

Chapter 72

Examining Corporate Social Responsibility and Employee Engagement in Macao: The Mediating Role of Perceived Organizational Support and Chinese Values

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ABSTRACT

Previous research suggested that Corporate Social Responsibility (CSR) is positively related to organization's attractiveness to potential employees. This chapter tries to explore the effectiveness of CSR dimensions on employee engagement and the mediating factors that lay between the two constructs. It is proposed that CSR has a direct impact on employee engagement, and that perceived organizational support (POS) and Chinese values mediate this relationship, so CSR may also contribute indirectly to employee engagement. Data were collected from 314 employees in the tourism sector in Macao. Results support the hypotheses, as the relationship between CSR and employee engagement is fully mediated by POS and Chinese Values. Implications to theory and practice, with limitations and future research are presented.

INTRODUCTION

Macao, a regional center of gaming and tourism, has recorded steady and strong economic growth since its return to China in 1999. From 2002 to 2007, the average annual GDP growth rate was 17%, and in 2007, its per capita GDP was higher than Hong Kong and Taiwan, ranking the third in Asia (Macao Statistics, 2010).

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The tourism sector, especially the gaming industry has made the greatest contribution to Macao's economic growth. Driven by the gaming industry, Macao significantly increased its attractiveness for tourists. Tourism has brought a lot of foreign exchange earnings to Macao, and is the main source of Macao government's revenue. Besides, the tourism industry provides many jobs for people in Macao, and, in addition, tourism helps Macao improve city infrastructure to a large extent.

However, one dominant industry "crowding out" others is becoming worrisome. After the handover from Portugal to mainland China in 1999, and the abolition of global textile trade quotas, the gaming industry's "one industry dominance" situation continued to strengthen, with the other industries more and more crowded out. With the "Free Travel Scheme" being limited by the Chinese central government, and the competition from surrounding cities and countries (including the Philippines, Bummer, and even Singapore) by opening gambling business one after another, Macao's industry structure with one dominant industry of gaming becomes economically vulnerable.

Macao's government, therefore, has cut advertisement on gaming, and has promoted enormously on Macao's art, unique attractions, history and culture, and Macao World Heritage sites. Its aim is to promote Macao as the center for events and exhibitions, and for leisure as well. In order to attract tourists who do not come just for gambling, Macao's service sector includes cuisine, shopping, accommodation, and other types of hospitality need to improve their performance dramatically. This task is by no means easy for Macao which gets used to making quick money, because of its tiny land size, its limited local infrastructure, and deficient human resources. Two practical approaches are proposed to foster economic diversification in Macao. One is to maintain the current regime of casino taxes as a revenue source to make up for tax cuts or tax credits to be provided for diversified entertainment ventures. The other is to induce casino operations to invest their retained profits in non-gaming sectors to cash in on the spillover effects it has created. No matter which approach is to be adopted by the Macao government, a more balanced economy with a sustainable growth path is essential for Macao's future.

It is agreed that efficiency and productivity are demanded more than any other times in the history. Attracting and retaining talents thus become an important part of managers' job. Promoting corporate social responsibility (CSR) is an effective way organizations use to attract and retain large numbers of potential equality employees (Greening & Turban, 2000). Employers realize that efficiency and productivity lie within employees' ability and affective commitment. By focusing on employee engagement, they can expect more intrinsically motivated and competent workforce (Markos & Sridevi, 2010).

Saks (2006) argues that employee engagement studies in the academic literature are not sufficient, and scholars have not examined the relationship between CSR and employee engagement in the emerging economies. Evaluations of CSR activities sometimes infer that the real motive for organization's CSR activities is only to attract more customers and sell more products instead of create social value to its stakeholders.

The purpose of this chapter is, therefore, to enrich the CSR literature by addressing the CSR issues in Macao, one of the world's most rapid economic growth areas, and whether other organizational factors such as perceived organizational support (POS) and personal trait such as Chinese values affect the relationship and to what degree. Most CSR research has been conducted to measure the relationship between financial performance and social performance (Backhaus, Stone & Heiner, 2002). Greening and Turban (2000) and a few researchers have looked at another type of competitive advantage provided by CSR: the ability to attract and retain quality employees, but little research has investigated whether firms' CSR influences employees' engagement in the organization. Thus, it is also expected to contribute to the CSR literature by examining the impact of CSR on employees' engagement in a busi-

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