of local communities and consequently the well-being of their

employees. Expanding on this area, further research that investigates the characteristics of the more socially and environmentally committed hotel employee being either from Generation Y, Generation X or the Baby Boomer generation would be beneficial to many HRM departments when targeting recruitment drives, employee characteristics and employment criteria.

Evidence provided through this study has indicated that corporate CSR directives in Chain hotels increased CSR awareness amongst hotel employees. Hotel managers' leadership styles and characteristics to pursue additional CSR activities can be influenced by their CSR knowledge, networks within the community or employees' active involvement in particular social or environmental charities or events. Hence, further research building upon hotel managers' leadership styles such as Guillet et al.'s (2012) case study of Hong Kong hotel managers and their perception of CSR through different leadership styles would push existing knowledge.

Although interviews with hotel managers in this study indicated there was a financial cost to CSR implementation, the related costs did not seem to have negatively affected overall profitability. Further research investigating the financial implications of CSR implementation in the New Zealand hotel industry specifically related to environmental initiatives in the area of local community partnership and projects would enable the employment of CSR environmental strategies by hotel managers.

As has been shown, CSR has special implications for the hotel industry. It is the added intention of this study to prompt further investigations into the issues

mentioned above. The following section will acknowledge and discuss the limitations encountered during the different stages of this study.

## **8.7 LIMITATIONS ENCOUNTERED**

As with similar mixed method research using a quantitative (conceptual) and quantitative (methodological) approach, adjustments were necessary. From a conceptual perspective, CSR research in New Zealand hospitality, specifically the hotel industry, is still at its infancy, consequently there were no studies that reflect CSR in the New Zealand hotel industry from a hotel manager and hotel employee point of view. Therefore, these two constructs were taken from general CSR research and other studies reflecting a hotel perspective, thus encountering limitations related to reliability of models and scales.

From a methodological perspective, the on-line survey had limitations in having to rely upon the hotel manager to contact all employees, requesting them to undertake the quantitative survey. Survey respondents were also restricted through having access to a computer provided by the hotel, their own personal computer or smart phone. Consequently, this was reflected in survey respondent numbers. Nevertheless, every step was taken to ensure that survey constructs identified were reliable by using SPSS statistical analysis software.

Historically, researching in the hospitality industry is difficult and challenging and low response rates for quantitative studies are a major problem (Keegan & Lucas, 2004). As a consequence, difficulties were encountered obtaining the projected targeted respondents for the survey. The reliance on hotel managers in this study to contact and distribute the URL to employees, as discussed in Section 6.3,

affected the survey response rates. Additionally, while following Keegan and Lucas's (2004) recommendations for improving response rates, the researcher still encountered a reluctance by New Zealand hotel managers to participate in both the qualitative and quantitative stages of this study.

It was found that views of those interviewees from Chain hotels in this study also followed the corporate line. This suggests that their views are subjective and are unrepresentative of the company's management style. Also, there is a risk that interviewees in the qualitative study and survey respondents from the quantitative study, through a sense of organisational loyalty or political correctness, express only positive opinions.

Due to the organic development of qualitative research, governance of ethical standards needs to be maintained throughout all interviews and during the interview itself. Due to the different geographical locations of hotels in this interview, settings for each of the interviews may effect and influence answers given from the interviewees. Through having sent the interviewee questions prior to the interview, the researcher was able to limit interviewees straying from the interview topic. Additionally, the interpretation of the qualitative data may vary, thus guidelines were set in place (See Appendix C) insuring that the same questions were asked throughout each interview.

Two damaging earthquakes struck the Canterbury region of New Zealand, devastating Christchurch and affecting the gathering of data for this study. As a result, several major hotels were demolished, impacting on final respondent numbers for this study.

