

The Effects of Corporate Social Responsibility on Employee Retention : Quantitative Study in Croatian Hospitality Sector

Ana Markuz^a, Stella Hrvatin^b, Ivana Miklosevic^c

^a Ministry of Regional Development and EU Funds, Croatia

E-mail: ana.markuz1@gmail.com

^b Institute for Corporate social responsibility, Croatia

E-mail: hrvatinstella@gmail.com

^c PhD., Financial Agency, Croatia

E-mail: ivana.miklosevic7@gmail.com

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Abstract

In the context of the labor shortage crisis in Croatian hospitality sector caused by unsustainable working conditions, the aim of this research was to investigate effects of corporate social responsibility (CSR) on staff retention. Based on the literature review, authors established a conceptual framework and relationship between CSR and intention to quit mediated through job satisfaction and organizational commitment. A total of 101 Croatian hospitality employees completed the questionnaire comprised of items measuring perceived CSR, job satisfaction, organizational commitment and intention to quit. Correlation and regression were applied for data analysis and hypotheses testing. All hypotheses were supported and confirmed, indicating that CSR is a strong predictor of job satisfaction and organizational commitment which in turn account for large variance in intention to quit. CSR directly explains 37.17% of variance in intention to quit. Our findings suggest that companies that embrace their social responsibility and invest in well-being of stakeholders will have more stable workforce and lower fluctuation rates. These conclusions should be taken into account when developing human resources strategies in Croatian hospitality sector. Our study could be beneficial for solving one of the main challenges preventing more sustainable tourism development in Croatia – shortage of skilled-labor.

Keywords: corporate social responsibility, job satisfaction, organizational commitment, employee retention, hospitality industry.

Jel Codes: M14, M54, L21, L83

1. Introduction

Hospitality is known for being labor intensive service industry with high fluctuation rates. Employee turnover is usually result of low job satisfaction among employees caused by highly stressful work environment, work overload and interpersonal tensions (Heimerl et al., 2020). Furthermore, higher rates of temporary and part-time work, poor working conditions and low earnings have resulted in poor image for hospitality industry and low organizational commitment (Baum, 2015). This causes low retention rates and labor shortages which has serious effects on service quality, customer satisfaction and financial results (Lillo-Bañuls et al., 2018). Many enterprises are thus faced with shortage of skilled workers (Laškarin Ažić, Rašan and Prahin, 2022). According to Croatian Association of Entrepreneurs in Hospitality, there is a shortage of around 35 000 workers in Croatian hospitality sector in 2022, which will cost companies more than 100 million euros of loss profits (Barać, 2022).

On the other hand, research shows that companies with high Corporate social responsibility (CSR) levels, where CSR is defined as “the responsibility of enterprises for their impacts on society” (European Commission, 2011), are more likely to attract highly skilled employees, avoid high turnover rates and ensure employee commitment and satisfaction (Barakat et al., 2016) especially in those places where employees attach weight to responsible behavior (Zientra et al., 2015). Comprehensive literature review of CSR in hospitality has found that even though employees are perceived as crucial stakeholders in service environments, researchers have only recently started to focus more on investigating the relationships between CSR and employee behaviors and attitudes (Guzzo, Abbott and Madera, 2020). In fact, from 2007 to 2018 only 60 articles explored micro-level implications of CSR, from which only 17 investigated impacts on employees (Guzzo et al., 2020). Moreover, the same study found that even though turnover is one of the most significant issues in the hospitality industry, there is paucity of research focusing on relationship between CSR and intentions to quit. Several researchers (Hillenbrand, Money and Ghobadian,

2013; Turker, 2009; Park and Levy, 2013) have claimed that CSR can positively influence employee's satisfaction and organizational commitment and some (Karatepe et al. 2006; Hollingworth and Valentine, 2014; Ashton, 2018) claim that job satisfaction and organizational commitment increase employees' intention to stay leading to hypothesis that CSR can increase retention levels among hospitality employees. However, as Theodoulidis et al. (2017) point out, impacts of the CSR on business outcomes can vary across industries due to interactions among stakeholders, firm, strategies and operating environment, therefore conclusions about impact of CSR on retention levels cannot be duplicated to Croatian hospitality sector without further investigation.

According to Ivandić, Šimović, Topalović and Tutek (2019) one of the key obstacles to sustainable tourism development in Croatia is labor shortage and low attractiveness of tourism sector on the labor market. They call for research and solutions how to attract and retain skilled and quality tourism workers in order to increase sustainability of the sector. Currently, Croatian hospitality sector employs 88 140 workers (DZS, 2022). Average hourly wage in hospitality is 4.75 euros, while average hourly rate for all sectors is 5.71 euros (DZS, 2022) indicating that wages in tourism are 16.82% lower than national average. According to Eurostat average seniority of work with the same employer was only 8.2 months, while 27 200 employees (33.29%) work with the same employer for less than 2 years. Moreover, in 2021, almost 30% of employees (28.64%) had limited duration contracts (Eurostat, 2022). This data supports previously mentioned characteristics of tourism sector: high fluctuation rates, poor work security and low wages.

Considering high turnover rates and shortage of labor which are a pressing issue in Croatian hospitality sector and at the same time having in mind potential benefits of CSR on employee's attitudes and behaviors discovered in previous research it is valid to pose question whether CSR can be applied in Croatian hospitality sector to retain good quality workers. Thus, the aim of this paper is to investigate whether perceived CSR can influence employee's intention to quit which is good indicator of actual quitting behavior (Peterson, 2004). By doing so this study will fill the need for further investigations in the field of micro-level implications of CSR (relations between CSR, job satisfaction, organizational commitment and intention to leave) and cover the geographical gap since such research is scarce in Croatia. If proposed hypothesis that CSR can improve retention levels is indeed true for Croatian hospitality sector, then this could encourage managers to use CSR to improve retention levels and avoid future labor shortages. This would increase sustainability of the tourism sector and well-being of employees contributing to the United Nations Sustainable Development Goals (UN, 2015).

