

Social Responsibility and Human Resource Management in The Hotel Industry in Indonesia

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Hotel Industry Illustration, Photo by Andrea Piacquadio (Hungary)

Abstract : The purpose of this study is to investigate social responsibility and human resource management in the hotel industry in Indonesia based on social cognitive theory. This study used an online survey method of 270 employees in 56 hotels throughout the province of Indonesia with a random sampling method through LinkedIn social media by maintaining the privacy and confidentiality of the identities of the hotel employees we surveyed. We used the Linkert scale to quantify the survey results before we regressed using ordinary The least-square. We found that the level of social responsibility is positively related to the level of hotel income, employee income, and employee morality.

Keywords: Industry Hotel, Corporate Social Responsibility, Employees

JEL Classification : C23, J24, J64

1 INTRODUCTION

Social responsibility encourages industry to participate in preserving the ecology and environmental sustainability as well as caring for the less fortunate (Parsa & Narapareddy,2015). Industrial activities in producing products and profits for companies in the industry need to pay attention to environmental sustainability and residents around the industry or company. Environmental development in business and industry requires social responsibility in order to create a harmonious relationship between business activities and social activities as well as balance the relationship between humans and nature. Social responsibility on industry depends on the level of income which can be compensated in the form of industrial waste management and environmental conservation (McWilliams et al,2019).

Industrial activities that tend to explore nature that have the potential to damage nature, need awareness of social responsibility to make improvements to nature and good environmental management so that nature remains sustainable and industry can go hand in hand with efforts to conserve nature around the industry (Victor et al,2013). Management of the natural and social environment is also accompanied by management and efforts to improve the welfare of the community around the industry at least to help the economy of the community around the industry to maintain a level of comfort in the business environment (Sowers et al,2008).

Human resource governance impacts employee behaviour through psychological and social processes (Laws,2013). Social cognitive theory (SCT) explains that individual behaviour is influenced by the interaction of behaviour between individuals cognitively and ethically in their environment so that the morality of individual groups is reflected in the behaviour and morale of each individual in the group. Human resource governance in the company affects the morality and behaviour of individuals within the company or employees within the company. This also includes the level of income earned by employees as well as an impact on employee behaviour, including lifestyle and concern for the environment and sensitivity as a human being (Martin et al,2019).

2 LITERATUR REVIEW

Social Cognitive Theory explains that there is a reciprocal relationship between cognition, personal factors and the environment (Sommerville & Decety,2016). Environment and social interactions can shape individual behaviour and character along with emotions and individual points of view. The environment shapes the cognitive, social and behavioural abilities of individuals. Emotional reactions, moral behaviour and environmental factors influence each other and shape the character, habits and behaviour of individuals. This includes doctrines, dogmas and beliefs that are considered true by groups and individual circles (Prep,2019).

Human resource management is aimed at improving company performance with fair compensation based on good ethical and moral values so as to create a work environment that is conducive, productive and full of responsibility (Singla,2020). Human resource management is not only about offering adequate wages, but also personal development, career and employee expertise so that it is able to develop skilled, professional and ethical employees (Sharma,2020). Human resource management is closely related to environmental management wherein the process of business activities requires environmental preservation efforts. In the hospitality industry, a beautiful and well-maintained environment also creates a comfortable atmosphere and is of sale value for consumers (Gürlek,2020). The behaviour and habits of hotel employees are very important in creating hospitality services. The establishment of a work environment and employee development in the hotel industry is something hotel management must do. This includes social responsibility, such as minimizing hotel waste that pollutes the environment and managing good water resources so that it does not cause environmental problems. All of that, of course, must be managed properly (Altinay & Poudel,2015). Based on the description of the literature, a hypothesis or preliminary conclusion can be formed that the management of human resources, including the level of company revenue as a management statute, employee income and employee ethics affect the level of social responsibility.

3 RESEARCH OBJECTIVE AND METHODOLOGY

This study examines the impact of human resource management as reflected in employee income, employee ethics and company income on corporate social responsibility in protecting the environment using ordinary least squares (OLS) with the following equation:

$$CSR_t = C_t + \beta_1 Y_{t1} + \beta_2 E_{i2} + \beta_3 Em_{i3} + e_t$$

Where,

CSR = Corporate Social Responsibility

Y = Hotel Income or Corporate Income

E_i = Employee Income

Em = Employee Morality

e = Error term

5 RESULTS AND DISCUSSION

The estimation results are as follows:

$$CSR = 0.321526 + 0.321206*Y + 0.121245*E_i + 0.321220*Em$$

From the OLS estimation results, Hotel Income or Corporate Income affects corporate social responsibility by 0.321206. If the Corporate Income increases by 1%, then CSR will increase by 0.321206%. Employee income and employee morality have a positive effect on corporate social responsibility. Table 1 describes the estimation results as follows:

Table 1. Estimation Results

Sommerville,J.,Decety,J.(2016).Social Cognition: Development Across the Life Span.London :routledge

Sowers,K.M., Thyer,B.A., Dulmus,C.N.(2008).Comprehensive Handbook of Social Work and Social Welfare, Human Behavior in the Social Environment. Hoboken : John Wiley and Sons

Victor,P., Costanza,R., Alperovitz,G.(2013).Building a Sustainable and Desirable Economy-in-Society-in-Nature. Canberra : ANU Press

Dependent variabel CSR			
Variable	Coefficient	t-Statistic	Prob.
C	0.321526	0.210512	0.0005
Y	0.321206	0.013016	0.0021
Ei	0.121245	0.101015	0.0031
Em	0.321220	0.203112	0.0032
R-squared	0.700301	Mean dependent var	3.20305
Adjusted R-squared	0.715070	S.D. dependent var	5.06143
S.E. of regression	2.1021	Sum squared resid	3.12084
F-statistic	2.0102	Durbin-Watson stat	0.30282
Prob(F-statistic)	0		

Based on the estimation results described in Table 1. It shows that the level of corporate social responsibility is influenced by human resource management and corporate financial performance, especially in the hotel industry in Indonesia. Where the level of morality and employee welfare is an important factor in developing a conducive and ethical work environment.

6 CONCLUSION

Ethics is a factor that deserves to be maintained and developed in a work environment supported by employee welfare obtained from company income. The proceeds from the company's income can be used to develop the personality and skills of employees along with the development of an environment with good ethics and with full responsibility because the level of social responsibility is influenced by the level of income and morality.

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