These limitations notwithstanding, the present study provides a number of informative insights. This study conceptualises CSR in the context of the New Zealand hotel industry and develops a deeper understanding and broadens the relationships between socially and environmentally responsible behaviour and human resource management. As has been discussed in this explorative study, CSR from a general operational perspective and employee attraction, commitment and retention in particular will become increasingly important from a professional operational level and an academic perspective.

## **8.8 CHAPTER SUMMARY**

This explorative study has demonstrated that CSR is multi-dimensional in nature and complex in application, demanding a comprehensive approach when incorporating CSR into daily hotel operations and community based activities. The seven research questions analysed through the conclusion section of this chapter have expanded on the benefits of CSR adoption into the New Zealand hotel industry.

This chapter has illustrated that CSR underpins hotel management operational practices and influences CSR decision making processes. From this perspective, there are clear correlations between CSR adoption by organisations and the attraction of employees, therefore impacting on HRM. Through this chapter some interesting issues relevant to the New Zealand hotel industry have emerged with possible repercussions to a wider context of the hotel industry. In addition, recommendations emerging from this explorative study, indications for further research concerning CSR adoption and benefits into the hotel industry, and

limitations encountered have been highlighted. This study has also demonstrated that CSR has become increasingly marketable and can be utilised as a comprehensive approach to solve problems which have become apparent in the hotel industry.



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## **APPENDICES**

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## Research Information letter



### *Waikato Management School*

Te Raupapa

My name is Murray Mackenzie. I am currently undertaking a Tourism Management PhD thesis through The University of Waikato. This research will endeavour to investigate issues surrounding current practice and implementation of Corporate Social Responsibility (CSR) practices in four and five star hotels in key tourism locations in New Zealand. The results will be beneficial for future strategic planning and goal setting in the hotel industry. You have been selected to participate in this study as a General Manager/Owner of a four or five star hotel in one of the four key tourism areas in New Zealand. Your participation in this research is valued. At this stage in the study I am seeking your approval for a face to face interview to be conducted at your hotel at your convenience. As part of this research there are three key questions that will be investigated

- What is the current corporate social responsibility practice in three and four star hotels in New Zealand?
- Is there currently a gap between corporate social responsibility practices the New Zealand government has implemented and what three and four star hotels are currently auctioning?
- What barriers and benefits do hotel general managers/owner of a three or four star hotel in New Zealand encounter when implementing corporate social responsibility policies?

Your decision to participate in this research is completely voluntary. If you should decide to participate all identifying information will not be available to any other persons except the researcher

I would like to thank you in advance for participating in a in-depth structured interview. Before you agree to this meeting I would like to remind you that

- All information received will be treated with the up most confidentiality and anonymity.
- You have the right to decline to participate at any time.
- You may withdraw any information you have provided at any time before completion of data collection.
- All information received from this research will be kept under lock and key and destroyed in accordance with universities policies and procedures
- Questions for future interviews will be structured and these will be sent to you prior to the interview
- Written information will be stored in a secure location for up to 5 years prior to destruction in accordance with university procedures

A copy of the interview questions and a consent form are enclosed

**Researcher:** Murray Mackenzie

Tourism and Hospitality Management

Waikato Management School

The University of Waikato

Private Bag 3105

Gate 7 Hillcrest Road

Hamilton 3240

New Zealand

Email; mmackenzie@waikato.ac.nz

**Supervisor:** Associate Professor Tim Lockyer

Tourism and Hospitality Management

Waikato Management School

The University of Waikato

Room MSB 3.41

Private Bag 3105

Gate 7 Hillcrest Road

Hamilton 3240

New Zealand

Email; Lockyer@mngt.waikato.ac.nz

I have read the Information Sheet and have had the details of the study explained to me. My questions have been answered to my satisfaction and I understand that I may ask further questions at a later time.

Sign \_\_\_\_\_

Date \_\_\_\_\_

I agree to participate in this study under the conditions set out in the Information Sheet

Signature: .....Date:.....

Full Name –  
printed.....