The next section presents theoretical framework of the paper, including CSR definition, implications of CSR on job satisfaction and organizational commitment and interrelationship between CSR and staff retention. Third chapter introduces research methods and describes the sample. Research findings are presented in fourth and discussed in fifth chapter. Paper ends with the limitations, research recommendations and practical and theoretical implications of the study.

2. Literature review

This chapter presents theoretical framework for the research and current development of the field.

2.1. Corporate social responsibility (CSR)

Business sector creates jobs, drives economic development and supplies necessary products and services. However, more and more businesses are criticized to be major cause of social, environmental, and economic problems (Porter and Kramer, 2011). Business sector is being under pressure to accept its responsibility for impacts it has on environment and society (European Commission, 2011). Due to evolving stakeholder concerns (McWilliams et al., 2006), rising global problems such as supply chain issues, climate change and resource shortages (Park and Levy, 2013) and demanding regulation (EC, 2022) CSR is being more and more implemented in companies' strategies.

While some would argue that only responsibility of a business is to maximize profits and increase shareholder's value implying that CSR would be waste of resources and an agency problem (Friedman, 1970), others support stakeholder theory represented by Freeman (1984) who claims that managers should engage in CSR activities in order to satisfy stakeholder's interests retaining their support needed for maximizing profits in the long run. Building on Stakeholder theory premises, Carroll defined CSR as economic, legal, ethical and discretionary responsibilities of a firm (Carroll, 1991). According to Carroll's pyramid (Carroll, 1991), firm's fundamental responsibility is economic responsibility which is to be profitable and to provide goods and services to satisfy customers' needs. All other responsibilities build on economic since that is the core purpose of firm's existence. Second responsibility is legal responsibility, i.e. to make profits while staying within the legal framework. Third is ethical responsibility, not to harm anyone in the process of profit maximization. And finally, discretionary

responsibility, that comes after all other responsibilities are fulfilled, is concerned with increasing value for all stakeholders above economic interest of the firm. Literature often refers to CSR only as discretionary or charitable activities that firms engage into in order to gain support from stakeholder groups such as local community, NGOs, customers etc. For example, McWilliams and Siegel (2001) defined CSR as “going beyond compliance and engaging in actions that appear to further some social good, beyond the interests of the firm and that which is required by law”. On the contrary, CSR should be seen as the way company maximizes its profits. As Cohen (2010) puts it “CSR is about how a business does things and impacts people, society and environment”. Meaning that companies should tend to be socially responsible in every business decision and every action in order to improve these impacts (Chandler and Werther, 2014). Socially responsible companies should search for more environmentally friendly technology, engage in socially responsible human resources practices, improve the quality and safety of their products, reduce the carbon footprint, respect human rights in supply chain and so on. Thus, this paper views CSR as way of doing business in which social, environmental and economic concerns are equally taken into account in decision-making and business operations. CSR can also be described as corporate philosophy that guides decision-making, partner selection, brand development and business activities (Chandler and Werther, 2014). CSR is thus understood as doing business in economically, socially and environmentally sustainable way (Klettner, Clarke and Boersma, 2013, p.146). Maximizing profits and social responsibility should not be seen as mutually exclusive. In fact, the aim of corporate social responsibility is to maximize shareholders value while not decreasing well-being or jeopardizing interests of any other stakeholder group. As Davis and Blomstrom (1975, p. 5) claim “companies should protect and improve both the welfare of the society as a whole and the interest of the organization”.

CSR is in its essence about how companies behave towards their stakeholders and environment (Zientara, Kujawski, and Bohdanowicz-Godfrey, 2015). Stakeholders are defined as “individuals or groups that can influence the ability of organization to achieve its goals, or who can be influenced by organization’s goals and actions” (Rupčić, 2018, p. 118). According to Stakeholder model developed by Werther and Chandler (2014) stakeholders can be classified as internal stakeholders who are part of the organization (owners, managers and employees), economic stakeholders or those who have business relations with the organizations such as suppliers, partners, distributors, creditors or customers and societal stakeholders which includes all of those groups who are not in direct contact with the organization but can have an influence (e.g. local community, media, NGOs...). Stakeholders are recipients of company’s undertakings, i.e. they are influenced by corporate behavior (Wood and Jones, 1995). Among the most important stakeholders are employees.

Corporate social responsibility involves human rights, labor and employment practices (such as training, diversity, gender equality and employee health and well-being), environmental issues (such as biodiversity, climate change, resource efficiency, life-cycle assessment and pollution prevention) and combating bribery and corruption, community involvement and development, inclusion and diversity, equality, consumer interests, including privacy, the promotion of social and environmental responsibility through the supply-chain and the disclosure of non-financial information (EC, 2011). Hillenbrand et al. (2013) further distinguish self-related and others-related CSR experiences, whereas self-related experiences are based on the individual’s perceptions of how he or she has been treated by the organization and others-related experiences that are based on the perceived company’s behavior towards other stakeholders (e.g. customers, local community, environment, other employees).

Employees, as group that is involved in value creation and can have a strong impact on firm’s performance, represent one of the most important stakeholders nowadays (Cohen, 2010). This is especially true in hospitality as labor intensive industry where customer satisfaction is influenced by the service quality which is directly dependent on the employees' performance (Brlečić Valčić and Bagarić, 2015). Brlečić Valčić and Bagarić's (2015) conceptual model implies that companies in tourism sector need to focus on improving interactions with guests in order to improve value capture process. Improving interactions with guests inevitably relies on satisfaction and stability of the workforce. As research shows, CSR can be used as engagement tool for hospitality employees to achieve better performance, retain talent and attract good quality employees (Park and Levy, 2013). Among employee outcomes of CSR importance should be given to job satisfaction and organizational commitment as both attitudes determine employee behavior (Zientra et al., 2015). Satisfied and committed employees are less likely to shirk, to be absent and to quit (Zientra et al., 2015; Hiemerl et al., 2020).

