

Corporate Social Responsibility: A Study of Employee Communication in the Balearic Premium Hotels

By Miguel Trias Vilar*
Maria Antonia Garcia Sastre†

This study deals with the subject of Corporate Social Responsibility in Sustainable marketing as a key element to design internal strategic marketing and changes related to the luxury hotel industry on the Balearic Islands. Although all changes are still fresh in the manager's mind, something seems to be changing in the internal managerial tourism performance according to recent studies. The purpose of the paper is to unveil some working methods that managers in the hotel industry should employ in an integrated manner when driving a course of action to enable employees to live and perform coherently, the corporate and sustainable brand values. It is also to enable their efficient transmission to the customers and indirectly promote them to the whole of society, both in Spain and abroad. Keywords: Social corporate responsibility, strategic marketing, Balearic Islands

Introduction

The Balearic Islands as the leading Mediterranean Tourist Destination

The Balearic Islands have been and continue to be a leading Mediterranean holiday destination in regards to the number of tourists per year. In 2011, the islands received more than 11 million tourists to its 717 hotels, 33 of which belong to the premium luxury segment (ATB, 2012). This maybe a small percentage, but these brands spearhead the growth of Spanish hotels abroad. According to Hosteltur (2011), 917 Spanish owned hotels are located abroad and city/resort hotel management know-how, is highly appreciated by the international market. With a presence on four continents, it is one way to encourage the establishment of Corporate Social Responsibility (CSR) activities worldwide in the hotel sector.

In addition to the emergence and development of numerous foreign countries and destinations that all compete for the sun-and-sea segment, the type of tourist which visits the Balearic has undergone a significant shift, as a result of constant socioeconomic changes brought about by economic, legal, as well as, political reforms. These are forces which compound the hotel's macro

*Lecturer & PhD Student, University of Les Illes Balears, Spain.

†Doctor in the Business Economics Department, University of Les Illes Balears, Spain.

and microenvironments and influence their marketing strategy. The new scenario calls for the design and implementation of policy marketing changes. Thus, in a context, in which end customers are expected to take a more active role, new standards must focus on how to satisfy the expectations and needs of an increasingly well-informed and more demanding tourist that can select from a wider variety of alternatives. Among them, CSR and sustainability seem to be a subject of increasing interest.

CSR is not a new concept, but it appears to be a subject of increasing interest amongst academics and practitioners. It is regarded by many to be a philosophy, and policy, which benefits the economy, society and the environment based on the premise that companies have responsibilities beyond commerce. Recognising and practising these obligations is frequently a challenging task as there is a constant uncertainty about the nature and degree of commitment.

Recent years have seen the emergence of a more rounded management approach which measures business not only by financial success, but also takes a much wider view (Bar-Zuri, 2008). CSR relates to the “economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time” (Carroll, 1979). This approach follows the belief that in going beyond its narrow economic interest an organization can positively affect its stakeholders (Turker, 2009a). Although implementing CSR policies bears a cost, it is largely believed to be profitable for organizations (Du, Bhattacharya, Sen, 2011; Frey & George, 2010). Accumulated published works contain considerable empirical evidence of positive relations between CSR and organizational measures such as reputation, customer loyalty, competitiveness and sustainability (Porter & Kramer, 2006). However, only a limited number of investigations have examined how corporate social activities affect employees. A small number of studies (Greening & Turban, 2000) have found that CSR creates a good reputation for business, thus increasing its attractiveness as an employer for prospective job applicants (Douglas & Baker, 2011). A positive relationship has also been found between CSR policies and organizational commitment among current employees (Brammer, Millington & Rayton, 2007; Turker, 2009b), leading to a rise in employee performance, along with a drop in staff turnover and employee burnout, both of which are costly for organisations (Aguilera, Rupp, Williams & Ganaphathi, 2007). Initial indications of employee satisfaction as a result of CSR have also been found, but these findings relate almost entirely to large and medium sized organizations in the industrial sector. There appears to be no documented work showing a link between CSR and employee motivation in the tourism industry, or more specifically in the hotel sector.

