The Role of Human Resource Department in Corporate Social Responsibility: A Case Study of Five Prominent Hotels in Penang Island, Malaysia

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Abstract

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The fields of corporate social responsibility (CSR) and human resource (HR) function have gained increasingly importance to corporate strategies. As many hotels are concerned with sustainability issues and CSR, the HR function is positioned to assist implementing and enhancing CSR strategy as well as administering its core functions. In most cases, CSR in the hotels are housed in HR Department where the managers have responsibility for the strategic application of CSR in the hotels. This paper presents a case study of five hotels in Penang Island, Malaysia as an attempt to demonstrate how Human Resource managers of these hotels perform their CSR practices. Specific focus is placed on the role of Human Resource managers who are not well-equipped with social work experience or background and specifically to investigate how these managers perceive CSR concept, the impact of their CSR programs on beneficiaries and the challenges that they encountered in the process. To answer these questions, we have conducted interviews with five managers from four and five star hotels in Penang. Our findings have reflected the importance of conceptualization of CSR particularly in hotel sector as well as gaining insight into current HR profession in administering CSR activities to consider someone with social work background in a bid to improve the quality of life of targeted communities.

Keywords: corporate social responsibility, human resource department, hotels, social work
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Introduction

Corporate social responsibility (CSR) and Human Resource Management (HRM) have gradually gained pace. HRM is an asset for corporations while CSR is becoming business necessity for sustainable growth and competitiveness (Dupont, Ferauge & Giuliano, 2013). The European Commission (2001) define CSR as a voluntary integration of the social and environmental concerns of companies but also going beyond and investing more on human capital and relations with stakeholders. HRM on the other hand represent a powerful lever to drive the CSR performance within organization and help organization achieves its goals. Indeed, the more the Human Resource (HR) professionals understand their leverage with respect to CSR, the better the chance of passing these notion throughout their operations and business function (Strandberg, 2009). Despite the various function of HR could play in company, the role of HR is basically positioned to assist in both developing and implementing comprehensive sustainability strategy (Cohen, Taylor & Muller-Camen, 2010).

In the most cases of hotels in Penang, CSR initially emerges as an interest of the HR Department. Likewise, likening CSR to the much-derived HR Department might create a strong impression of excessive self-interest at the cost of others for political reasons (Coombs & Holladay, 2011) and it is therefore unsurprisingly for CSR to be criticized as being a public relation (PR) stunt. Besides, it has been observed that CSR in Malaysia is heavily weighted to charitable donations (Prathaban & Rahim, 2005) particularly derived from the traditional thinking that contributions should be make at respectful times of giving such as during festive seasons, for example, Chinese New Year and Christmas (Amran, Zain, Sulaiman, Sarker,& Ooi, 2013). And oftentimes, the contributions are predominantly driven by media to provide favorable coverage to preserve and elevate the corporation's image (Chen, Patten & Roberts, 2008). Furthermore, there is a lack of understanding and knowledge of CSR matter among the Malaysian corporations (Lu & Castka, 2009) which explains faulty and misguided CSR in practices. The discoveries made by some of these researchers have some relevance in the hotel sector since CSR is increasingly being embraced by all hotels around the world including Malaysia. These verdicts of different researchers at different point of time also entail that there is a dire need to understand why hotels have failed to perform serious CSR and sustain its positive contributions towards community. In a same vein, Sun, Stewart and Pollard (2010) suggest that the future success of CSR heavily counts on to what extent hotel can shift from artificial separation between business and society to a more holistic approach of CSR and a genuine connection with stakeholder groups, grounded on the interconnectedness of all individuals in community, shared value and mutual interests of individual and groups, mutual reliance between business and society and the goal of business is to serve common good. Therefore, for hotel that hope to advance along the corporate path, the HR function need to consider from traditionally focus on its core functions relating to recruitment and job access training, career development, health and wellbeing in the workplace (Dupont et al., 2013) to address wider social problems as well as expanding their view on the hotel's beneficiaries especially the local communities and ensure that the HRM system enables their sustainability. Since CSR-related decision making is an area isolated to HR Department, only by responding to these new demands of sustainable hotel practices then the HR function is arguably a critical partner in engaging with the local communities as well as in safeguarding the future.

