THE IMPACT OF CSR PRACTICE ON EMPLOYEE ENGAGEMENT AND INTENTION TO STAY IN THE HOTEL INDUSTRY: AN ORDERED LOGIT MODEL APPROACH

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Abstract - This study examines the impact of CSR practices on employee work engagement and intention to stay in the hotel industry during the COVID-19 pandemic. It draws on Social Exchange Theory and Stakeholder Theory to analyze the effects of CSR on employee outcomes. The empirical analysis utilizes an ordered logit model and Likert scale data collected from hotel workers. The findings contribute to understanding the role of CSR in attracting and retaining talented employees and building sustainable tourism economies. By employing the ordered logit model, this study provides a robust statistical approach to uncover the relationships between variables. The findings have implications for hotel industry practitioners and policymakers in promoting CSR practices and improving employee engagement and retention.

Key words - Corporate Social Responsibility (CSR); work engagement; hotel industry; COVID-19 pandemic; ordered logit model

1. Introduction

The COVID-19 pandemic has had a devastating impact on the global economy, with the tourism industry being particularly hard-hit. In Vietnam, a popular tourist destination, the decline in international and domestic visitors has led to significant financial challenges for small and medium-sized enterprises (SMEs) in the tourism sector. This has not only threatened the livelihoods of workers but has also created a human resource crisis, with many tourism businesses shutting down and laying off a large percentage of their staff. In this context, it becomes crucial to build a sustainable and resilient tourism economy that prioritizes safety and hygiene. Staff training plays a vital role in restoring trust in the hotel industry and revitalizing the reputation of local and regional authorities.

Frontline staff members, who directly interact with customers, are key to the success of the hotel industry [1, 2]. Their attitudes and behaviors greatly influence customer satisfaction and overall experience, which, in turn, impact the performance of the organization [3], [4]. Additionally, employees are important stakeholders in a company, as emphasized by Clarkson [5]. As businesses increasingly recognize the importance of corporate social responsibility (CSR), many voluntarily engage in activities that benefit the community and reduce environmental impact. Research has shown that implementing CSR practices can enhance a company's reputation, financial performance, and stakeholder engagement. In the hotel industry, CSR is actively applied to improve performance and engage stakeholders. However, there is still a need for further research to understand the impact of CSR on various stakeholders, including employees [6-13].

The hotel industry has long faced the challenge of high turnover rates, which can be attributed to a lack of pride and enthusiasm among employees [14]. This issue has been exacerbated by the COVID-19 pandemic, leading to a substantial loss of jobs in the hospitality sector globally. The potential for a post-pandemic human resources crisis in countries reliant on tourism is a pressing concern. Adequate preparation is crucial to address this situation and ensure the industry's recovery [15-17].

The purpose of this study is to analyze the relationship between employees' perceptions of CSR practices in hotels and their levels of work engagement and intention to stay. By utilizing the ordered logit model, the study aims to assess the impact of CSR practices on employees' attitudes and behaviors in the hospitality sector. This modeling approach allows for the examination of how different levels of CSR perceptions influence the likelihood of employees exhibiting varying levels of work engagement and intention to stay. The application of the ordered logit model provides a robust statistical framework to understand the significance of the effects of CSR practices on employees' outcomes. Ultimately, this analysis contributes to a deeper understanding of the role of CSR in shaping employees' attitudes and supports the importance of practicing CSR as a strategy for attracting and retaining talented employees in the hospitality sector.

2. Literature review and hypotheses development

2.1. Corporate social responsibility (CSR)

The concept of CSR emerged in the 1950s and lacks a universally agreed-upon definition. However, Carroll's pyramid of CSR, as defined in her influential research paper [18], is widely accepted. The pyramid outlines four aspects of social responsibility: economic, legal, ethical, and philanthropic. This simple yet comprehensive framework has gained significant recognition in the field.

Similarly, the European Commission defines CSR as voluntary contributions by companies towards a better society and environment, integrating social and environmental aspects into their operations and stakeholder interactions [19-21]. While businesses have a responsibility to society, they are particularly accountable to their stakeholders, both directly and indirectly.

Freeman's stakeholder theory [22] reinforces the notion that businesses must address the interests of various stakeholders, including customers, employees,
communities, and suppliers, alongside the expectations of shareholders. Numerous studies have demonstrated the need for businesses to consider stakeholders in their activities to maintain their support and endorsement.

2.2. CSR in the hotel industry

The hotel industry, a rapidly growing sector worldwide, provides employment and contributes to economic growth. However, it also has negative impacts on the environment, such as pollution, and faces labor rights issues [23-25]. The industry's economic, social, and environmental contradictions are still under discussion [26], [27]. While it creates jobs, attracts investment, and enhances tourism infrastructure [28], [29], it also poses risks to the environment, culture, and customer rights [30], [31].

