The Effect of Corporate Sustainability on Performance of Tourist Businesses and the Mediating Role of Employee Commitment, Investor Commitment and Community Participation: The Case in Vietnam South Central Coast

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Abstract: In the context of integration and globalization, the world is facing many serious challenges such as climate change, environmental pollution, inequality and social divisions. Reality shows that perceptions and practices of corporate sustainability are different between developed countries and the rest, as well as between Western and Eastern countries. In that context, research on corporate sustainability has received a lot of attention because of the great benefits that corporate sustainability brings to businesses in particular and to the society in general. However, most research on corporate sustainability has been conducted in developed countries. Up to now, in the world and in Vietnam, the author has not found any empirical studies examining the effect of corporate sustainability on corporate performance and the mediating role of employee commitment, investor commitment, and community participation. The PLS-SEM technique is used to test the research model and hypotheses. The finding is that corporate sustainability positively impacts the performance of tourism businesses directly as well as indirectly through employee commitment, investor commitment, and local community involvement.

Keywords: Tourism, Sustainable Development, Corporate Sustainability, Employee Commitment, Investor Commitment, Community Participation

1. Introduction

In the past, environmental and social issues had not received adequate concern of firms because of less attention on these issues in their strategy. However, the practice of CS shows the importance of integrating the economic, social and environmental aspects into the business strategy (Lozano, 2011). Székely and Vom Brocke (2017) also agree with the view and argue that while the three aspects of CS may differ at the operational level, all these aspects must be integrated at the business strategy level.

Recently, organizations are increasingly inclined to incorporate social expectations into their operations and strategies, not only in response to increased pressure from various stakeholders, but also with intention to create a competitive advantage (Sy, 2016). Therefore, the importance of studying CS is undeniable. However, most of studies on corporate sustainability practices focus on the firms in developed economies, mainly the US, UK, Australia and New Zealand (Burritt and Schaltegger, 2010; Gray, 2006; Gurvitsh and Sidorova, 2012). There is still a lack of research examining the possibility of practicing corporate sustainability in the travel and tourism industry in developing countries. Since tourism is an industry closely related to the environment and human, the critical factors of CS, this research is critically necessary and importantly contributes to further research in the field.

2. Literature review

Stakeholder Theory

The stakeholder theory is derived from Freeman's (1984) research on organizational governance and business ethics. According to the stakeholder theory, businesses are obliged to treat their stakeholders fairly and maintain relationships with them. The stakeholder theory is widely used to explain how firms apply strategies to balance the economic, social and environmental dimensions to meet the needs of increasingly high their stakeholders. Overall, stakeholder pressure is a factor related to CS adoption and implementation (Kalliö, 2018). For tourism industry, the role of stakeholders is important because their support leads to a more successful business strategy implementation (Tosun, 2000; Shui Wei et al., 2012).

Resource Dependence Theory

Resource dependency theory (RDT) is the study of how the firm's external resources influence its behavior and performance. Accordingly, businesses must carry out activities in accordance with the needs of society, and must receive support from those providing main resources for enterprises. At the same time, the resource dependency theory shows that the firm's actions towards balancing the three dimensions of firm sustainability can bring a firm competitive advantage (Hart, 1995). This will bring better operating efficiency to the business.
Accordingly, corporate performance is the organization added value, employee satisfaction, better cycle improvements, such as increased revenue, cost reduction, potentially leads to significant financial and non-control, estimate and measurement is of a great importance because it helps to objectives are achieved through corporate sustainability organizational goals. It needs to be tightly integrated with provides a framework for behaving and achieving actions that are governed by a chosen strategy. The strategy initiatives (Hernaus et al., 2012).

Corporate Sustainability

Corporate sustainability should be understood as a broad concept because it takes in the whole set of normative issues related to both the role of business in society and the natural environment (Hart, 1995; Sharma and Ruud, 2003; Chow and Chen, 2011). The objective of CS should be to achieve a firm’s financial performance effectively while considering human welfare and ecological constraints. One of the most widely accepted corporate sustainability frameworks explains the CS construct as represented by three correlated dimensions, namely social, economic, and environmental development (Triple Bottom Line). These three dimensions of CS are known, respectively, as social development through corporate social responsibility, such as enhancing social welfare and promoting healthier societies; economic development through corporate value creation, such as improving the effectiveness and efficiency of services and products; and environmental development through cooperate environmental management such as improving ecology (Bansal, 2005; Sharma, 2002; Baumgartner and Ebner, 2010; Chow and Chen, 2011).