Work on CSR in the corporate world as a whole is reflected in the tourism industry, although its defining characteristics add an extra dimension to the debate. Tourism is a service which involves the transportation of customers, their accommodation and their entertainment. It is predominantly a people service with a high percentage of company employees having routine and frequent face to face customer contact. There is also a larger than normal

proportion of short term or seasonal employees. Taken in the round these factors give rise to potentially disruptive dynamics for the organisations in the sector.

The capacity of tourism to impact destination economies, societies, cultures and environments is well documented and its adverse repercussions have exposed the industry to strong criticism (Tourism Concern, 2012). It should not be forgotten, however, that tourism can supply much needed infrastructure, income and jobs which boost destination economies and raise standards of living. It may also strengthen the case for the protection of threatened resources and help to fund their conservation (Kotler, Bowen & Makens, 2003). In that sense, the tourism industry would seem to have particular and identifiable responsibilities outside of the business arena, due to its very close relationship with destination environments and societies which are an integral part of its products and services (Melo & Galan, 2011).

The Research Problem

This paper deals with the subject of CSR with special reference to the hotel sector. The study is oriented to determine the key success factors in obtaining employee commitment to living the CSR strategy of the hotel. This current study therefore sought to expand our understanding of the effect of CSR on employees' attitudes and perception by examining their relationships with the CSR management of their hotels. This paper examines such issues of CSR within a hotel context, using the example of premium luxury hotels in the Balearic Island.

Having set out in this introduction the importance of analyzing the link between employee commitment and CSR hotel brand positioning, we have examined an extensive body of work which has been previously published on the subject in an attempt to narrow the existing research gap. Following, some propositions were constructed with the aim of developing a set of working methods and some key elements to design an internal marketing strategy. The third part outlines the methodology that was used for the analysis in order to produce key elements to consider in the design of an internal marketing strategy. The fourth looks at the key elements which an internal marketing strategy must implement in order to ensure the success of the CSR hotel branding position. These elements should also positively affect employee commitment and provide managers with an integrated course of action to enable their employees to act out the CSR hotel branding position and its values. Finally, a summary of considerations are presented.

Theoretical Framework and an Approach to the Proposals

Literature Review

“Living the CSR hotel brand positioning” of the organisation means that an employee must behave in a way that is representative of that company's brand, values and culture. Bendapudi & Bendapudi (2005) suggest that

companies should “consider employees their living brand and devote a great deal of time and energy to training and developing them so that they reflect the brand’s core values”. This is often referred to as employee branding or human capital branding. Mitchell (2002) believes that organisations trying to achieve employee commitment to living the brand of the organisation need to create an emotional connection with employees to make the brand come alive for them in order to persuade them to align their values and behaviours with that of the company’s brand. Human resource managers strive to achieve employee engagement which Das (2003) proposes is driven by six factors: reward, recognition, relationships, opportunity, environment and leadership.

Czaplewski, Ferguson & Milliman (2001) say that internal marketing is “an important way to obtain, develop, motivate, and retain skilled staff quality service”. Beagrie (2003) contends that internal marketing is the process of motivating employees to change their behaviours and thinking in order to achieve organisational goals.

The essence of performance management systems is a shared process between managers and the people they manage based on the principle of a psychological contract Armstrong (2006). Philpott and Sheppard in Armstrong (2006) state that the purpose of performance management “is to establish a culture in which individuals and groups take responsibility for the continuous improvement of business processes and their own skills and contributions”. Mullich (2003) states that in order for employee engagement to be a success organisations need to measure employee engagement frequently and in multiple ways.

