

# **Corporate Social Responsibility as a source of attracting talent: building an Iberian framework of analysis in the Tourism and Hospitality Management Sector**

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## **Abstract**

In the current context of turbulence, firms that are able to attract and retain the most qualified workers can obtain a source of sustainable competitive advantage from them in the market. In the last years, Corporate Social Responsibility (CSR) is acquiring a great relevance among academics and professionals as a management tool, which could send positive external signals to the prospective employees of companies. Considering this framework, this paper aims to demonstrate the important role of adopting a CSR orientation for companies in the process of attraction talented people. To support these objectives we based on the principles of stakeholders approach and signalling theory. The context of analysis will be framed in two countries with similar cultural and geographic location such as Spain and Portugal to get homogeneous results in order to make a comparison between them. The respondents of the study were students from Tourism and Hospitality Management in Technical Schools and Universities. The results obtained in the first focus of analysis in Portugal indicate a positive relationship among the candidates and their interest to work for companies that apply CSR activities. With this support, we are moving to Spain, concretely to Andalusia to test and contrast this framework in a similar population of students.

**Keywords:** Corporate Social Responsibility; Talent; Tourism and Hospitality Management.

## 1. INTRODUCTION

In the context of economic and financial recession, firms must maximize the outcome of their resources in order to survive and maintain its competitiveness. Following this idea, theoretical approaches such as the resource-based view (Barney, 1991) and human capital theory (Dimov and Shepperd, 2005; Lepak and Snell, 1998) extolled the important role of people in the course and success of organizational activities.

Additionally, in recent decades it has been appreciated how competitive companies struggle to attract and retain the most qualified human capital through different strategies and actions based on building a good image and reputation regarding society and their stakeholders (Bhattacharya et al., 2008). Concretely, Corporate Social Responsibility (CSR) has gained importance as one of these strategies; illustrating how implementing ethical, social and environmental activities allow firms to legitimate its actions regarding its groups of interests (Carroll and Shabana, 2010). Precisely, stakeholders approach explains that the process of meeting not only the economical expectations, but also the social, ethical and environmental requirements of these parts can achieve a greater commitment and satisfaction of them, which reports higher benefits for firms (Freeman, 1984).

Taken into account that one of the key firm's stakeholders are employees considering their contribution to the companies' performance, this paper pursues a main goal: Firstly, to build a theoretical framework to analyze whether CSR actions can be a tool to attract candidates of high potential or talent for business. To achieve this objective we based on two perspectives. The first one is the stakeholders approach to justify how companies can meet the wide requirements of these groups of interest. Secondly, we use signaling theory, which holds that companies with good future perspective or higher possibilities of success in the market send clear signals that are interpreted by their stakeholders (Spencer, 1973). We focus on employee, and specifically in candidates with high potential.

Methodologically, we have designed a comparative longitudinal study to examine in a sample of senior students in tourism and hospitality courses in technical and superior schools in Portugal as well as Spanish students to show the implications of social responsibility in the process to attract people with high potential. So, the main research hypothesis of the paper is:

**H1-** *Companies that use CSR actions can attract High Potential Candidates (HPC's).*

Moreover, aspects such as the area of residence, the reward system, the image and corporate reputation, the family of students or the degree are analyzed in order to establish different variables, which can affect the selection of Hotel Groups (HG) to work. Hence, we can establish the following hypotheses:

**H2.** *Personal factors such as familiars working in HG and the area of residence can determine the decision of students to work for HG.*

**H3.** *Professional factors such as the reward system, the image of firm can determine the decision of students to work for HG.*

To test these hypotheses, this paper is divided into three sections that are presented below: methods, results, discussion and conclusions.

## 2. METHOD

The population of this study corresponds to HPC's defined according to Martel (2003) as those desired people by organizations with greater market power for its education and quality. This study identifies senior's students from technical and university courses in tourism and hospitality in Algarve (Portugal) as well as some provinces of Andalusia (Spain). We surveyed a total of 265 Portuguese students. To complete the comparative analysis, we are designing a survey aimed to a student's population in Andalusia in the provinces of Cádiz and Malaga, which are a popular tourism location with similar geographical characteristics. The questionnaire aimed to these students contains closed questions to facilitate the respondent's work and data analysis. It is also codified in a Likert scale (1-5) to measure the attitudes and perceptions of individuals for certain parameters and concepts.

In Algarve, Portugal, the students pertains to the *Escola Superior de Gestão Hotelaria e Turismo of Universidade do Algarve* and *Escola de Turismo e Hotelaria do Algarve*, a technical school. In Andalusia, we are surveying the following Schools: *Escuela de Hostelería de Cádiz*, *Escuela de Hostelería Jerez*, *Escuela Fernando Quiñones* and *Les Roches Marbella International School of Hotel Management*. We are now contacting and receiving feedback from these institutions to apply the comparative analysis.

## 3. RESULTS IN PORTUGAL

The sample of the study in Algarve is mostly characterized by a harmonious diversity and distribution in terms of their biographical characteristics, place of residence and representativeness of the degrees they are enrolled in. Most respondents say they know the concept of CSR and they consider it extremely important to us in the job seeking process (90.6%), before attributes such as: image and reputation of the company; good policies of integration, possibility of learning and professional development; identity of values; wages and additional premiums; geographical location and proximity to the place of residence, family and friends working in the company; workers access to management, greater stability and fixation in the area of residence; large multinational company, with promotions and opportunities for international career; possibility of access to distribution of shares and other productivity bonuses. The respondents maintain their opinion when they state (72.9%) that they were not willing to work for a company that had weak CSR principles.

## 4. DISCUSSION AND CONCLUSIONS

Despite the attention that in recent years has been given to ethical issues related to the behavior of managers and business practices, the origins of the current international economic crisis, lead us to think that there is still much to be done. It is recognized that companies, managers and professionals in the Hospitality and Tourism face a constant

pressure for results, causing enormous tension in an unstable market with cyclical characteristics linked to economic, politic, social and natural phenomenon.

Therefore, tourism and hospitality sectors, have characteristics that distinguish them from most other activities, including the precariousness of most work contracts, determined mostly by policies that favor low wages, precarious and unskilled workers, the influence of seasonality, the need to reduce costs, pressure on quantity over quality, image associated with urban excesses, large-scale consumption of natural resources like water and production of waste in large quantities.

In Algarve, we found that the reputation associated with CSR practices influence the choose of students to work for companies which apply these kind of activities, being more important than: the proximity of possible workplace with their place of residence, geographic location of organizations in regions with a tradition in the hotel business and access to social facilities, culture, education and health quality, the possibility of rapid career progression, professional stability, the starting salary offered and other benefits of financial nature to be drawn.

Thus, fulfilling the general and specific objectives of this study, we can say that these results highlight the importance of the projection of a positive image that enhances the reputation of CSR companies on HPC, identified by us as seniors in technical and university courses that in the foreseeable future may apply as employees for the organizations under study. The communication of CSR practices can only help in this regard, promoting a positive image as these companies make a contribution from the social point of view and strive to have responsible and reliable performances. In this sense, our study helps to reinforce this idea in the Tourism sector. We can conclude that the attractiveness of a company regarding the process to recruit high potential employees can be positively related to CSR confirming previously research reported by Greening and Turban (2000) or Bhattacharya et al. (2008) as a strong competitive tool able to attract qualified workers.

## 5. LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

In the Portuguese schools in which the questionnaire was applied, it is clear that is necessary to work through the issues of participation of respondents in tasks and activities of social nature through the development of voluntary activities in their own schools.

We hope to be able to present in the following months some results from provinces of Cádiz, Huelva, Malaga and Almeria.

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