## Research Consent Form



THE UNIVERSITY OF  
**WAIKATO**  
*Te Whare Wānanga o Waikato*

*Waikato Management School*

Te Raupapa

### Consent Form

**Project title: One hundred percent pure? Corporate Social Responsibility in up market hotels in New Zealand.**

**Researcher: Murray Mackenzie**

o I have read and understood the information provided about this research project in the Information Sheet dated

\_\_\_\_\_

o I have had an opportunity to ask questions and to have them answered

o I understand that I may withdraw myself or any information that I have provided for this project at any time prior to completion of data collection , July 2011 , without being disadvantaged in any way

o If I withdraw, I understand that all relevant information will be destroyed

o I agree/not agree to have this interview audio taped

Yes  No

o I agree to take part in this research

Yes  No

Indicate if you would like an executive summary of this study e mailed to you upon completion Yes  No

Indicate if you would like a copy of the transcript from the interview e mailed to you Yes  No

Do you consent to any publications and/or reports generated by this research study

Yes  No

Participants signature: \_\_\_\_\_ Date \_\_\_\_\_

**Contact details of researcher**

Murray Mackenzie

[mmackenzie@waikato.ac.nz](mailto:mmackenzie@waikato.ac.nz) or [hmmmack@polyu.edu.hk](mailto:hmmmack@polyu.edu.hk) Phone 0220180579

**Contact details of Supervisor**

Associate Professor Tim Lockyer

Tourism and Hospitality Management

The University of Waikato

Room MSB 3.41

Private Bag 3105

Gate 7 Hillcrest Road

Hamilton 3240 Phone 64 7 8386321

*Approved by the University of Waikato Ethics Committee*

*Note. The Participant should retain a copy of this*

## APPENDIX C INTERVIEW QUESTIONS

### 1.) How would you describe your company? What are the main characteristics of your business?

Please give me a short introduction of your company

- How long has your hotel been in operation?
- What is your position within this hotel?
- How long have you been employed in your current position?
- How long have you been employed at this hotel?
- How many employees are there at this hotel?

### 2.) What is your understanding of the term Corporate Social Responsibility (CSR)

Please indicate your knowledge of corporate social responsibility

- Which three words come to mind when you hear the term Social Responsibility?
- What do you understand by the term Corporate Social Responsibility?
- Do you in your position perceive a social role in the community for this hotel?
- *Does your hotel have an individual whose major responsibility is to deal with corporate social responsibility issues?*

### 3.) How would you describe your personal responsibility at work and home?

Please describe your role within the hotel.

- What do you understand by the term personal responsibility?
- In your position do you feel personally responsible for this hotel's social policy?

**4.) What CSR practices does your hotel currently engage in?**

Please explain the reasons why your hotel does actively engage in CSR activities

- What CSR activities has your hotel become involved in?
- Why has your hotel chosen to become actively involved in these particular CSR activities
- What do you think your hotel can actively do for society and the environment?
- Which department in this hotel do you think would be better suited at implementing CSR activities?
- What are the hotel's main reasons for not being actively engaged in CSR activities?

**5.) Who do you think should initiate and pay for cost associated with CSR activities/practices in NZ hotels?**

Please give your thoughts on who should initiate CSR activities/practices.

- Who do you think is responsible for implementing CSR activities in the NZ hotel industry?
- Should a hotel participate in solving social and environmental issues in their community?
- Who should pay for the costs of implementing CSR activities in the NZ hotel industry?
- What role do you think the NZ Government has in the adoption of CSR activities into the hospitality industry?

**6.) What are the major challenges when implementing CSR activities in this hotel?**

Please give details on challenges your hotel has faced.

- Explain the major challenges that your hotel has faced (or has faced) in implementation of CSR activities?

**7.) What rewards and incentives does this hotel have in place?**

- What do you think motivates your employees?
- Does the hotel manager see a role for employee's involvement in this hotel's CSR activities?
- Does this hotel have a normal incentives and rewards scheme in place for employees?
- What are the main incentives and rewards that your hotel has initiated to

prompt employee involvement in CSR activities?