Employee loyalty is another important aspect in building the employment relationship, as “loyal employees make up the core of a successful business, managing the company, designing products and services, selling new business and interacting with customers everyday” (Larsen, 2003). Loyal employees are also more likely to engage in championing the values, which has a positive effect on sales and profits, as a result of others coming into contact with a firm’s internal brand champions (Fram & McCarthy, 2003). A CSR Brand positioning offers the opportunity to increase company goodwill in the communities in which the firm operates. When employees represent themselves to others as supporters of their company, they are developing a positive image of the company.

Mitchell (2002) and Beagrie (2003) argue that in order for employee branding to occur it has to be made a key business objective. The authors believe this starts with senior management. They have to offer a clear vision worth pursuing, which reinforces the big picture to employees. Mullich (2003) maintains that human capital branding can only occur when employees can see that their efforts dovetail with the company’s corporate goals. This author argues that people talk about aligning corporate, departmental and employee goals, but few actually do it.

A starting point for making the CSR brand positioning come alive for employees is through an understanding of who the internal customer is. Mullich (2003) believes that while most firms define themselves by the

products and services they offer, they are actually defined by the productivity, quality and service of their human capital, namely the performance of their employees. He believes a company's true persona begins from within, so if employees cannot project the message that the company is trying to convey, that message will not resonate with customers. Mitchell (2002) supports this view noting that employees must know everything customers know. Employees must therefore be treated like customers in order for them to believe in the company's brand. Employees need to be seen as the internal market within the organisation as part of the larger relationship marketing plan (Payne et al, 2003).

Internal marketing has a number of other HR and organizational benefits, including high levels of employee satisfaction, improved retention rates, reduced absenteeism and wider acceptance of any change programme (Beagrie, 2003). Internal marketing can therefore generate higher levels of employee brand loyalty that can translate into other strategic goals such as increasing the quality of life for surrounding communities, creating better business opportunities or improving experiences for tourists. (Frey & George, 2010). Internal marketing therefore has a key role to play in obtaining employee commitment to living the CSR brand positioning.

Conclusion to Literature Review

While there is much written about CSR marketing strategy and some in CSR HR practices in the industrial sector, the area of employee CSR branding's remains an exciting new concept in the tourism sector and more especially in the hotel segment. Although a fair amount of material exists on the topic, few authors have managed to integrate the themes and to come up with specific recommendations on how to implement these employee branding CSR initiatives together in the hotel sector. One reason for this may be that the topic requires the merger of concepts from marketing and human resource practices, which is not common as organisational divisions often work in isolation. Despite the material available on employee branding, there remains no integrated empirical information on successful implementation of managing the hotel's CSR branding on the Balearic Islands or elsewhere.

Proposals

From the preceding literature the following proposals were constructed. Hotels that successfully gather employee commitment to living the hotel CSR brand positioning have the following characteristics:

- They make employee's CSR positioning a key business priority (Du, Bhattacharya & Sankar, 2006).
- They convey a clear set of CSR values to their employees, and live by them (Ind, 2007).
- They look for talented employees and focus on their needs (Czaplewski, Ferguson & Milliman J, 2001).
- They have an internal employee CSR brand positioning

programme which builds employee loyalty through: informing, motivating, energising and engaging employees (Larsen, 2003).

- They integrate measurement and recognition into their overall performance management system to evaluate and reward employee commitment to living the CSR brand positioning of the hotel (Douglas & Baker, 2011).
- They monitor hotel culture (CSR beliefs and values) on an ongoing basis and are prepared to face and make the necessary changes (Williams, 1996).

The aim of the study was to verify and assess if the propositions posed were in fact correct, or if there were other factors that still needed to be considered specifically for the hotel sector.

Methodology

The study was conducted in two phases. The first took the form of personal interviews with experts in the field of employee branding. The purpose of this phase was to identify suitable hotel groups to comprise the case study. The experts were recognised CSR branding consultants and academics in the hotel sector.

Their brief was to identify Balearic hotel groups where employees currently “live the CSR brand positioning”. After analysis of their initial findings several hotels were identified as suitable for the study sample. Bryman (1989) recommends that less than ten organisations are appropriate in cases where the primary focus is on qualitative interviews.