Surroca et al. (2010) claim that CSR can help build strong human capital since companies committed to social responsibility attract better talent and have higher retention rates, favor positive work attitudes and work engagement and have higher employee involvement in environmental improvement. This workforce characteristics can be hard to imitate leading to sustainable competitive advantage (Surroca et al., 2010).

2.2. CSR and job satisfaction

Researchers (Barakat et al., 2016; Bauman and Skitka, 2021; Kim et al., 2020) have established positive link between CSR and job satisfaction defined as “a global feeling about the job or as a related constellation of attitudes about various aspects or facets of the job” (Spector, 1997, p. 2) or as “pleasurable or positive emotional state resulting from the appraisal of one’s job or job experiences” (Locke 1976, p. 1304). According to the results from Firth et al. (2004) job satisfaction is heavily influenced by feeling of stress that comes from role ambiguity (clear responsibilities), role conflict (upsetting some people in order to satisfy others), work-overload (more work than an employee can handle) and work-family conflict (impacts of the work on the quality of non-work life). Salary is not anymore the only factor when it comes to labor retention. Recent research by Miklošević, Vretenar Cobović and Markuz (2022) on Croatian employees showed that non-material satisfaction factors are more important for job satisfaction than salary. Their results show that every time employee had to determine the importance of salary versus intangible factors, he or she chose intangible factors including good working atmosphere, secure working position, relations with superiors and colleagues, low level of stress at job and opportunities for advancement (Miklošević et al., 2022).

Most of the research in this field has been based on the Need satisfaction theory which implies that increased satisfaction of different level needs will lead to greater job satisfaction. Bauman and Skitka (2021) point out four distinct paths through which CSR can satisfy employees’ needs: a) providing a sense of security and safety b) increasing self-esteem that comes from a positive social identity, i.e. working for a company that have positive reputation in public c) feeling of belongingness and social validation of important values and d) meaningful work and deeper sense of purpose at work. McPhail et al. (2015) have conducted a study on over 9000 employees in hospitality industry and found that overall job satisfaction is affected by opportunities for self-development (training and opportunities for advancement), diversity and control over work tasks (ability to use one’s initiative, variation in tasks and independence) and friendly environment (teamwork, mutual respect and appreciation from others). Yang (2010) found that job satisfaction can be strengthened by decreasing work related stress and avoiding job burnout which can be done through employee training, mentorship, realistic job previews and encouraging work-related autonomy. Research by Lee et al. (2012) showed that job satisfaction is mainly influenced by ethical dimension of CSR since ethical dimension directly affects work environment and conditions for employees.

Some authors go a step further and connect CSR to quality of work life (QWL) which is understood as broader category than job satisfaction because it addresses also impacts of job individual’s life outside the work setting. Kim et al. (2017) have found that CSR positively influences quality of work-life defined as “employee satisfaction with a variety of needs through resources, activities, and outcomes stemming from participation in the workplace” (Sirgy et al., 2001, p.242 cited in Kim et al., 2017). Quality of work life can be divided into lower and higher order QWL in line with Maslow’s hierarchy of needs theory (Maslow et al., 1970). Lower-order QWL includes employees’ satisfaction with health and safety and economic/family needs through organizational resources whereas, the higher-order QWL comprises “employee satisfaction with social, esteem, self-actualization, knowledge, and aesthetic needs” (Kim et al., 2017, p.27). Employees will be more satisfied with their job if they believe that organizations own the resources to satisfy their basic and growth needs (Kim et al., 2020). Usually it is assumed that economic and legal aspects of CSR lead to satisfaction of basic QWL needs and ethical and philanthropic aspects lead to satisfaction of growth needs of QWL (Kim et al., 2020).

Furthermore, results from study by Heimerl et al. (2020) on hospitality employees in Alpine region show that long working hours, poor work-life balance, stress, low income and negative perceptions of employers were among greatest disadvantages of their job causing job dissatisfaction. Since CSR in hospitality means increased health and safety in work environments, adequate compensation and decent work conditions, recognitions of all employees, career development opportunities and training, work-life balance and opportunities for meaningful contribution to society (Cammilleri, 2016), which due to previous research enables satisfaction of employees’ basic and growth needs (Kim et al., 2020), we claim that there is a positive correlation between perceived CSR and job satisfaction.

H1a: There is a positive correlation between perceived CSR and job satisfaction.

2.3. CSR and organizational commitment

Previous research has established positive relationship between perceived CSR and organizational commitment (Turker 2009; Bramer et al., 2007; De Silva and Lokuwaduge, 2021). Organizational commitment is seen as “a strong belief in, and acceptance of, the organization’s goals and values; a willingness to exert considerable effort on behalf of the organization; and a strong desire to maintain membership in the organization” (Mowday, Porter,

and Steers, 1982, p. 27). Organizational commitment has three forms 1) affective commitment as “an emotional attachment to, identification with and involvement in the organisation” 2) continuance commitment which is “the perceived costs associated with leaving the organisation” and 3) normative “a perceived obligation to remain in the organization” (Allen and Meyer, 1990, p.21).

Positive relationship between perceived CSR and organizational commitment has been explained with Social identity theory (SIT) which suggests that employees are proud to identify with organizations that have positive external reputation (Lee et al., 2013). According to the theory social identity includes “all aspects of an individual’s self-image which is derived from the categories to which that individual perceives him or herself to belong” (Hewstone and Jaspacrrs, 1984 cited in Turker, 2009). In fact, SIT suggests that individual’s self-concepts are composed of identities associated with different social groups they belong to (De Roeck et al., 2014). Social identity, and its subtype of organizational identity, is developed when “an individual wants to conform to various norms and customs of a group that contributes positively to their social identity” (De Silva and Lokuwaduge, 2021). As Social identity theory suggests, individuals’ view of themselves is influenced by membership in social organizations, including work organizations (Brammer et al., 2007).