Despite the facts that the HR function has occupied very important place in the hotel's strategy, our intention is to explore how the role of HR Department in administering CSR activities have an impact on the beneficiaries in particular and to what extent this function have contributed to the sustainable development of its communities. Therefore, in this paper we present the results of our study that investigated the managers' perceptions of CSR concept, the impact of CSR activities on their beneficiaries and the challenges they face to sustain CSR in the hotel. Besides, the researchers wish to highlight on the importance of social work background in managing CSR. Social work is known as an ideal match to deal with social issues since this profession critically emphasize on human relationship and holistic approach to social needs (Pincus & Minahan (1973). An attempt is therefore made to provide some insight into what goes on when CSR is handled by someone who is not equipped with social work background. To that, the researchers put the main focus on the HR managers of the hotels in dealing with CSR matter whereby qualitative study was conducted with five HR managers who are not well-trained in social work were chosen as our main sample. Research on this topic can benefit HR Department in terms of strengthening their social endeavors and encourage them to take more holistic approach in CSR implementation.

Literature Review

CSR-HR Connection

HR plays an important role in making CSR work. HR will give credibility to CSR as well as integrate CSR into the organizational culture and attitudes of employees are changed accordingly. While accentuating on this notion, Redington (2005) claims that having a good image socially indicates that company's action towards its employees is consistent with particular standard in which they are valued as much as the external stakeholders. In this sense, HR helps to emphasize the social rationality into the operations by aligning all aspects of HR's infrastructure relating to equal opportunity, recruitment,

retention, reward, training, motivation, internal communication, and diversity. This system of mutual influence that exist between CSR and HRM suggesting that HR functions could develop depending to CSR initiatives driven by the company (Dupont et al., 2013). HR function can act as a powerful agent in influencing company wide-range progress in its CSR development. Without the intervention of HR there is a risk of losing engagement of employees due to wrong interpretation of CSR as being a PR activity or run the risk of being shallow "windrow-dressing" (Sharma, Sharma & Devi, 2009).

Social Work and CSR

The world has increased rapidly and so the role of social workers are becoming more valued since many corporations have learned to tap into the expertise of these profession by setting up roles for them in the corporate hierarchy tree. Besides, most of the social initiatives by corporations are traditionally supported by social work including the area of community development, education, health, safety and diversity.

Pincus and Minahan (1973) vigorously asserted that the basic values of social work are improving problem solving skill in human relationship, connecting people with system that offers them opportunities and resources, promoting social change through effectiveness of these system and as well as contributing towards the growth and improvement of social policy. Similarly to Hepworth and Larsen (1982), the role of social work is to help individual obtain resources, building an adaptable organization that are more responsive to people, help to facilitate interactions between individuals and other in their social setting, as well as influencing social policy. Despite these facts, the National Association of Social Workers (NASW) has recognized the need for all social work professions to possess a knowledge and understanding of human behavior and relationship (NASW, 2003). Thackeray, Farley, and Skidmore (2001) further define social work as an art, a discipline, a profession that traditionally focused on relationship in its approach to help solving individuals, groups and community issues as well as to have satisfying individuals, groups, and community relationships through social work practice. Considering these definitions, the notion of social work is to hold the fundamental ethical values to promote, restore, maintain, and enhance the wellbeing of the people. Apparently, the definitions deployed intricately linked with CSR concept which also aiming to create value-based practice as well as to promote synergetic benefits between people and society in order to improve everyone's quality of life. Hardcastle, Powers, and Wenocur (2004) claim that a social worker without community knowledge and skills will having difficulty to drive the major forces for sustainable change. While Polsky (1969) stresses the importance of knowledge and skills as a crucial element of social work's repertoire.