- Are there any hotel employees who are involved in social or environmental roles outside of this hotel?
- 

**8.) What characteristics are you seeking in new hotel employees?**

- What criteria does this hotel use when selecting future employees?
- Have you recently changed your criteria for selecting employees?
- Do you believe that employment criteria will undergo a change in the future?
- Does an employee's involvement in social or environmental practices have an influence on their employment opportunities?



## **APPENDIX D ON-LINE SURVEY QUESTIONNAIRE**

**PARTICIPANT INFORMATION** My name is Murray Mackenzie. I am undertaking a Tourism Management PhD at The University of Waikato. This survey asks questions about your experiences with Corporate Social Responsibility (CSR) activities at the hotel where you are employed. You have been selected as an employee of this hotel and I expect your answers to aid future strategic planning for this hotel and NZ hotel industry. Participating in this research is completely voluntary and confidential. You can exit the survey at any point and you may skip questions. Responses will be combined for reporting. Your answers cannot be traced back to you. When you complete and submit the survey, you indicate your consent for me to use your answers for analysis and publication generated from this study. If you wish, you may contact me to request a summary of the findings and I will send it once I complete my PhD thesis. I hope you will click through and complete my 20 minute survey. Thank you. Murray Mackenzie, Researcher [murray.mackenzie@polyu.edu.hk](mailto:murray.mackenzie@polyu.edu.hk) Associate Professor Tim Lockyer, Supervisor Phone 64 7 838 6321

**PARTICIPANT INFORMATION**

My name is Murray Mackenzie. I am undertaking a Tourism Management PhD at The University of Waikato. This survey asks questions about your experiences with Corporate Social Responsibility (CSR) activities at the hotel where you are employed. You have been selected as an employee of this hotel and I expect your answers to aid future strategic planning for this hotel and NZ hotel industry. Participating in this research is completely voluntary and confidential. You can exit the survey at any point and you may skip questions. Responses will be combined for reporting. Your answers cannot be traced back to you. When you complete and submit the survey, you indicate your consent for me to use your answers for analysis and publication generated from this study. If you wish, you may contact me to request a summary of the findings and I will send it once I complete my PhD thesis. I hope you will click through and complete my 20 minute survey. Thank you.

Murray Mackenzie, Researcher <a href="mailto:murray.mackenzie@polyu.edu.hk">murray.mackenzie@polyu.edu.hk</a>	Associate Professor Tim Lockyer, Supervisor Phone 64 7 838 6321
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**Opening instructions:**

Please read and answer all the questions, based on your experience and knowledge concerning Corporate Social Responsibility (CSR) and the NZ hotel industry. Although some questions may look similar, they address different issues. Some questions use a 7 point scale. You are to click the number that best describes your opinion.

The survey will take approximately 20 minutes to complete. **By completing this questionnaire you are indicating your consent to participate in this research and you have read agreed to the PARTICIPANTS INFORMATION.**

Once again thank you for your help, it is much appreciated.

Murray Mackenzie

Education Specialist (Integrated Learning)  
Hong Kong Polytechnic University  
TH Rm502, School of Hotel & Tourism Management  
Hong Kong  
Email: [murray.mackenzie@polyu.edu.hk](mailto:murray.mackenzie@polyu.edu.hk)

The following questions ask about your understanding of social and environmental responsibility (Corporate Social Responsibility) in your hotel

Please indicate your level of agreement with the following statement using the 1-7 scale.

	Strongly disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
I have a clear understanding of my hotels strategic goals.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please indicate your level of agreement with the following statement using the 1-7 scale.

	Strongly disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
I have a clear understanding of my company's values and behavioral standards.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please indicate your level of agreement with the following statement using the 1-7 scale.