Individuals compare their own organizations to others, and when they identify that their organization has more favorable reputation than the comparable groups, individuals will want to be members of such organization (Turker, 2009). When employee perceives existing policies, practices and activities positively that enables organizational identification which allows them to develop a feeling of belongingness to the organization (De Silva and Lokuwaduge, 2021). Joining groups that are in line with individual’s values and attributes satisfies their need for belonging and meaningful existence (De Roeck et al., 2014). Thus, when employees perceive their organization as socially responsible and they find CSR to be important and positive characteristic, belonging to this organization will enhance their self-esteem (Turker, 2009). Furthermore, identification with firm will lead to internalization of mission, vision and goals which will lead to cooperative and collaborative behavior towards the firm goals (Park and Levy, 2013). However, it has to be noted that CSR will only affect employees’ attitudes toward organization if employee believe in the importance of the corporate social responsibility (Peterson, 2004). Moreover, the impact of CSR on employee attitudes depends on their individual perceptions of firm’s social responsibility (De Silva and Lokuwaduge, 2021; Brammer et al., 2007) rather than external rating.

Since previous studies (Turker 2009, De Silva and Lokuwaduge, 2021; Brammer et al., 2007; Park and Levy, 2013) have shown that organizational commitment is positively affected by CSR we pose following hypothesis:

H1b: There is a positive correlation between perceived CSR and organizational commitment.

2.4. Intention to quit

Quitting a job is an employee behavior accurately indicated by intention to quit (Firth et al., 2004). Intention to quit or turnover intention is defined as “a conscious and deliberate willingness to leave the organization” (Tett and Meyer, 1993, p. 262). Sager’s longitudinal study (2004, cited in Firth et al., 2004) has shown that intention to quit is found to effectively discriminate between leavers and stayers. Finally, Firth et al., (2004) study showed that sense of commitment to organization (beta = -0,49) and job satisfaction (beta = - 0.41) have major impact in reducing employee’s intention to quit.

Firstly, turnover intentions can stem from low job satisfaction (Griffeth et al., 2000). In fact, pilot study by Pizam and Thornburg (2000) among US hotels found that job satisfaction was second most important factor of turnover intentions, just behind satisfaction with pay and benefits. Results show that 92% of employees who feel dissatisfied with their work will develop intention to leave (Pizam and Thornburg, 2000). Research implies that in companies where there is a good quality of work life and employee well-being is being prioritized there is also less turnover among employees (Ashton, 2018; Wright et al., 2007). Several studies such as: Ashton's (2018) study on employees in Thailand, study on Generation Y employees in hospitality conducted by Frye et al. (2020) and Lee and Chen's research on employees in retail (2018) found that increased job satisfaction, through fulfillment of employees’ needs, leads to higher retention levels. Study by Laškarin Ažić et al. (2022) on seasonal workers in Croatian hospitality sector found that employees who have greater control over their tasks (self-determination) and more opportunities for advancement and learning (self-actualization) are more satisfied with their job and more likely to return to the same company next season. Based on the presented results of previous research we hypothesize:

H2a: There is a negative correlation between job satisfaction and intention to quit.

Secondly, organizational commitment has proved to be useful predictor of intentions to quit as well as for the actual turnover. When one's commitment is high, he or she is less likely to quit and move to another organization (Lee et al., 2012). Research by Lee et al. (2012) found that organizational commitment is directly related to turnover intentions, while job satisfaction has no direct impact but the link is established via organizational commitment. Jones (2010) conducted a study on 162 US employees and found that corporate volunteering, as one form of CSR, could increase employees' intention to stay due to their enhanced organizational identification. As mentioned previously, according to Social identity theory organizational identification leads to organizational commitment. Results show that for those employees who assign value to corporate volunteering, participation in such program makes them feel proud about their organizational membership (Jones, 2010). Another study conducted by Lee et al. (2013) on a sample of 168 Korean employees found that employees' positive perception of company's CSR can trigger their sense of attachment to the company increasing their organizational commitment resulting in lower turnover intentions. Furthermore, study done by Hollingworth and Valentine (2013) on a sample of 527 financial services employees in the US found that employee perceptions of Corporate social responsibility and Continuous process improvement orientation (CPIO) are strongly related and both have indirect positive impact on intentions to stay through organizational commitment. Based on the previous research we propose following hypothesis:

H2b: There is a negative correlation between organizational commitment and intention to quit.

Based on the literature review and theoretical assumptions we expect a negative correlation between perceived CSR and turnover intention. Furthermore, our hypothesis is supported by results of extensive meta analysis done by Paruzel et al. (2021), research by Lee and Chen (2018) and Ashton (2018) who all found that perceived CSR is inversely related to turnover intentions.

H3: There is a negative correlation between perceived CSR and intention to quit.

Figure 1 presents the conceptual framework derived from the above outlaid literature review stating that CSR will be negatively correlated to intention to quit. However instead of direct impact of CSR on intention to quit, we presume this relationship will be mediated by job satisfaction and organizational commitment. We base this relation on the findings that CSR positively influences job satisfaction and organizational commitment, while job satisfaction and organizational commitment are negatively correlated with turnover intentions. Proposed model is presented in figure 1.

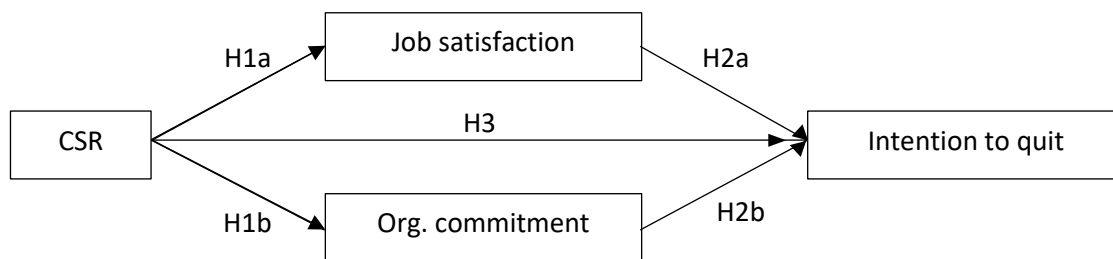


Figure 1. Conceptual framework: Relationship between perceived CSR and intention to quit