The Reality of CSR in Malaysia

In the last two decades, there was ample evidence of CSR wave in Malaysia (Teoh & Thong, 1984), however only in this past decade CSR has truly gained its momentum. However, in Malaysia, the concept of CSR is still deemed to be superficial although such development is seemed commendable (Amran et al., 2013). Most corporations in Malaysia will generally dominate the relationship and less attention is given to the wellbeing of the stakeholders probably because such practices are based on Western phenomenon (Amran et al., 2013). Oftentimes, the local communities are just passive recipients who are depending on the generosity of the companies. As such, CSR is almost linked to philanthropic giving as confirmed by the study of Prathaban and Rahim (2005). It has also been evident with many practices by Malaysian corporations are seasonal gesture since the contributions are made during festive seasons. It follows with blatant attempts by many of companies employ CSR to elevate their reputation and to gain favorable publicity (Amran & Devi, 2008).

With regards to hospitality industry, Abaeian, Yeoh, and Khong (2014) claim that hotel practitioners in Malaysia consider a wide gamut of social contributions while donations in terms of money, time and skill as well as supporting charitable programs are still being the most dominant. It reflects how hotel industry in Malaysia has gone to great extent in improving life of its local communities. Despite such advancement in the hotel sector, CSR in Malaysia is very much ad hoc basis since philanthropy is still being major part of CSR initiatives. According to Welford (1997) companies' enthusiasm for social

contribution has many times met with cynicism since their practices aimed at commercial dictates and political advantage. In the meantime, current confusion and lack of understanding of CSR will lead businesses to practice their own version of CSR (Lu & Castka, 2009). The notion of CSR has so far failed to be nested extensively in Malaysia due to vague and imprecise CSR concept. Ultimately, CSR in Malaysia is still at the nascent stage. In spite of these shortcomings, the practice of CSR still has room for improvement beyond philanthropic approach which likely is too easy-way out option (Bohdanowicz & Zientara, 2008). Besides, existing relationship between society and business will need greater direction and on-going monitoring to create opportunities for action (CSR Asia, 2009).

Methodology

Armed with the research questions, qualitative method was employed through the use of face-to-face interviews with informants who met a set of selection criteria. The interviews were conducted from 30th July 2015 to 30th November 2015 by the principal researcher in semi-natural setting chosen by the informants. Our main sample consists of the Human Resource Directors of four and five star hotels located in the Penang Island, Malaysia. These managers were selected since they involved in the decision-making for all major CSR initiatives within their respective hotels. More specifically, the managers were chosen since they have no experience in social work related background and in fact they are not well-trained and not qualified with a degree in social work. Instead, the informants have to be at least five years of experience in the management position, with at least ten years of experiences in the industry.

A total of five informants were selected on the aforementioned established criteria (See Table 1). More importantly, Penang Island was chosen as the main research site representing a study of CSR initiatives as according to McGehee, Wattanakamolchai, Perdue, and Calvert (2009) properties which centrally placed in urban setting are likely to make more social contributions. Four and five star hotels were targeted because according to McGehee et al. (2009) larger and more luxurious hotels will take social responsibility seriously.

Table 1: Informants' Details

No.	Hotel Star Rating	Location in Penang Island	Gender	Years of Experience
1	5	Batu Ferringhi	Male	Over 10
2	4	Georgetown	Male	Over 10
3	4	Georgetown	Female	5-10
4	5	Georgetown	Female	5-10
5	4	Georgetown	Female	5-10

Each of the interview lasted between 45 minutes and one hour. All sessions were tape-recorded with the consent of the informants. Each interview was then transcribed with 24 hours after the interview to retain freshness of the data and nuances of each interview. Researcher spent one hour transcribing for each interview which later the transcribed interviews were analyzed using content analysis. Approximately seven questions were developed for the interviews.

i.   What does CSR mean anyway?
ii. How do you perceive CSR?
iii. Does your hotel have a CSR policy in place?
iv. Have the CSR initiatives taken have impact on the lives of the beneficiaries?
v.   What kind of social initiatives have there been seen?
vi. What are the challenges to practice a good CSR?
vii. What it takes to sustain CSR practices in the hotel?

