



# The impact of CSR on casino employees' organizational trust, job satisfaction, and customer orientation: An empirical examination of responsible gambling strategies

Choong-Ki Lee<sup>a,\*</sup>, Hak-Jun Song<sup>b,1</sup>, Hye-Mi Lee<sup>a,2</sup>, Seoki Lee<sup>c,3</sup>, Bo Jason Bernhard<sup>d,4</sup>

<sup>a</sup> College of Hotel & Tourism Management, Kyung Hee University, 1 Hoegi-dong, Dongdaemun-gu, Seoul 130-701, Republic of Korea

<sup>b</sup> Department of Hotel & Convention Management, College of Tourism & Fashion, Pai Chai University, 14 Yeon-Ja 1 Gil, Seo-gu, Daejeon 302-735, Republic of Korea

<sup>c</sup> School of Hospitality Management, The Pennsylvania State University, 217 Mather, University Park, PA 16802, USA

<sup>d</sup> Department of Hotel Management and Sociology, University of Nevada, 4505 Maryland Parkway, Box 455033, Las Vegas, NV 89154-5033, USA

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## ABSTRACT

Corporate social responsibility (CSR) has emerged as a critical philosophy and a strategy that affects both internal (i.e., employee) and external (i.e., customer) attitudes. The importance of CSR extends to the casino industry, especially when it pertains to compulsory and supplementary responsible gambling (RG) strategies. To this end, this study surveys casino employees in South Korea to examine the impact of CSR on casino employees' organizational trust, job satisfaction, and customer orientation. Results indicate that legal CSR and supplementary RG have a positive effect on organizational trust, whereas compulsory RG strategies have a negative effect on organizational trust. Also, it appears that organizational trust positively influences job satisfaction, which in turn has a positive effect on customer orientation. In building off of these findings, this study provides practical implications for casino managers when implementing CSR and RG strategies.

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## 1. Introduction

During recent years, corporate social responsibility (CSR) has become a critical consideration for businesses and academics alike. Today, many companies consider CSR an important corporate strategy for achieving a competitive advantage (Kim et al., 2012; Weber, 2008). According to stakeholder theory (Freeman, 1984), CSR strategies benefit a company or organization by satisfying major interests of the company's various stakeholders (which include consumers, employees, government, and shareholders). Hence, investigating the effects of CSR strategies on stakeholder attitudes constitutes a worthy direction for academic research.

According to Carroll's (1979) social performance model, CSR contains four dimensions: economic, legal, ethical, and philanthropic. The economic dimension refers to a company's economic obligations to stakeholders (e.g., to be profitable), while the legal

dimension relates to the legal compliance required of companies. The ethical dimension refers to expected activities a company performs as a member of society – excluding those which are legally bound by statutes. Finally, the philanthropic dimension addresses companies' voluntary activities to improve human welfare (e.g., donations and volunteerism) (Carroll, 1979).

While much of the CSR research focuses on the relationship between CSR activities and external customers (Brown and Dacin, 1997; Kang et al., 2010; Klein and Dawar, 2004; Lee and Park, 2009), relatively few studies examine the impact of CSR from the perspective of employees as *internal* customers (Chiang, 2010; Lee et al., *in press*). This is unfortunate, as employees are not only a major stakeholder group (McWilliams and Siegel, 2001), but they also play a crucial interactive, frontline role in affecting customers' experiences in hospitality settings (Dawson and Abbott, 2009). Within this context, creating and maintaining long-term company value depend heavily upon fulfilling employees' expectations (Hillman and Keim, 2001).

What is more, a company can achieve a sustainable competitive advantage when they retain highly skilled employees, and CSR can contribute positively to retention (Lado and Wilson, 1994; Wright et al., 1995). For instance, Chiang (2010) asserted that CSR is a useful strategy for efficiently managing human resources by improving organizational trust, job satisfaction, and customer orientation. According to Tuzzolino and Armandi (1981), management can

\* Corresponding author. Tel.: +82 2 961 9430; fax: +82 2 964 2537.

E-mail addresses: [cklee@khu.ac.kr](mailto:cklee@khu.ac.kr) (C.-K. Lee), [bloodia@pcu.ac.kr](mailto:bloodia@pcu.ac.kr) (H.-J. Song), [your.hyemi@gmail.com](mailto:your.hyemi@gmail.com) (H.-M. Lee), [leeseoki@psu.edu](mailto:leeseoki@psu.edu) (S. Lee), [Bo.Bernhard@cmail.nevada.edu](mailto:Bo.Bernhard@cmail.nevada.edu) (B.J. Bernhard).

<sup>1</sup> Tel.: +82 42 520 5348.

<sup>2</sup> Tel.: +82 2 961 9430; fax: +82 2 964 2537.

<sup>3</sup> Tel.: +1 814 863 7442; fax: +1 814 863 4257.

<sup>4</sup> Tel.: +1 702 895 2935; fax: +1 702 895 1135.

instill positive attitudes toward work, encourage greater productivity, and improve customer interactions by satisfying employees' expectations for company's CSR activities.