Source: created by authors

2.5. Employee perceptions

Previous studies have found inconsistency in relating CSR to some employee outcomes, and one of the possible explanations provided by Bhattacharya, Sen and Korschun (2008, cited in Inoue and Lee, 2011) is that ambiguity for relationship may be caused by employees' lack of awareness, lack of CSR education or failure to meet their expectations. As Bauman and Skitka (2021) mention, employees' perceptions of corporate responsibility may not correspond to external assessments or perceptions of other stakeholders, thus it is important to gain perceptions of employees since subjective assessments can influence attitudes and behaviors towards the company. Therefore, employees' perceptions are more important measure than actual CSR rating because perceptions directly influence attitudes. According to Hillenbrand, Money and Ghobadian's research (2013) employees base their perceptions of CSR mostly based on how organization relates to them in institutionalized processes and day-to-day interactions. That emphasize the need for CSR to be integrated in all stakeholder relations and everyday activities instead of being seen as only occasional corporate actions like donations, volunteering or awareness campaigns. Furthermore,

Zientra et al. (2015) point out how significance of CSR in society differs based on the cultural context. According to them, culture influences values and behaviors of individuals that in turn give less or more importance to corporate responsibility. They provide example of Scandinavia where social and environmental responsibility is embedded in the culture explaining why employees and customers show strong preference and commitment towards socially responsible organizations.

3. Data & Methodology

Based on the research aim, a deductive and quantitative research design has been applied. Deductive approach is recommended when researchers aim to test hypothesis derived from previous research (Saunders, Lewis and Thornhill, 2019). In the absence of clear evidence regarding relationships between CSR and staff retention in Croatian hospitality sector, but based on the theoretical background presented in the previous chapter, we formulated and tested following hypothesis:

H1a: There is a positive correlation between perceived CSR and job satisfaction.

H1b: There is a positive correlation between perceived CSR and organizational commitment.

H2a: There is a negative correlation between job satisfaction and intention to quit.

H2b: There is a negative correlation between organizational commitment and intention to quit.

H3: There is a negative correlation between perceived CSR and intention to quit.

3.1. Data collection and instrument

Data has been collected and analyzed using quantitative methods. Questionnaires are used to collect people's thoughts or feeling about certain issues, events, behaviors and they can measure constructs such as attitudes, values and preferences and intentions (Therenou et al., 2007). Since this research is based on perceptions, attitudes and intentions, questionnaire is seen as appropriate data collection method. Furthermore, extensive literature review of micro-level studies in hospitality showed that out of 17 papers, 16 used survey as data collection methods (Guzzo et al., 2020) supporting authors' choice to employ questionnaire in this research.

Survey questionnaire (*Please see appendix 1*) is comprised of 5 parts: 1) demographic data, 2) perceived CSR, 3) job satisfaction, 4) organizational commitment and 5) turnover intention. Perceived CSR was measured with perceived Corporate Social Responsibility (PCSR) scale developed by Glavas and Kelley (2014). PCSR is constituted of social and environmental factors and each comprises of 4 items. Coefficient alpha for PCSR scale is 0.87. Job satisfaction was measured with Overall Job Satisfaction Questionnaire developed by Cammann, Fichman, Jenkins, and Klesh (1983) that consists of 3 items. Organizational commitment (affective) was measured on an 8-item scale developed by Allen and Meyer (1990). Glavas and Kelley in their study on effects of perceived CSR originally used questionnaire that contained PCSR, job satisfaction and organizational commitment, i.e. 19 items. This study complemented the questionnaire by turnover intentions 3-item scale developed by Cammann, Fichman, Jenkins and Klesh (1979). Additionally, authors included one item measuring intention to stay ("I prefer to continue working in this company if I am completely free to choose") taken from Kim, Millman and Lucas (2020) study. In total, questionnaire includes 28 items. All items (except demographic features) were measured on 7-point Likert scale, where 1 = *strongly disagree* and 7 = *strongly agree*.

Questionnaire is highly structured which is recommended in situations when there is a large sample and the aim is to gather rich quantitative insights (Cohen et al., 2005, p.248). The questionnaire was developed in the English language and it was translated in Croatian by researchers who are native speakers. Questionnaire was distributed online as that allows respondents to answer the questions when they have time, there is no influence of researcher being present and allows faster distribution and bigger scope. Researchers aimed for an attractive design, clear instructions and short length as that helps ensure higher response rate (Walliman, 2017).

Quantitative data was collected between 5th of the July and 5th of the August through Google form distributed to hospitality employees from Croatia. In order to get variance in CSR perceptions which is important for testing the effects of perceived CSR (Glavas and Kelley, 2014), survey was distributed among different types of accommodation and hospitality facilities, varying in size and scope, from small family restaurants to large multinational hotel chains. Within the sample there are employees coming from companies that are completely ignorant about CSR to companies that have strong and strategic commitment to it. Survey was sent directly to managers and employees of organizations based on the publicly available contacts. Furthermore, link was

distributed in relevant social media groups. Finally, some respondents were reached through researchers' private network. Participation was on a voluntary basis and anonymous.

3.2. Sample

With the confidence level of 95% and ME of 10%, needed sample size equals 96. The final sample included 101 respondents and its characteristics are presented in the table 1. Sample is comprised of 50.5% female and 47.5% male. Majority of respondents (43.6%) belong to the Generation Y (27-40 years old). There was also 26.7% of Generation Z and 23.8% of Generation X. In regards to job tenure, 25.7% works for their current employer less than a year, 12.9% for 1-2 years, 30.7% for 3-5 years, and rest for more than 5 years. 66.3% of the sample has unlimited duration contract, while 18.8% has limited duration. Furthermore, 8.9% had student contract which can as well be considered type of limited duration contract. Taking into consideration that at the national level in 2021, 33.29% of employees work with the same employer for less than 2 years, and almost 30% of employees (28.64%) had limited duration contracts (Eurostat, 2021), we conclude that sample is representative of the population. Furthermore, 46.5% of the sample is comprised of service staff, while rest are management positions. Finally, majority of respondents work in catering facilities (43.6%) or hotels (31.7%). From demographic perspectives, sample represents a diverse population.