The content analysis was employed through a system known as matrix where all responses from the informants were analyzed systematically and reasonably. The emerging themes were identified and analyzed for similarities and differences between informants.

Findings and Discussion

CSR concept

As was mentioned earlier, our study aims to unearth the hotel managers' interpretation of the CSR concept. Three out of five informants perceived CSR as an approach of "giving back" to the local community to compensate for having taken away especially the less fortunate and marginalized groups. The following extracts reflect the tone*:*

> *Informant 1: "CSR as a platform for us to exhibit our social endeavors in addressing the poor and marginalized groups. This is how we use CSR to give back to these groups"*

> *Informant 3: "...an endless effort such as giving back to local community especially in considering the plight of the less fortunate"*

> *Informant 4: "We are surrounded by community so our hotel is obligated to care for them. I think all business practitioner should do the same. What we take we need to give back."*

It was noticed that some of the managers interviewed have common understanding to consider philanthropy as CSR. Corporate philanthropy through donations such as money, time, food and tangible goods were the most mentioned by the informants. According to many, it was mentioned that CSR is a voluntary business commitment towards the society at large.

The impact of CSR activities on the lives of beneficiaries

Based from the findings, the managers mentioned a wide range of social initiatives in improving the quality of life of community as well as the wellbeing of their employees. However, it seems that fundamental concern in improving the livelihoods of their beneficiaries in particular heavily rely on charity-related initiatives and food drive.

> *Informant 1: "We always wanted to be the best for our beneficiaries. As you know, CSR is a cultural thing in our hotel. We raise funds…we bring them food. That's it. They love to receive a pack ready meals from us. That's the easiest way you can cheer them up."*

> *Informant 5: "Most of the time we gave the children hampers, have the party thrown for them, gave them "angpao"… I tell you, they were thrilled"*

Next, all managers interviewed considered CSR as a sporadic in nature probably derived from the traditional thinking that contributions should be provided during respectful times of giving such as during festive seasons only. The following extracts suitably reflect the identified themes:

> *Informant 2: "Most of our CSR-driven initiatives undertaken during festive seasons. Like our "Ramadhan Giveback" and "The Chef" treated children in the month of Ramadhan."*

> *Informant 3: "My first goal in CSR is to make our community happy. So, most of the CSR initiatives were to spread the festive cheer in conjunction with the*

> *meaningful festivals…Our Luncheon treat Chinese New Year, Ramadhan Feast,*
> *Deepavali Royal Treat and Christmas Feast are amongst the CSR projects in the*
> *hotel. We always find that the beneficiaries involved get a lot of sense of happiness*
> *and satisfaction."*

The empirical findings above are consistent with past studies that suggest CSR in Malaysia seasonal since many companies in Malaysia are prone to express their benevolence during the holiday seasons (Amran et al., 2013). It seems that CSR practices were typically a touch-and go approach in the sense that their beneficiaries are not getting regular support and the social contributions depicted more random in nature. Despite the fact that donation is the best way to support all of the urgent humanitarian needs, the approach often failed to take a more integrated and holistic view to social milieu.