Although CSR typically incorporates the four dimensions outlined by Carroll (1979), unique characteristics of a given industry can affect appropriate manifestations of CSR. Casino companies, for instance, possess some idiosyncratic characteristics when it comes to CSR: they generate positive socio-economic impacts, but they also can contribute to negative impacts due to the challenges posed by problem gambling (Lee et al., 2009). To minimize negative social impacts associated with problem gambling, many casino companies have implemented responsible gambling (RG) strategies, including employee training, self-exclusion, and/or self-limitation policies (Song et al., 2012a). Hence RG strategies often fit within a broader CSR strategy for casino companies, which typically require community (and government) approval to operate in the first place. As a result, we might argue that CSR (and RG) approaches take on additional importance in the gaming industry, as other hospitality industries (indeed, other industries) do not require such an explicit and rigorously investigated license to operate.

Although research on RG has been done in the past (e.g., Blaszczynski et al., 2004; Hing, 2004; McCain et al., 2009; Monaghan, 2009; Song et al., 2012a), relatively little research has explored how the dynamics of broader CSR strategies including RG affect casino employees.

This article addresses this shortcoming by investigating the impact of CSR and RG strategies on organizational trust, job satisfaction, and customer orientation from the perspective of casino employees. To accomplish this objective, this study adopts multi-dimensional measurements of CSR based on Carroll's social performance framework (Carroll, 1979), as well as a distinctive measurement of RG based on Song et al.'s approach (2012a). The results of this study will shed light on the most relevant and influential dimensions of CSR, as well as the impact of these dimensions on casino employees' attitudes toward their organization and customers.

## 2. Literature review

### 2.1. CSR and RG

In an apt early description, Bowen (1953, p. 6) defined social responsibilities as "the obligations of businessmen to pursue those policies, make those decisions, or follow those lines of action which are desirable in terms of the objectives and values of our society." This has since been conceptualized and operationalized in corporate settings as corporate social responsibility, or CSR, which encompasses economic, legal, ethical, and philanthropic dimensions (Carroll, 1979).

Luo and Bhattacharya (2006) asserted that CSR enjoys a high profile because of its strategic importance to many companies in the competitive environment of today's service markets. For instance, a company with an excellent CSR reputation, by contributing to reducing conflicts between business and society, delivers a strong and positive image to its stakeholders, which consequently affects these stakeholders' perceptions of various organizational actions (Brown and Dacin, 1997; Fombrun and Shanley, 1990; Klein and Dawar, 2004; Montgomery and Ramus, 2003). Of course, as one of the major stakeholder groups for a company, employees play a crucial role in strengthening a company's competitive advantages (Hillman and Keim, 2001). More germane to our study, in the hospitality industry, employees play an obvious role as a bridge between the company and its customers (Dawson and Abbott, 2009).

According to social identity theory, people tend to classify themselves and others into various categories, and perceived identity within each categorized group in turn influences each member's

self-concept (Peterson, 2004). For instance, if employees of a company recognize themselves as members of a better company when compared with others, this recognition enhances self-esteem and has a positive effect on attitudes toward the organization to which they belong (Smith et al., 2001). When we apply this theory to the CSR context, it makes sense that a company's participation in CSR activities may lead employees to develop positive perceptions about the company. Subsequently, when employees form positive attitudes toward work, competitive advantages can be realized (Dawson and Abbott, 2009; Lee et al., in press; Turban and Greening, 1996). Put another way, a company's CSR participation, recognized by employees, influences employee perceptions of their work environments (e.g., organizational trust). In turn, these perceptions likely affect job satisfaction and customer orientation, which would seem to translate into significant competitive advantages in the marketplace.

Within the scholarly literature on gaming, as the RG concept has grown in importance, many scholars have sought to define it more clearly. For instance, Hing (2004) defines RG as a strategy or policy that is designed to minimize the harmful effects from gambling activities on both customers and the community. Similarly, Monaghan (2009) defines RG as a strategy, action, or policy taken by casino operators in order to minimize the adverse impacts of gambling on casino visitors while simultaneously providing benefits to the local community (Monaghan, 2009). Blaszczynski et al. (2004) define RG as a strategy that is aimed to prevent and reduce the potential risks from excessive gambling activities, while Song et al. (2012b) define RG as a unique CSR strategy intended to minimize negative impacts associated with problem gambling. In building upon these kinds of definitions, Blaszczynski et al. (2011) suggest several features of responsible gambling programs: public education, staff training programs, information on help-lines for treatment programs, underage gambling restrictions, and self-exclusion programs, among others. For our purposes in this paper, we define RG as a strategy or policy that can minimize negative social and/or community impacts associated with gambling activities.

In the gaming industry, these strategies can have measurable impacts. Giroux et al. (2008) investigated the impact of an RG training program on casino employees, finding that the program helped casino employees better understand gambling problems – and also led to enhanced understanding of their role in helping problem gamblers. Similarly, LaPlante et al. (2012) conducted a pre- and post-test study of U.S. casino employees and found measurable increases in their responsible gaming knowledge. In a pioneering Australian study that examined employee identification of customers with gambling problems, Delfabbro et al. (2012) found that employees rated customers' problematic gambling behaviors somewhat accurately – but not accurately enough that this type of problem gambler identification was deemed appropriate in the venue. Finally, McCain et al. (2009) conducted a survey on how employees implemented RG initiatives, and found that personal perceptions of RG and the ethical climate in the workplace positively influence implementation of RG practices.

### 2.2. Organizational trust

Trust can be defined as "the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party" (Mayer et al., 1995, p. 712). Bhattacharya et al. (1998, p. 462) define trust as the "expectancy of positive (or nonnegative) outcomes that one can receive based on the expected action of another party in an interaction characterized by uncertainty." Building upon these definitions of trust, Shockley-Zalabak et al. (2000, p. 37) establish

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