Access to the companies was obtained via hotel executive managers. The companies were: eight premium luxury hotels, six located on Majorca Island and one each on Ibiza and Minorca respectively. In total, eight Hotels with 387 employees were targeted. Each of these hotels has brands which are widely recognised and valued internationally, nationally or regionally.

Phase two consisted of merging both qualitative and quantitative elements of the research. YIN (2004) defines a case study as, “an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between the phenomenon and context are not clearly evident; and in which multiple sources of evidence are used”.

Participants

A modified quota sampling technique (Leedy & Ormrod, 2009) was used to select suitable candidates. Only employees with a minimum employment period of 12 months in the sector were considered. The hotel managers were also interviewed. From a total of 228 respondents, 55 were department heads and the rest members of their staff which means 173 employees. The former were interviewed in two stages, which is considered sufficient. Meanwhile, the

latter only answered a questionnaire. These numbers were deemed to be statistically suitable for this type of methodology.

Methods of Data Gathering

The collection process was based on three data sources. The primary method used was semi-structured personal interviewing using a predetermined questionnaire. This information was complemented by researcher observations during the interviews and the time spent on site. At the beginning of each case study, the Hotel manager and the researcher completed a checklist together to document any visible signs of employee branding. With the aim of confirming the validity of the study process, triangulation was used to validate the study process. (Stake, 1995). It enabled the collection of data from a number of different sources, thus substantiating the findings and conclusions made in the study. This was done through the convergence of the evidence (Yin, 2004) in that “many separate pieces of information must all point to the same conclusion” (Juan Báez y Pérez de Tudela 2007, Leedy & Ormrod, 2009).

The questionnaire used in the interviewing process followed a tried and tested format. It was divided into qualitative and quantitative sections. Section A posed three questions: a quantitative question requiring respondents to rank the degree to which they are encouraged to live the CSR of the brand (results shown as Figure 1) and two open-ended questions investigating their views as to why and how they thought the company did this. Section B of the questionnaire asked the employees to rate 20 statements, developed from the historical studies (Boyd & Sutherland, 2006), as to the extent to which the respondent came across that factor in the work, using a five point Likert scale. The range was from “strongly agree” to “strongly disagree” and the results are also shown. The questionnaire was pre-tested and corrected for design errors.

Data Analysis

Due to the nature of the study, a large proportion of the information collected was qualitative, and content analysis was used to analyse the data. Leedy & Ormrod (2009) define it as “a detailed and systematic examination of the contents of particular body of material for the purpose of identifying patterns, themes, or biases” which measures the semantic content or the “what” of a message. Section B of the questionnaire lent itself to more quantitative analysis and evaluation. Following the separate analysis of sections A and B the responses from both sections, together with the researcher’s checklists, were used to triangulate the data and confirm the validity of the study process.

Constraints

Given the predominantly qualitative nature of the case study method, and that the pattern of the study was interpretive, certain limitations apply and only limited generalisations can be made. The purpose of case study research is to add to theory-building rather than to generalise to a population. Judgemental sampling was used to arrive at which companies were researched as case studies. Quota sampling was used to determine which employees in each

