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## CSR: Make It Real & Tell Your Story

By **Dr. Steffen Raub** - December 11, 2017  156  0



LAUSANNE, SWITZERLAND—Many of the world’s corporations engage in charitable projects. Some do so because they sincerely want to improve the world, but others create programs due to the expectations of customers, owners, and other stakeholders. A pair of studies from Ecole hôtelière de Lausanne point to a key group that pays careful attention to corporate social responsibility: employees. The studies, by EHL Professor Steffen Raub—together with Stephan

Blunschi of the Swiss retailer MIGROS in one case—investigate the mechanism by which CSR increases employees’ loyalty and effectiveness.

In recent years CSR has become a focus of many businesses’ corporate strategy. For example, a growing number of companies are seeking certification for their social and environmental performance by the nonprofit B Lab (more than 2,100 firms in 50 countries, including 20 in Switzerland such as Montagne Alternative, an alpine lodge; Impact Hub Geneva, a business incubator; and NOW Transforming Hospitality, a sustainable travel foundation). One of the reasons for seeking such certification is to overcome skepticism about a firm’s corporate philanthropy, given that many stakeholders, including employees, sense that these initiatives may be more about increasing brand image than generating actual social impact.

Raub and Blunschi found that hospitality organizations which engage in CSR activities, “can reap substantial benefits in terms of improved job attitudes and greater engagement in discretionary work behaviors.” Examining CSR in a U.K. hotel chain, they sought to answer this question: Exactly how does corporate social responsibility enhance employees’ performance?

## **Job Satisfaction Improved**

One essential element that supports excellent employee performance is the concept of task significance, which is, in turn supported by employees' perception that a company is doing good in the world. When Raub and Blunschli surveyed 211 employees in four hotels operated by the U.K. hotel chain, they found that favorable perceptions of task significance contributed to employees' job performance by boosting helping behavior, increasing helpful suggestions and initiative, and reducing the emotional exhaustion that often leads to voluntary turnover. Job satisfaction also improved, again as employees perceived that the company's charitable efforts meant that they considered their jobs to be more significant.

In a subsequent study, which involved a pharmaceutical distributor in Thailand and a laboratory study of U.S. business students, Raub extended the initial investigation to gauge the value of employees themselves participating in charitable efforts, in addition to sharing information about corporate largesse.

Looking at employees' involvement in charitable efforts sponsored by the pharmaceutical company, Raub found a connection between employees' participation and their job satisfaction, as well as their attitude toward their employer. However, there is a mediating factor, namely, the employees must believe that the firm's charitable intentions are sincere and its motives are benevolent. In both the field study in Thailand and in the laboratory study in the U.S. business school, Raub reports consistent evidence of higher attitudinal and behavioral commitment to companies that involve employees in philanthropic efforts.

## **Employee Involvement is Important**

One other benefit of employee involvement in corporate philanthropy is that outsiders may also be favorably influenced in their attitude regarding a company. In this way, Raub finds that "employee involvement in philanthropy, over and above information about the philanthropic activity itself, is sufficient to cause higher attitudinal commitment, behavioral commitment, and benevolent attributions."

Two factors limit this favorable response to corporate philanthropy. The first is employees' inferences about the company's intentions together with their own identity as organizational members in connection with the CSR efforts. The second is that participation must be voluntary.

The result of these efforts, however, are beneficial to the company and society generally. Raub concludes that employee involvement leads individuals to make more discretionary contributions to companies, partly in the form of spreading goodwill about the company. This goodwill can extend to potential employees.

In summary, both studies demonstrate the value of CSR programs for a firm, regarding stakeholders both inside and outside a firm—provided the CSR efforts are genuine.

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