Table 1. Sample characteristics (N = 101)

Attribute	Option	Frequency	Share (%)
Gender	Female	51	50.5%
	Male	48	47.5%
	Other	2	2%
Age	< 18 years	1	1%
	18 - 26 (Generation Z)	27	26.7%
	27 – 40 (Generation Y)	44	43.6%
	41 – 55 (Generation X)	24	23.8%
	> 55 years	5	5%
Seniority years	< 1 year	26	25.7%
	1 - 2 years	13	12.9%
	3 - 5 years	31	30.7%
	6 - 10 years	12	11.9%
	> 10 years	19	18.8%
Type of contract	Unlimited duration	67	66.3%
	Limited duration	19	18.8%
	Student contract	9	8.9%
	Other	6	5.9%
Type of hospitality object	Hotel	32	31.7%
	Camp	4	4%
	Catering facilities (bars, restaurants, coffee shops, fast food,...)	44	43.6%
	Other	21	20.8%
Organizational role	Service staff	47	46.5%
	Supervisors	14	13.9%
	Middle management	19	18.8%
	Top management	21	20.8%

Source: Authors.

3.3. Data analysis

Collected data was analyzed using Microsoft Excel program. Data was exported from online survey tool in an excel sheet. Scores for PCSR, job satisfaction, organizational commitment and intention to quit were calculated for each participant. Then, proposed hypotheses were tested using correlation and regression analysis. As Chen and Popovich (2002) point out, correlation analysis can be applied for examining a relationship between two variables as a method of inferential statistic. Therefore, the analysis started with the calculating correlation coefficients. Firstly, Pearson's correlation coefficient was used to determine the direction and strength of the relationship between dependent and independent variables. Secondly, in order to investigate how well each of the variables (CSR, job satisfaction and organizational commitment) is credible in predicting the intention to quit, we applied regression analysis. Regression analysis is used for determining which variables have impact on the construct of interest, to establish which factors matter than most and how strong and significant these relations are (Best and Wolf, 2014). Thus, regression analysis is seen as appropriate method for this study. Regression analysis allows us to confidently confirm or reject established hypotheses and make recommendations for the Croatian hospitality sector.

4. Results

This chapter presents the correlation and regression analysis of the collected data.

4.1. Correlation Analysis

The table 2 shows correlations between constructs representing direction and strength of relationships between them. Strongest correlations were found between organizational commitment and intention to quit, where the Pearson's r equals - 0.8555, and between job satisfaction and intention to quit where $r = - 0.7412$. This means that employees who are more satisfied with their jobs and committed to organization will have lower intention to quit, thus remaining with the organization for the longer period of time. Correlation coefficient between perceived CSR and intention to quit is - 0.6097, indicating the weakest correlation, yet still very strong correlation.

Chen and Popovich (2002) point out that Cohen (1988) is probably the most often cited scholar in relation to describing and interpreting the size of a correlation. According to Cohen's scheme (1988, cited in Blaikie, 2003), a coefficient around 0.1 is regarded as small correlation, around 0.3 as medium and 0.5 or more as high. However, as Chen and Popovich (2002) point out, Cohen (1988) specifically stated that these adjectives are relevant to the field of study and specific context. Based on this scale and in line with previous research in this field, we conclude that correlation between CSR and job satisfaction, CSR and organizational commitment, job satisfaction and intention to quit, organizational commitment and intention to quit and CSR and intention to quit is strong.

Table 2. Correlations – Pearson's r

	CSR	Job satisfaction	Organizational Commitment	Intention to quit
CSR	1	0.7263	0.6475	- 0.6097
Job satisfaction		1	0.7664	- 0.7412
Org. Commitment			1	- 0.8555
Intention to quit				1

Source: Authors

4.2. Linear Regression Analysis

In order to establish causal relations between constructs and confirm statistical significance of correlations we applied regression analysis. Results of the analysis are presented in the table 3. Analysis showed all hypotheses were supported with data, thus confirmed.

Table 3. Regression Analysis

Relationships ¹	Pearson's <i>r</i>	R-square (<i>R</i> ²)	Coefficients (<i>X</i>)	t Stat	P-value	Conclusion
H1a: CSR → JS	0.7263	0.5275	0.6220	10.5133	0.000	Supported
H1b: CSR → OC	0.6475	0.4193	0.6338	8.4547	0.000	Supported
H2a: JS → ItQ	0.7412	0.5494	-1.0698	-10.9869	0.000	Supported
H2b: OC → ItQ	0.8555	0.7319	-1.0805	-16.4426	0.000	Supported
H3: CSR → ItQ	0.6097	0.3717	-0.7537	-7.6531	0.000	Supported

Source: Authors

For the hypothesis H1a: *There is a positive correlation between perceived CSR and job satisfaction*, value of Pearson's coefficient of linear correlation equals 0.7263 which means correlation is strong. The most important indicator that allows conclusions on validity of the hypothesis is P-value. Since P value equals <0.0000 correlation is statistically significant, because it is considerably lower than stricter criteria of statistical significance that equals $P = 0,01$. Positive value of variable $X = 0.6220$ indicates that the correlation is positive. Since correlation is statistically significant and positive, hypothesis H1a: *There is a positive correlation between perceived CSR and job satisfaction*, should be considered undoubtedly confirmed. Analysis confirmed that perceived CSR has an impact on job satisfaction. Since, R squared determines the amount of variance in dependent variable that is accounted for or explained by the independent variable, and in this case equals 0.5275, that means a total of 52.75% of the variance in job satisfaction can be explained, predicted, accounted for by perceived CSR.