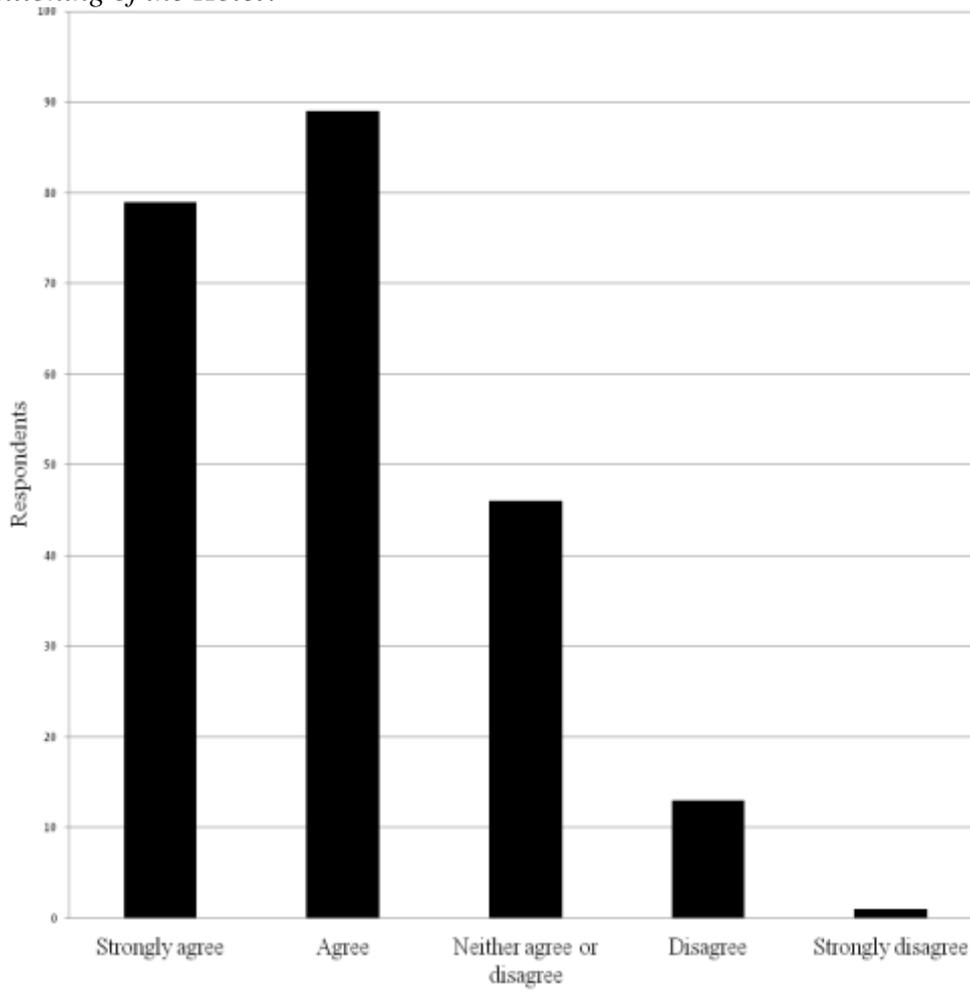
organisation were to be interviewed (Leedy & Ormrod, 2009). These limitations may impact on the validity and reliability of the study.

Results

The bar chart, Figure 1: Does the hotel encourage employees to live the CSR brand positioning of the hotel, presents the responses to the question: “Do you think the hotel actively encourages employees to live the CSR of the organisation?”

Figure 1 shows that the study of these hotels was justified given the strong commitment of living the CSR brand positioning of the hotel.

Figure 1. Does the Hotel Encourage Employees to live the CSR Brand Positioning of the Hotel?



Results of the content analyses to the questions “why” employees trusted their hotel managerial actively boosted them to live the CSR hotel values, and

“how” employees believed their hotel enhances them, have been widely carried out.

The factors present in the hotel were arranged according to the scores from the “strongly agree” columns first and by the scores from the “agree” column and so on.

With the aim of assisting with triangulation and validation of the study information, the researcher gathered evidence of employee CSR hotel brand positioning whilst on site. In this they highlighted how they obtained employee commitment to living the hotel CSR brand positioning and consequently its values.

Discussion

With the aim of interpreting the analyses the key themes emerging from the results were considered together. Each result was investigated for possible themes.

It is proposed that hotels which successfully manage employee commitment to living the hotel CSR values have the following characteristics:

- The hotels make employee CSR branding a key business priority.
- The hotels convey and live by a clear set of CSR values to their employees.
- The hotels have an internal employee CSR branding programme which develops employees through informing, motivating, energising and engaging them.
- The hotels look for talented employees and take into account their needs.