Scholars are increasingly studying CSR in the hotel sector to establish sustainable relationships with stakeholders, improve reputation, and foster customer loyalty [32-36]. Hotels tend to focus on CSR practices related to the community, environment, employees, and customers, aiming to bring positive impacts through effective management [29].

The COVID-19 pandemic has severely impacted the hotel industry, leading to decreased revenue due to travel restrictions, lockdowns, and social distancing measures. Despite these challenges, some hotels have actively engaged in CSR activities to support frontline staff and fight against the pandemic. The pandemic has become a test of businesses' commitment to CSR practices. However, financial constraints during the pandemic have forced many hotel firms to reduce long-term investments, including CSR initiatives, making the current CSR landscape in the hotel industry more complex than before the pandemic.

2.3. CSR and the employee's work engagement in the hotel industry

The hospitality industry relies on employees who play a crucial role in production and consumption. As a result, workers are considered important stakeholders when businesses implement CSR practices. Research has explored the impact of CSR on employees and has found positive effects in areas such as reducing turnover, improving recruitment outcomes, enhancing engagement, increasing job satisfaction, and encouraging civic behaviors [37-40].

The relationship between CSR and employee work engagement is rooted in social exchange theory [41-43]. According to this theory, individuals believe that they will receive benefits if they exhibit positive behavior. Therefore, when employees perceive that their organization treats society and its employees well, they respond with positive behavior and become more engaged in their work [44-47]. Employee engagement serves as a key factor in explaining how CSR affects employees.

This study focuses on three aspects of CSR: community-environment, customers, and employees [6]. Community-environment CSR involves using green products, promoting environmental protection, and supporting local prosperity. Customer-related CSR entails ensuring service quality, respecting customers, and addressing their concerns. Additionally, when a hotel creates a safe working environment, invests in employee training and development, provides fair compensation, and fosters work-life balance, it demonstrates CSR in the employee aspect. Therefore, this study proposes the following hypothesis:

H1. CSR – Community & environment has a positive impact on work engagement.

H2. CSR – Customer activities has a positive impact on work engagement.

H3. CSR – Employee activities has a positive impact on work engagement.

In addition, engaged employees are more likely to exhibit loyalty towards their organization [47-49]. Their commitment to their work drives productivity, increases their intention to stay with the company, and reduces turnover rates [50], [51]. Ali [52] highlights that when employees perceive strong CSR performance from their organization, they are inclined to have longer tenures and remain with the company.

H4. Work engagement has a positive effect on intention to stay.

3. Methodology

3.1. Research location

Danang is one of the most popular tourist attractions in Vietnam. Over the years, the city's tourism industry has made great strides in investing in developing facilities, diversifying products, building destinations and tourist routes to attract domestic and foreign tourists. By 2018, the whole city had 572 accommodation establishments with 21,197 rooms and 22,121 employees. The fact that Danang city is gradually recovering tourism activities is an ideal condition to consider the intention to stay and the intention of employees in the hotel industry.

3.2. Research design

An online survey was administered to employees working in hotels located in Danang city between March and April 2022. This time period was chosen as it marked the beginning of the recovery phase for the tourism industry following the COVID-19 pandemic. Convenience sampling was employed to select participants for the study. A total of 221 valid responses were collected and included in the analysis. The survey aimed to investigate employees' perceptions of their respective hotels' corporate social responsibility (CSR) activities, their intention to stay at work, and their levels of work engagement.

The survey instrument consisted of five main sections. The initial section gathered information about the respondents' demographic characteristics, including gender, age (in years), educational attainment, years of experience working at the hotel, and job position. The subsequent sections were designed to assess respondents' perceptions regarding the hotel's CSR initiatives across various dimensions, including community and environmental aspects, customer-related activities, and
employee-centric initiatives. These scales were developed and adapted from previous studies, specifically drawing from the works of Park and E. Levy [6] and Park et al. [53].

In total, 19 scales were utilized to measure the hotel's CSR activities targeting key stakeholders, namely the environment and community (6 scales), customers (6 scales), and employees (7 scales). Respondents were instructed to indicate their level of agreement with each item on a 5-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). All collected data were processed using Stata software, specifically applying the ordered logit model for the subsequent analysis.

### 3.3. Estimation methods

In this study we apply an ordered logit model to estimate Likert scale data because it offers several benefits. First, it allows for the analysis of ordinal data, which is common in Likert scale responses. Unlike ordinary least squares regression, which assumes continuous data, the ordered logit model accounts for the ordered nature of Likert scale responses by modeling the cumulative probabilities of each response category.