For the hypothesis H1b: *There is a positive correlation between perceived CSR and organizational commitment*, value of Pearson's coefficient of linear correlation equals 0.6475 which means correlation is strong. The most important indicator that allows conclusions on validity of the hypothesis is P-value. Since P value equals <0.0000 correlation is statistically significant, because it is considerably lower than threshold value stricter criteria of statistical significance that equals $P = 0,01$. This regression model is acceptable at .01, therefore we conclude this is a valid model. Positive value of variable $X = 0.6338$ indicates that the correlation is positive. Since correlation is statistically significant and positive, hypothesis H1b: *There is a positive correlation between perceived CSR and organizational commitment*, should be considered undoubtedly confirmed. Value of the determination coefficient (R^2) equals 0.4193 which implies that 41.93% of variance in organizational commitment level can be explained by perceived social responsibility of the company, while remaining 58.07% can be explained by other organizational factors.

For the hypothesis H2a: *There is a negative correlation between job satisfaction and intention to quit*, P value <0.0000, which is considerably lower than $P=0,01$, indicating that correlation is statistically significant. Pearson's $r = 0.7412$ which means correlation is strong. Negative value of variable $X = -1.0698$ indicates that the correlation is negative. Since correlation is statistically significant and negative, hypothesis H2a: *There is a negative correlation between job satisfaction and intention to quit*, should be considered undoubtedly confirmed. Value of the determination coefficient (R^2) equals 0.5494 which implies that 54.94% of variance in intention to quit can be accounted to job satisfaction.

For the hypothesis H2b: *There is a negative correlation between organizational commitment and intention to quit*, P value equals <0.0000, which is considerably lower than strict criteria of statistical significance $P=0.01$, indicating that correlation is statistically significant. Pearson's $r = 0.8555$ which means correlation is strong. Negative value of variable $X = -1.0805$ indicates that the correlation is negative. Since correlation is statistically significant and negative, hypothesis H2b: *There is a negative correlation between organizational commitment and intention to quit*, should be considered undoubtedly confirmed. Value of the determination coefficient (R^2) equals 0.7319 which implies that 73.19% of variance of intention to quit can be predicted with organizational commitment.

For the hypothesis H3: *There is a negative correlation between perceived CSR and intention to quit*, results show P-value is <0.0000 which is significantly lower than 0.1, 0.05 and 0.01 thresholds. Pearson's coefficient equals 0.6097 which means correlation between perceived CSR and intention to quit is strong. Negative value of $X = -0.7537$ shows negative correlation. Since correlation is statistically significant and negative, we conclude that

¹ Abbreviations in Table 3: CSR (Corporate social responsibility), JS (Job satisfaction), OC (Organizational Commitment), ItQ (Intention to Quit).

hypothesis H3 is supported. However, since R^2 equals 0.3717, only 37.17% of variance in intention to quit can be directly explained with perceived CSR.

Based on the presented analysis, we conclude that all hypotheses were supported and confirmed.

5. Discussion

In the context of human resources crisis in Croatian hospitality sector characterized by labor shortage and unsustainable working conditions of many employees, the aim of this paper was to examine whether hospitality companies that engage in socially responsible practices and invest in well-being of their stakeholders are more likely to attract and retain their staff.

Hospitality employees leave their employers, or even the industry, due to limited duration contracts, low wages, long working hours and highly stressful work environment (Heimerl et al., 2020). Companies that are highly socially responsible reduce these negative impacts by ensuring decent working conditions and improving well-being of employees. This, according to Need satisfaction theory, satisfy employees' needs leading to greater job satisfaction. Implementing sustainability practices in order to reduce negative impacts on the environment and ensuring well-being of other stakeholders, according to Social identity theory, improves self-image and self-esteem of employees thus leading to greater organizational commitment since individuals want to belong to the group that makes them feel good about themselves. Higher job satisfaction and organizational commitment will result in lower intention to quit, hence increasing staff retention rates.

These theoretical presumptions presented in the literature review chapter were tested in this research. Data suggests there is a strong, statistically significant positive correlation between CSR and job satisfaction and organizational commitment, as well as strong negative, statistically significant correlation between job satisfaction and organizational commitment and intention to quit. Our results indicate that 53% of the variance in job satisfaction and 58% of variance in organizational commitment can be explained with perceived CSR. Furthermore, 54.94% of variance in intention to quit can be accounted to job satisfaction and 73.19% of variance of intention to quit can be predicted with organizational commitment. Since human behavior is influenced by large number of independent variables, R squared values above 50% can be regarded as indication of strong correlation. Our results thus imply CSR can improve staff retention.

Staff retention was measured with self-reported intention to quit since Firth et al., (2004) claim intention to quit is a good predictor of actual quitting behavior. It has to be noted that research is based on the employees' perceptions of CSR, instead of actual CSR levels. This is because employees' attitudes and behaviors towards the company are influenced by their perceptions (Bauman and Skitka, 2021) and their perceptions might not reflect actual CSR situation or reported CSR due to their everyday involvement in business operations, lack of CSR related education or lack of communication. Therefore, it was important to put into relation their perceptions of company's CSR and their attitudes regarding job satisfaction and organizational commitment. Furthermore, our research showed that Croatian hospitality employees attach importance to CSR, which according to Zientra et al., (2015) is a main reason why in some context CSR impacts employee attitude and in some not. We based this conclusion on Peterson's (2004) claim that CSR will only affect employees' attitudes toward organization if employee believe in the importance of the corporate social responsibility.

Our findings support previously determined relationship between CSR and job satisfaction in the studies by Barakat et al. (2016), Lee and Chen (2018) and Zientra et al. (2015), and relationship between CSR and organizational commitment as researched by Turker (2009), Glavas and Kelley (2014), Brammer et al. (2007), Zientra et al. (2015), Park and Levy (2013) and Kong et al. (2019). Furthermore, findings on connection between job satisfaction and intention to quit derived from our research are in line with Karatepe et al. (2006) findings that a low level of job satisfaction leads to high levels of intention to leave the workplace and Ashton's (2018) conclusions about job satisfaction-intention to quit relationship in Thai hotel industry. Additionally, our study contributes to the Firth's conclusion that job satisfaction and organizational commitment are strong predictors of intention to quit and confirms Hollingworth and Valentine (2014) findings on organizational commitment-intention to quit relationship. Contrary to results by Lee et al. (2012), our research indicates that there is a direct relationship between job satisfaction and intention to quit, meaning such relation does not need to be established via organizational commitment.