Accordingly, corporate sustainability is a strategic model to develop the ability to create long term value for businesses and stakeholders by meeting the needs of businesses and stakeholders tied to economic, society and the environment aspects in the present and in the future. At the same time, companies have responsibility to report the effectiveness of their sustainable activities to stakeholders and to society as a whole.

A growing interest in corporate sustainability has emerged in recent studies (Freeman and Gilnert, 1988; Elkington, 1997; Friedman and Miles, 2001; Kocmanava and Docekalova, 2011; Famiyeh et al., 2016). Studies have generally concluded that businesses should integrate the three pillars of sustainability (Triple Bottom Line - TBL) into their business operations. The reason for the integration is that corporate sustainability increases the firm's operational efficiency (Kocmanava and Docekalova, 2011; Tomsic et al., 2015; R El Khalil and An El-Kassar, 2018). However, in empirical studies, earlier findings about the relationship between firm sustainability and performance are different. Studies show positive, neutral, and even negative relationships (McWilliams and Seigel; 2000; Mishra and Suar, 2010; Tilakasiri, 2012; Famiyeh et al., 2016). The author argues that the positive impact between corporate sustainability and performance needs to be confirmed. Therefore, the study hypothesizes the research as follows: H1: Corporate sustainability has a positive impact on the corporate performance.
**Employee Commitment**

Porter et al. (1974) developed the idea of employee attitudes as a perspective including the psychological or emotional relationship between the employee and the organization, depending on employee perception and involvement to organize. This theoretical concept is known as the employee commitment communication theory. Along with that, employee commitment studies have shown that employee commitment is a self-development process through an individual's connection with the organization (Mowday et al., 1982; Meyer and Allen, 1991; Messner, 2013). It can be based on a strong belief in the organization and an acceptance of the organization's goals and values, as well as a feeling of attachment, a strong desire to remain membership in the organization, as well as a willingness to work hard and feel obligated and obligated to engage with the organization for a long time.

Employee commitment has also been seen as an important factor in corporate strategy. In an attempt to explain the relationship between CS and employee commitment, Gond et al. (2010) premised this relationship on social exchange. In their view, the reactions of employees to CS are largely governed by reciprocity and generally described as a pattern of mutually contingent exchange of gratifications. Within an organization, employees under the circumstance of CS feel obligated to reciprocate the positive treatment given to them by the organization (Gond et al., 2010). A considerable number of empirical studies (Madison, Ward, and Royalty, 2012; Choi and Yu, 2014; Mensah, Agyapong and Nuertey, 2017) has also confirmed that employee commitment is positively affected by CS. On the basis of this evidence, researchers are of the view that CS contribute to an enhancement of employee organisational commitment. This empirical evidence, however, does not embrace some sectors, specifically the tourism sector. Therefore, the study suggests the following hypotheses:

H2: Corporate sustainability has a positive impact on the employee commitment.

H3: Employee commitment has a positive impact on the corporate performance.

**Investor Commitment**

As early as the 17th century and especially at the beginning of the 20th century, shareholders have had behavior guided by ethical considerations, instead of financial incentives. An increasing number of shareholders are beginning to consider non-financial criteria, such as social and environmental criteria when making investment decisions and exercising shareholder rights (Wagemans et al., 2013). In addition, more and more shareholders are examining the relationship between firms' social and environmental performance and their financial performance. Even they asked businesses to disclose information about this relationship (O'Rourke, 2003). The performance of responsible investments by institutional investors has been associated with the development of different national networks, practices and agreements (Wagemans et al., 2013). Investor commitment is how the investor integrates the corporate sustainability of the business into the process of analyzing their financing options and funding decisions for investment projects. At the same time, to increasingly participate actively in the realization of the economic, social and environmental goals of the business, as well as commit to providing sufficient loans for investment projects for the purpose of improving efficiency, use of resources, improving society and the environment.