Second, the ordered logit model provides a more nuanced understanding of the relationship between the predictors and the dependent variable. By estimating the coefficients for each predictor, it enables the identification of the direction and magnitude of their effects on the likelihood of higher or lower response categories. This information can be valuable in interpreting the impact of different factors on the outcome variable.

Additionally, the ordered logit model allows for the examination of proportional odds. This assumption implies that the effect of predictor variables on the odds of a higher response category versus a lower one remains constant across all levels of the dependent variable. This assumption provides a useful simplification and facilitates the interpretation of the model coefficients.

Overall, the use of an ordered logit model for estimating Likert scale data enhances the statistical analysis by accommodating the ordinal nature of the data, providing detailed insights into the predictors’ effects, and enabling the examination of proportional odds, ultimately leading to a more accurate and meaningful interpretation of the results.

### 4. Results

#### 4.1. Sample description

The majority of respondents were female (70.6%), while 29.84% were male. 67% of surveyed people are under 25 years old, 26.7% of workers are aged between 25-35, only 6.3% are over 35 years old. Regarding the education level of the respondents, up to 86.4% of the surveyed people have university degrees, 8.5% have college degrees, 4.6% have intermediate and high school degrees, and only 3.6% have a postgraduate degree. The majority of those surveyed have worked at a hotel for less than 2 years (65.2%), the number of employees working at a hotel from 2 to 5 years is 19%, and 15.8% of employees have a time at a hotel. working for more than 5 years. Up to 86% of employees work on the frontline and only 14% of employees are in other departments. And most of the people surveyed are employees (72.9%) and only 27.1% of those surveyed are holding management positions.

Since our dataset contains large number of variables, we apply iterated factor analysis to generate the latent variables in this study, namely "work engagement" (WE), "customers CSR activities" (CUS), "CSR activities in workers" (EMP), "environmental and community CSR" (C_E), and “intention to stay” (IS). The factor analysis is conducted using the "factor", "rotate", and "predict" commands in Stata. Factor analysis is a statistical technique used to identify underlying latent variables that explain the patterns of correlations among observed variables. In this study, the purpose of factor analysis was to extract and measure the latent constructs that represent work engagement, customers’ satisfaction, and various aspects of CSR activities. The study successfully generated the latent variables of work engagement, customers’ satisfaction, CSR activities in workers, environmental CSR, and community CSR. These latent variables provide a comprehensive understanding of the underlying constructs and facilitate the examination of their relationships with other variables in subsequent analyses. Table 1 presents the summary statistics of variables for our ordered logit model.

#### Table 1. Variables for ordered logit model

<table>
<thead>
<tr>
<th>Variable</th>
<th>Definition</th>
<th>Obs</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMP</td>
<td>Employee CSR activities</td>
<td>253</td>
</tr>
<tr>
<td>CUS</td>
<td>Customer CSR activities</td>
<td>253</td>
</tr>
<tr>
<td>WE</td>
<td>Work engagement</td>
<td>253</td>
</tr>
<tr>
<td>IS</td>
<td>employees’ intention to stay</td>
<td>253</td>
</tr>
<tr>
<td>C_E</td>
<td>Community and Environmental CSR</td>
<td>253</td>
</tr>
<tr>
<td>Sex</td>
<td>Male = 1, Female = 0</td>
<td>253</td>
</tr>
<tr>
<td>Age</td>
<td>1 = U25, 2 = 25 to 35, 3 = 35 to 45, 4 = over 45</td>
<td>253</td>
</tr>
<tr>
<td>Edu</td>
<td>1 = Intermediate school, 2 = High school, 3 = College, 4 = Undergraduate, 5 = Postgraduate</td>
<td>253</td>
</tr>
<tr>
<td>Experience</td>
<td>1 = less than 2 years, 2 = 2 to 5 years, 3 = 5 to 10 years, 4 = over 10 years</td>
<td>253</td>
</tr>
<tr>
<td>Department</td>
<td>1 = Reception, 2 = Housekeeping, 3 = Restaurant, 4 = Sale/Marketing, 5 = Others</td>
<td>253</td>
</tr>
<tr>
<td>Position</td>
<td>1 = Staff, 2 = Team leaders, 3 = Manager, 4 = Others</td>
<td>253</td>
</tr>
</tbody>
</table>

#### 4.2. Estimation results

Table 2 presents the estimated ordered logit models for work engagement and intention to stay among hotel workers in Danang city. Column (1) of Table 2 focuses on work engagement (WE) as the dependent variable, while column (2) examines the intention to stay (IS) among hotel workers. Additionally, in column (3), we introduce control variables including sex, age, education, experience, department, and position to investigate whether these variables have any influence on the overall results of our primary variables of interest.
Overall, these initiatives in these areas are likely to have a positive influence on intention to stay of hotels’ workers. The results indicate that work engagement has the strongest positive influence on intention to stay, followed by community and environmental CSR and workers CSR. However, customer CSR shows a negative association with intention to stay, suggesting that employees’ perception of the hotel’s CSR activities towards customers may have a detrimental effect on their intention to stay.