	Strongly disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
This hotel has a clear set of priorities and objectives relating to social and environmental responsibility.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Corporate social responsibility (CSR) can be difficult to describe. CSR has been described as a concept whereby companies volunteer to contribute to a better society and cleaner environment through a managed relationship with their stakeholders.

What is your personal understanding of the term Corporate Social Responsibility (CSR)?

Please drag the three (3) words that you most associate with CSR in general, into Group 1

Items	Group 1
necessary	
ethical	
competitive	
voluntary	
expensive	
nuisance	
sustainable	
cumbersome	
profitable	
costly	
long-term	
people-centered	
environmentally-centered	
mutually beneficial	
vague	
green	
community centred	
I do not know	

Corporate social responsibility (CSR) can be difficult to describe. In your understanding as a hotel employee what three (3) words best describe CSR?

Please drag the three (3) words that you most associate with CSR from a hotel employees perspective into group 2

Items	Group 2

- necessary
- ethical
- competitive
- voluntary
- expensive
- nuisance
- sustainable
- cumbersome
- profitable
- costly
- long-run
- people-centered
- environment-centered
- mutually beneficial
- vague
- green
- community centered
- I do not know

Please indicate your level of agreement with the following statement using the 1-7 scale.

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
"Act responsibly in the market towards employees, society and environment" (Baumgartner, 2010)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please indicate your level of agreement with each of the following statements using the 1-7 scale.

	Strongly disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
Social and environmental responsibility is more important now than ever before.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social and environmental responsibility is too idealistic to put into practice.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social and environmental responsibility is particularly important for the hospitality industry.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social and environmental responsibility is less important for the hospitality industry than for other industries.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The hospitality industry is participating equally to other industries in social and environmental responsibility.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The environmental aspect of CSR is more important than the societal aspect.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The societal aspect of CSR is more important than the environmental aspect.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

CSR means giving money to good courses.

Please indicate your level of agreement with the following statement using the 1-7 scale.

	Strongly disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree	Agree	Strongly Agree
I understand how the part of my work that involves society and environmental responsibility directly contributes to the overall success of this hotel.							

The next questions ask about your job role, your length of employment in the hotel industry.

How long have you been employed at this hotel?

- Less than 1 year
- 1-2 years
- 3-4 years
- 5-6 years
- 7-8 years
- 9-10 years
- more than 10 years

How long have you been employed in your current position?

- Less than 1 year
- 1-2 years
- 3-4 years
- 5-6 years
- 7-8 years
- 9-10 years
- more than 10 years

How long have you been employed in the hotel industry?

- Less than 1 year
- 1-2 years
- 3-4 years
- 5-6 years
- 7-8 years
- 9-10 years
- more than 10 years

**Which of the following best describes your level of employment at your present hotel.**

- Manager of Managers
- Manager of Supervisors
- Managers of Employees
- Employee
- Other (Please specify)

**Which of the following best describes your job function?**

You may indicate more than one answer

- Finance
- Food and Beverage
- Human Resource
- Information Technology
- Marketing
- Operations
- Rooms Division
- Sales
- Front Office
- Others (Please specify)

**Which generation do you belong?**

- Baby Boomer (1946 to 1965)
- Gen X (1966 to 1980)
- Gen Y (1981 to 2000)
- None of the above

Please indicate your level of agreement with the following statement using the 1-7 scale.

	Strongly disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree	Agree	Strongly Agree
The work I do for society and for the environment makes a difference to this hotel.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Many hotels coordinate activities that benefit society and/or the environment either through a nominated individual person as a contact point or through a team of selected employees.

The next questions ask about the coordination of activities related to society and/or the environment in your hotel

Does your hotel only have an individual person as the contact point responsible for coordinating activities related

to society and the environment? Please indicate as appropriate.

- General manager
- Human resources manager
- Food and beverage manager
- Chief engineer
- Front office manager
- Others (Please specify)
- Don't know

Does your hotel have a specific team as the contact point who are responsible for coordinating activities related to society and the environment or CSR?