CSR challenges

This study has encountered three key challenges to sustain CSR.

a) Funding

All of the managers of the hotels claimed that their biggest challenge was lack of available funding. According to many, they were at risk contended with dwindling funds to fulfill the needs of their stakeholders since there were no fixed allocations of funds to support CSR in the hotels. Most of the resources came from the donations of the hotels, employees, communities and their guests. Likewise, Sheldon and Park (2010) disclosed that budget is the main limitations in achieving successful CSR.

b) Communication

CSR communication strategy is important to effectively influence employee attitude and behavior to facilitate CSR integration. According to many, it is important for the hotel to cascade down their CSR information across the employees, educate and make them aware of this concept as well as practice in a transparent way. However, there was also an issue of transparency in which some of the companies within the same groups reluctant to communicate and share their CSR information. The following are some of the extracts which reflect the identified themes:

> *Informant 3: "I think there is paucity in communication skills of few of our*
> *managers within and between different departments…You see the reason is*
> *because some of our managers or staffs sometimes do not really understand why*
> *they should be involved in such practices. And may be the issue of paucity in*
> *communication skills might contribute to these inefficiencies*."

> *Informant 4: "It's a bit upsetting to see some of the companies in the same*
> *groups…of course they are doing excellence in CSR but unwilling to share their*
> *CSR information with us. I believe if they are more open in communicating their*
> *CSR stories between the groups, we at the hospitality department will be equally*
> *scintillating."*

c) Integration level of CSR with other strategies

For hotels to take CSR seriously, it has to be integrated into their daily work (Khunon & Muangasame, 2013). Since the CSR in the hotels were housed in HR Department, many were unable to infiltrate CSR into every department and within the organization due to some limitations as the next extracts aptly reflect the themes:

> *Informant 2: "Our employees felt that they are unable to devote more of their*
> *management time handling the CSR matter. Even some of our managers faced the*

same issue. Most of their CSR professional times were devoted to business functions. So I think this issue inhibits the integration process throughout our routines."

Informant 5: "It was a seemingly impossible for them to do more…I don't know how to say this but it is obvious to see that our employees are less motivated to volunteer with any CSR-related activities as some of them even felt that CSR had increased their workloads due to time constraints. They probably will be complaining…and generally have difficulty doing two tasks at once. So, it's bit difficult for us to integrate CSR into our daily operations"

Informant 1: "The main issue lies in the lack of strategic integration…I understand that CSR should be permeate in every department but we are at best now to constantly striving for greater integration of CSR into all aspects of strategies. We also seek to include other departments as well as in our CSR implementation but I tell you…it will take some time. "

Conclusion & Limitations

This study started by describing the concept of CSR and followed by the impact of the social initiatives towards beneficiaries as well as the problems to sustain CSR in the hotel. Our chosen focus is on the HR managers of four and five star hotels in the area of Penang who are not well-trained and equipped with social work background. The study summarized that the role of these managers have so far failed to fulfill the needs of their stakeholders probably due to current confusion over the meaning by generally likened CSR and philanthropy as one. The current social initiatives are more weighted towards donations and very much a touch-and-go approach in a way that beneficiaries did not receive regular support and constant monitoring from the hotels. Despite these shortcomings and identified challenges they faced, it would be better for the hotels to appoint someone with a social work background, industrial social worker for instance, to handle the CSR matter and simultaneously improving the quality of life in local communities. Someone with basic knowledge of social dynamics and possess wide range of skills in working with individuals at different levels can be a valuable asset to the hotel. Further, having the ISO 26000 as a guidance and platform to align CSR understanding amongst the managers is badly needed to address aforesaid confusion over the CSR meaning (Lu & Castka, 2009).

The findings provide HR managers to strengthen their strategic roles in formulating corporate values and sustainability strategy as well as revising its own mandate and transform the way they commonly perform core CSR responsibilities. In fact, HR managers need to reflect business approach to sustainability and help their hotels to address wider social issues. However, it is also important to note that this paper provides an opportunity for a researcher to conduct an empirical research to generalize the findings to have a better insight of the hotel sector. A larger sample of HR managers from different regions is needed in future to refine and develop important themes uncovered by this study that would better reflect the full spectrum of hospitality industry. A future study that emphasizes on stakeholders' perceptions on CSR by the hotels is the best option to compare and evaluate the conclusions drawn in this paper.

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