In order to check the robustness of our results, we include control variables into our ordered logit model and present results in column (3) of Table 2. Overall, the results show that our results are robust and not sensitive to the inclusion of control variables. Results suggest that work engagement, Environmental CSR, and certain job-related factors (department and position) play important roles in influencing employees’ intention to stay, while other demographic factors (sex, age, education, experience) do not show significant associations. Customer CSR, however, has a negative impact on intention to stay, indicating the need for further exploration and improvement in this area. Specifically, among the control variables, employees in the Housekeeping department have higher odds of intention to stay compared to the reference category (odds ratio = 2.415949, p < 0.05), while other departments (Restaurant, Sale/Marketing, Others) do not show statistically significant associations with intention to stay (p > 0.05). Furthermore, team leaders have higher odds of intention to stay compared to the reference category (odds ratio = 2.363402, p < 0.05), while employees in managerial positions and other positions do not show statistically significant associations with intention to stay (p > 0.05).

The findings also indicate that environmental corporate social responsibility (CSR) positively influences employees’ intention to stay (OR = 1.64935, p = 0.006). This aligns with prior studies emphasizing the importance of environmental sustainability practices in the hotel industry [55]. When hotels demonstrate a commitment to environmental responsibility, such as energy conservation or waste reduction initiatives, employees perceive the organization as socially responsible and are more likely to be satisfied with their jobs and inclined to stay.

Interestingly, customer CSR shows a negative relationship with employees’ intention to stay...
(OR = 0.5379622, p < 0.001). This finding highlights the complex nature of managing customer relationships in the hotel industry. While customer satisfaction is typically a central goal for hotels, this study suggests that a sole focus on customer satisfaction without considering the impact on employees may have unintended consequences on employee retention. Further research is warranted to explore the underlying mechanisms and develop strategies to balance customer and employee satisfaction in the hotel industry.

In terms of control variables, the demographic factors of sex, age, education, and experience do not show significant associations with intention to stay in this study. These findings are consistent with some prior research in the hotel industry that found limited or mixed effects of these variables on employee retention [56]. It suggests that factors beyond demographic characteristics, such as work-related factors and organizational culture, may play a more prominent role in influencing employees' intention to stay.

5. Conclusion and discussion

This study examines how employees' perception of CSR can impact their work engagement and intention to stay with the current jobs to shed light on the practice of social responsibility towards stakeholders in the hotel industry. In line with previous studies, the results of this paper support the theory of social exchange and confirm a positive relationship when employees are positively aware of the CSR activities that the hotel performs. Indeed, employees tend to stick to the job and have a higher intention to stay with those hotels that implemented CSR practices. Among the CSR activities carried out by the hotels, this study found that CSR activities related to employees have the most significant and positive impact on work engagement, and customer-oriented CSR activities have the least impact on employee engagement intentions. Moreover, this study proposes a number of recommendations to adopt CSR activities so that human resource planners retain talented employees and promote work efficiency from employees in the context of human resources in the field.

First, hotels should prioritize and invest in CSR activities that focus on environmental sustainability, employee well-being, and customer satisfaction. By demonstrating a genuine commitment to these areas, hotels can enhance work engagement, customer satisfaction, and employee retention. Moreover, managers should foster a culture that values and promotes CSR practices throughout the organization. This can be achieved through regular communication, training programs, and integrating CSR goals into performance evaluations. By embedding CSR in the organizational culture, hotels can foster a sense of purpose and engagement among employees.

Second, involving employees in CSR initiatives can enhance their sense of belonging and engagement. Managers can encourage employee participation in volunteering programs, sustainability projects, and community engagement activities. This involvement allows employees to see the positive impact of their work, increasing their motivation and commitment to the organization. Furthermore, hotels should establish metrics to measure the impact of CSR activities on employee work engagement, customer satisfaction, and other relevant outcomes. Regularly communicate the results and achievements to employees, customers, and stakeholders to create awareness and reinforce the organization's commitment to CSR.

Third, hotels should focus on raising employees' awareness of the importance and benefits of customer-oriented CSR activities. This can be achieved through regular training sessions, workshops, and internal communications that highlight how these activities contribute to the overall success of the organization and create a positive work environment.

Finally, hotels should collaborate with external stakeholders, such as local communities, suppliers, and industry partners, to amplify the impact of their CSR efforts. By working together, hotels can create a broader positive influence on the community and gain support for their sustainability initiatives.

REFERENCES