- Yes
- No
- Don't know

How many members are in your hotels' society and environmental responsibility or CSR team?

- 2
- 3
- 4
- 5
- More than 5 (please specify)
- Don't know

Where do ideas for activities/projects relating to society and environmental responsibility in your hotel tend to originate?

You may indicate more than one answer

- From hotel management
- From the employees
- From community support groups
- From the hotels' individual CSR contact representative
- From the hotels' environment/green team
- From the hotel company's corporate office
- Others (Please specify)
- Don't know

Rank in the order of importance, 1 being the most important 7 being the least important.

**Which of the following socially and environmentally responsible activities does your hotel currently engage in.**

- Environmental activities outside this community (e.g.Saving the rain forests, Promoting clean drinking water)
- Community based activities (e.g.Church related, Helping under privileged children,Homeless shelters)
- Community based environmental activities (e.g Tree planting, Beach and river clean up).
- Nationally organised activities (e.g.Disaster relief, Helped the aged, Heart foundation, Aids foundation)
- International activities (e.g. Reducing green house gases, Famine relief, Earthquake appeals)
- Others (Please specify)
- I am not aware of any socially and/or environmentally responsible activities undertaken by this hotel

Please indicate your level of agreement with the following statement using the 1-7 scale.

	Strongly disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
Involvement in environmentally responsible hotel projects has increased my awareness and concern of the environment.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please indicate your level of agreement with the following statement using the 1-7 scale.

	Strongly disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
Involvement in socially responsible hotel programmes has increased my awareness and concern for society.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

The next questions ask about your personal involvement with social and environmental activities.

Are you personally involved in socially responsible community activities other than those organised by your hotel?

- Not At All
- Occasionally
- Frequently

Are you personally involved in environmentally responsible activities other than those organised by your hotel?

- Not At All
- Occasionally
- Frequently

Are there any socially responsible community activities that you personally would like to become involved with through a coordinated activity/project from this hotel?

- None
- Some (Please specify)
- A Lot (Please specify)

Are there any environmentally responsible activities that you personally would like to become involved with through a coordinated activity/project from this hotel?

- None
- Some (Please specify)
- A Lot (Please specify)

From a hotel employee perspective, how often would you participate in future socially and environmentally responsible activities/projects coordinated through this hotel?

- Never
- Rarely
- Sometimes
- Most of the Time
- Always

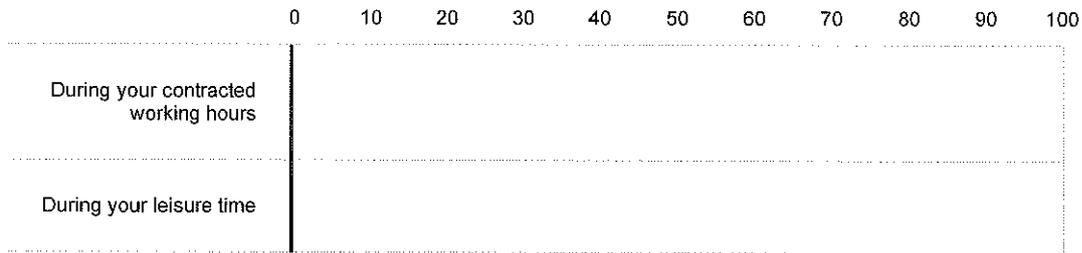
From a personal perspective, how often would you participate in future socially and environmentally responsible activities NOT coordinated through this hotel?