On a contrary to Hollingworth and Valentine (2014) findings that there is no direct effect of CSR on intention to quit, our research indicates that CSR is directly correlated to intention to quit. However, literature still can't explain direct relationship between CSR and intention to quit, so the relationship is explained and mediated through job satisfaction and organizational commitment as pointed out above.

In order to gain benefits in relations with employees, hospitality companies should implement human resources practices that will satisfy employees' needs and increase their organizational commitment. Such CSR practices include training and mentorship, task variety, control and autonomy (Yang 2010), job security and fair wages (Bauman and Skitka, 2021), opportunities for advancement, friendly environment and work-life balance (McPhail, 2015). However, investing only in well-being of employees is not enough, as CSR is related to impacts a company's has on all stakeholders and the environment. And while CSR practices directed towards employees might significantly affect their job satisfaction, positive impacts on other stakeholder groups will improve overall image of the organization thus increasing employee's organizational commitment. Companies that work on reducing their negative societal and environmental impacts will have positive return on investment in terms of reduced fluctuation rates which results in reduced costs and better service quality.

Theoretical and practical implications of the study

This study contributes to the field of micro-level implications of CSR by development of the conceptual model that puts into relation CSR, job satisfaction, organizational commitment and intention to quit. Our findings thus help cover the existing gap in the hospitality industry research regarding impacts of CSR on staff turnover (Guzzo et al., 2020). Findings of the paper confirm previously established relationship between CSR and job satisfaction, clarify connection between CSR and organizational commitment and establish relation between CSR and intention to quit in the Croatian hospitality industry. Moreover, this is first such research in Croatia and data indicate that CSR is considered important by Croatian employees thus having significant influence on their work-related attitudes. The present study also has practical implications for stakeholders within hospitality and tourism industry. The findings of this research should be taken into account when developing retention strategies and creating more attractive workplaces for employees. Since labor shortage is seen as one of the main sustainability challenges in Croatian tourism sector as presented in Ivandić, Šimović, Topalović and Tutek (2019), embracing CSR could help in achieving sustainable tourism development.

Limitations and recommendation for further research

Firstly, the sample in this research included only 101 responses. In order to strengthen confidence level and reduce ME, future studies might test the findings on a larger sample. Secondly, the constructs in this research were measured through the employees' self-reported perceptions, therefore in order to get fuller understanding of the connection between CSR and intention to quit, further studies might examine current level of CSR in different companies and put it into relation with their workforce fluctuation data. Thirdly, this research applied correlation and regression analysis to establish relation between CSR and intention to quit. Further research might be longitudinal in order to establish stronger causal relationship between proposed constructs using Structural equation modelling. And last but not the least, since the aim of this paper was to research relations between CSR, job satisfaction, organizational commitment and intention to quit in Croatian hospitality sector, conclusions of the study might not be directly transferable to other countries and industries. Therefore, the recommendation is to test this study's results in different contexts. Additionally, researching what type of CSR practices have the biggest effect on employee' attitudes was out of the scope of this study, however, such research could be beneficial for professionals developing CSR strategies.

6. Conclusion

The aim of this study was to investigate effects of CSR on staff retention in Croatian hospitality sector. Our research included 101 Croatian hospitality employees that filled in online questionnaire. Collected data was analyzed with correlation and regression analysis through which we confirmed all hypotheses developed based on the literature review. Finally, our regression model implies that CSR could be used as a good predictor of intention to quit among employees. This relationship can be explained through the impact of CSR practices on job satisfaction and organizational commitment. More specifically, CSR has strong positive impact on job satisfaction and organizational commitment, while high job satisfaction and organizational commitment decrease intention to quit. Thus, based on the results of this study it can be concluded that good CSR practices can improve staff retention in Croatian hospitality sector. All this leads to the conclusion that hospitality sector needs to accept its social responsibility and start implementing practices that will improve stakeholders' well-being and most importantly, reduce negative impacts on the employees that come in form of low wages, limited contracts, long-working hours, poor interpersonal relations etc. This will help attract and retain skilled employees thus avoiding labor shortages which present one of the greatest sustainability challenges of the sector.

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APPENDIX 1. Questionnaire

Demographic characteristics

1. Please indicate your age __
2. Please select your sex M / F / else
3. Job position in organization (service employee / low management / middle management / top management)
4. Length of employment in organization ____
5. Please select type of your organization: Hotel / camp / catering facility

Perceived Corporate Responsibility Scale

Social:

1. Contributing to the well-being of employees is a high priority at my organization.
2. Contributing to the well-being of customers is a high priority at my organization.
3. Contributing to the well-being of suppliers is a high priority at my organization.
4. Contributing to the well-being of the community is a high priority at my organization.

Environmental:

5. Environmental issues are integral to the strategy of my organization.
6. Addressing environmental issues is integral to the daily operations of my organization.
7. My organization takes great care that our work does not hurt the environment.
8. My organization achieves its short-term goals while staying focused on its impact on the environment.

Job Satisfaction

1. All in all, I am satisfied with my job.
2. In general, I don't like my job. (R)
3. In general, I like working here.

Organizational Commitment

1. I would be very happy to spend the rest of my career with this organization.
2. I enjoy discussing my organization with people outside it.
3. I really feel as if this organization's problems are my own.
4. I think I could easily become as attached to another organization as I am to this one. (R)
5. I do not feel "part of the family" at my organization. (R)
6. I do not feel "emotionally attached" to this organization. (R)
7. This organization has a great deal of personal meaning for me.
8. I do not feel a strong sense of belonging to my organization. (R)

Turnover Intention

1. I often think of leaving the organization.
2. It is very possible that I will look for a new job next year.
3. If I may choose again, I will choose to work for the current organization.
4. I prefer to continue working for this company if I am completely free to choose.

Note: (R) = reverse-worded. For all items, 1 = *strongly disagree*, 7 = *strongly agree*.