A significant observation from the results was that employees from all the hotels which participated in the study were used to continuous change.

Factors less critical to securing employee commitment to living the hotel CSR culture from the results were: financial reward, job satisfaction, employee input to internal CSR branding development and implementation, and meeting the individual needs of employees.

These four factors are an important finding of this exploratory study as they challenge some fundamental principles of human resource management.

Summary of Considerations

The purpose of the study was to acquire practical evidence on the crucial success factors necessary to provide a framework for hotel managers aiming to inspire their employees to embrace the CSR brand positioning of their establishment. From the results of these case studies and with reference to previously published work, an employee brand positioning model has been formulated to serve as a template for implementing such an initiative.

The model is founded on the idea of a self reinforcing cycle of 6 key

components that senior management should focus on when setting out to obtain employees' commitment to living the CSR brand positioning of the hotel. The model recommends that the organisation needs to practise all six components in a coordinated manner as they depend upon one another. A hotel must make employee CSR branding positioning a key business objective and this requires a multi dimensional approach and needs excellent communication to create a culture where employees are valued. This in turn leads to a sense of belonging through loyalty, pride and commitment, which has to be routinely measured if the company is going to make employee branding a business fundamental. Put another way, this is a total organisational initiative where each component is inter-linked. This model is an example of where an integrated approach delivers results in excess of the individual parts. The critical elements to achieving each component of the model, as derived from the empirical research, are detailed by component. For instance, in order for a company to make employee CSR branding positioning a business fundamental it has to ensure that their staff understand that it is valuable and clearly communicate the values of the hotel. Senior management must act according to principles, employees must understand the benefits of employee CSR branding positioning and also must know how they contribute to the overall success of the hotel.

Senior managers wishing to promote employee commitment to living the CSR brand positioning of the organisation need to pay attention to all aspects not just one component of the model. This unfortunately means that this is not a "quick fix" solution. It is important to note that obtaining employee commitment to living the CSR brand positioning of the hotel is not only a marketing function, a human resource function or hotel manager function; it is a total organisational intervention, where one element depends upon another: inter-linked and co-dependent.

Employee branding is a way by which senior managers can actively assist in the differentiation of the company, its products and services, and increase the global value of brands. Employee behaviour has the power to destroy brand equity, or build it, and hence deserves serious attention by management. The hope is that this study has provided strong evidence as to how hotels can enable their employees to contribute towards increasing brand values through the implementation of an organisation wide initiative.

Figure 2. *Employee Commitment To Living The CSR Brand Positioning: A Self Reinforcing Template*

1. Make living the hotel's CSR brand positioning

- The hotel's CSR brand positioning must be seen as valuable.
- Communicate a clear set of CSR values
- Senior management must subscribe the values.
- The CSR benefits must be understood by employees.
- Employees must understand how they contribute to the overall success of the hotel's positioning.

2. Multi-dimensional approach

- Spend a great deal of effort and energy encouraging employee commitment to living the CSR positioning of the hotel.
- Internal and external marketing must be linked.
- Make the CSR brand come alive and create a commitment link.

3. Communication

- Use an array of communication material.
- Try various methods and channels.
- Communicate the theme at every opportunity.
- Top down approach.

4. Create a culture & value set where employees are valued

- Training and development must be central to the culture.
- Employees must feel that their values are similar to those of the hotel.
- Organisational culture must be kept relevant and actively managed.

5. Create a sense of belonging through loyalty, pride and commitment

- Employees must have freedom to perform.
- Employees must be self motivated.
- The company must hold events which include all employees.
- Loyalty motivators must be evident.

6. Measure

- Every employee must be measured according to how they live the CSR positioning of the hotel.
- Employee commitment must be measured as part of employees overall performance appraisal.
- Recognition and reward should be part of the hotel's culture.

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