- Never
- Rarely
- Sometimes
- Most of the Time
- Always

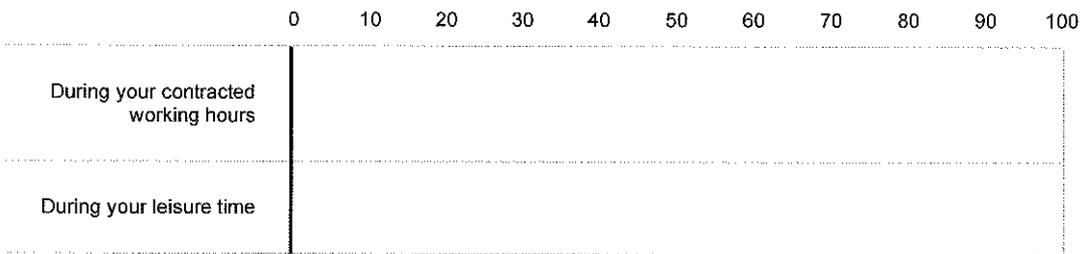
Which of the following statements do you agree with?

- I would only participate in environmentally related activities
- I would only participate in socially responsible activities
- I would participate in both social and environmentally responsible activities
- I would not participate in any social and environmentally responsible activities
- Others (Please specify)

Indicate how much of your time per week you think could be donated to socially responsible activities.



Indicate how much of your time per week you think could be donated to environmentally responsible activities.



The next questions ask about overall motivation and cost .

**Whom do you think should initiate social and environmental responsible activities/projects in the New Zealand hospitality industry?**

You may indicate more than one answer.

- The New Zealand Government
  - The Tourism Industry Association: Accommodation sector
  - Major chain hotel companies
  - Independently ownedhotels
  - Each hotel within their geographical location
  - Others (Please specify)
- 

Whom do you think should pay for the overall cost of implementing activities relating to society and environmental responsibility in your hotel?

You may indicate more than one answer.

- The New Zealand Government
- The Tourism Industry Association: Accommodation sector
- Major chain hotel companies
- Independent hotels
- Each hotel whether independently owned or belonging to a chain and operating in New Zealand

- New Zealand Hotel employees
- Others (Please specify)

**Rewards systems will influence the extent to which employees participate in social and environmental initiatives. Businesses often have incentives or rewards that can motivate employees.**

The following questions ask about incentives and rewards in your hotel.

**Does your hotel currently have any reward system in place?**

- Yes
- No
- Don't know

**Does your hotel currently have any rewards in place that have motivated you to participate in hotel activities/project related to society and environmental responsibility?**

- Yes
- No
- Don't know

**Which of the following incentives/rewards does your hotel have in place as a motivation to participate activities/project related to society and environmental responsibility?**

You may indicate more than one answer.

- Cash incentive
- Recognition through in house news letter
- Recognition through staff notice board
- Time given off during your working hours
- There are no incentives or rewards for CSR activities in this hotel
- Employee of the month awards
- Others (Please specify)

Please indicate your level of agreement with the following statement using the 1-7 scale.

	Strongly disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree	Agree	Strongly Agree
I am rewarded for the quality of my efforts that involve activities/project related to society and environmental responsibility.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please indicate your level of agreement with the following statement using the 1-7 scale.

	Strongly disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
The hotel values my talents and the contribution that I make towards activities/project relating to society and environmental responsibility.							

How often have you participated in a socially responsible or environmental activities coordinated by your hotel.

Never	<input type="checkbox"/>
During the past month	<input type="checkbox"/>
During the past 6 months	<input type="checkbox"/>
During the past year	<input type="checkbox"/>
<b>Total</b>	<input type="checkbox"/>

The next questions ask about your participation with activities/project relating to society and environmental responsibility coordinated by your hotel.

Which of the following socially responsibly programmes coordinated by your hotel have you participated?

You may indicate more than one answer.

- City Mission
- Community Trust and WestPac
- Foundation for Youth Development
- Star Ship Hospital
- Cure Kids
- Earth Hour
- Cancer Society of NZ
- Major Global Charities (Please Specify)
- Major charities in New Zealand (Please specify)
- Your local community fund raising activities or charities (Please specify)
- Others (Please Specify)
- None of the above

Which of the following environmentally responsible programmes organised by your hotel have you participated?

You may indicate more than one answer.

- Waste recycling
- Energy reduction
- Beach or river clean ups

- Tree replanting
- Worm farming
- Major global environmental charities (Please specify)
- Major environmental charities in New Zealand (Please specify)
- Your local community environmental activities (Please specify)
- Others (Please specify)
- None of the above

Please indicate your level of agreement with the following statement using the 1-7 scale.

	Strongly disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
Hotel employees should donate their time and talents for socially responsible activities.	○	○	○	○	○	○	○

Please indicate your level of agreement with the following statement using the 1-7 scale.

	Strongly disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
Hotel employees should donate their time and talents to environmental activities.	○	○	○	○	○	○	○

The last questions ask about employee attraction and retention.

Place the following in order of ranking. 1 being most important, 12 being the least important.

What was the main reason that attracted you to seek employment at this hotel.

- The location is near my home.
- A good salary/wage offered.
- Good opportunities to advance my career in the hotel industry.
- The hotels involvement with environmental activities/projects.
- The hotels involvement with activities/projects related to society.
- A good working environment.
- I have a friend or relative already working at this hotel.
- The good reputation of this hotel.

- .....  
The working hours suit my present life style.
- .....  
The only hotel that offered me employment.
- .....  
Others (Please specify)
- .....  
Don't know
- .....

**Job interview criteria**

Please indicate your level of agreement with the following statement using the 1-7 scale.

	Strongly disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
Involvement in socially responsible activities should be considered as an important candidate interview criterion.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please indicate your level of agreement with the following statement using the 1-7 scale.

	Strongly disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
Involvement in environmentally responsible activities should be considered as important candidate interview criterion.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please indicate your level of agreement with the following statement using the 1-7 scale.

	Strongly disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
My employers should change their interview criteria to include social and environmental responsibility	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## **APPENDIX E INFORMATION LETTER FOF SURVEY**

Dear .....

To further assist in the core values of this hotel, a short 20 minute questionnaire has been designed by a PhD student from the University of Waikato, Mr Murray Mackenzie. To assist in his research and furthering this hotel's social and environmental goals you have been selected to help in this task. This survey asks questions about your experiences with social and environmental activities. Your answers will aid future strategic planning for this hotel and the NZ hotel industry. Although your help and support is strongly encouraged, participating in this research is completely voluntary and confidential. You can exit the survey at any point and you may skip questions. Your answers cannot be traced back to you. The completion date for the survey is Saturday 14<sup>th</sup> September. The survey is accessed through the following link:

**[http://waikatomngt.qualtrics.com/SE/?SID=SV\\_6sUgQzzET7MqL1b](http://waikatomngt.qualtrics.com/SE/?SID=SV_6sUgQzzET7MqL1b)**

All you have to do is click onto the link and complete the survey. It should take no longer than 20 minutes. Thank you for your participation

Regards

Hotel General Manager



## **APPENDIX F SURVEY REMINDER LETTER**

Dear .....

This is a gentle **reminder** for the completion of an on-line survey recently e-mailed to you by the hotel management and the University of Waikato. The on-line survey asks questions about your experiences with social and environmental activities. The on-line survey is now due for submission.

**If you have already completed the on-line survey, thank you for your timely cooperation and please ignore this reminder.**

Obtaining a completed survey from you is **important** because your answers will aid future strategic planning for this hotel and the NZ hotel industry this hotel and the NZ hotel industry. You can exit the survey at any point and you may skip questions. Your answers cannot be traced back to you. The survey is accessed through the following link:

**[http://waikatomngt.qualtrics.com/SE/?SID=SV\\_6sUgQzzET7MqL1b](http://waikatomngt.qualtrics.com/SE/?SID=SV_6sUgQzzET7MqL1b)**

All you have to do is click onto the link and complete the survey. It should take no longer than 20 minutes. Thank you for your participation

Regards

Hotel General Manager