The stakeholder theory shows that the firm is not only accountable to its shareholders, but must also consider the interests of other stakeholders (Freeman, 1984; O'Rourke, 2003). In addition, trust, commitment and cooperation between stakeholders are an important factor in the success and sustainable development of the business. Lo and Sheu (2007) also find a strong interaction effect between corporate sustainability and sales growth on firm value. Moreover, there is evidence to support that being sustainable causes a firm to increase its value. When a firm implements sustainable activities, it can foster commitment and collaboration among stakeholders (Gao et al., 2016). Intangibles related to environmental or social responsibility highly interact with investor commitment. At the same time, the researches also shows that after investing in companies, institutional investors would play an important role to improve corporate governance. Accordingly, the investor commitment would improve corporate performance (Hartzell and Starks, 2000; Dong and Ozkan, 2007; Li and Huang, 2010; Mizuno, 2014). Therefore, the study suggests the following hypotheses:

H4: Corporate sustainability has a positive impact on the investor commitment.

H5: Investor commitment has a positive impact on the corporate performance.

**Community Participation**

The concept of community participation in tourism stems from the general concept of community participation in development studies (Tosun, 1999). This means that community participation in tourism development is the role of the local community as an innovative tourism entrepreneur and as a source of the workforce for the tourism industry. In addition, community participation is shown through the community having a voice in local tourism development decision-making and acting as an advisor to local tourism policies. In addition, Woodley (1993) argues that the community-based approach to tourism development is a prerequisite for maintaining sustainability. Few studies have shown responsibility for sustainability within tourism, mainly focusing on the attitude-behavior gap of tourists (Juven and Dolnicar, 2014; Pulido-Fernández and López-Sánchez, 2016) rather than attitude-behavior of community participation in tourism, where stakeholders aim to embark the holistic sustainability (Källo, 2018). There is also few conceptual frameworks and theories of resident attitudes toward tourism development in clarifying the relationships between attitudes and resident support for tourism development were proposed in tourism literature (Teye et al., 2002). In particular, the social exchange theory have provided theoretical framework for determining the factors on resident attitudes toward tourism development.

Wilson (1997) had argued in his study, social exchange theory offers a valuable insight into peoples' decision-
making behavior. In community participation, people will develop patterns of exchange to cope with power differentials and to deal with the costs associated with exercising power. Social exchange theory, furthermore, poses that all human relations are formed by the use of a subjective cost-benefit analysis and the comparable alternatives. By participating in tourism development through corporate sustainability and reaping a number of benefits, businesses will actively protect tourism resources and support tourism development (Li, 2008; Wang and Jian, 2008; Bao and Qiu, 2006). This leads to corporate sustainability practices that increase community participation. At the same time, almost studies support that community participation in tourism development contributes to sustainable tourism development (Tosun and Jenkins, 1996; Tosun, 2000; Boiral et al., 2019). Community participation will help local tourism development, attract more tourists and create more opportunities for tourism businesses, thereby performance of businesses will be improved. Therefore, the study suggests the following hypothesis:

H6: Corporate sustainability has a positive impact on the community participation.

H7: Community participation has a positive impact on the corporate performance.

4. Conceptual Model

Most of the research on CS carried out by many scholars around the world have concentrated in developed countries. Besides, researches on tourism businesses in developing countries related to the topic of corporate sustainability have not received much attention. Although there is evidence from studies around the world and especially in developed countries, research results confirm that corporate sustainability enhances efficiency and competitive advantage for firms (Kocmanava and Docekalova, 2011; Choi and Yu, 2014; Eccles et al., 2014). At the same time, the context of sustainability is not only intended to ensure the organization's long-term profitability and competitive advantage, but also contributes to improving the well-being of social members (Sy, 2016). That means CS not only has relationships with business performance, but also relationships with business stakeholders such as employees, investors and local communities. Therefore, the conceptual framework of this study shown in Figure 1 is suggested.

5. Research Method

Group Discussion
The group interview technique is used with 9 members who are directors of tourism enterprises and lecturers in the universities with the condition of that they are knowledgeable in theory and have experiences in the travel and tourism industry. The content of the research including 3 aspects of corporate sustainability such as social, economic and environmental; employee commitment; investor commitment; community participation and corporate performance is discussed deeply and diligently with a group of experts.

Data Collection
The data is directly surveyed through questionnaire with 5-point Likert scale. Data was collected using online survey method. The survey questionnaire was emailed using Microsoft Forms tool. Respondents are managers of tourism enterprises operating in the Vietnam South Central Coast.

PLS-SEM is applied. A minimum sample size projected is of 10 times the largest cause observation variable measured for a concept or 10 times the maximum number of paths affecting a concept in the model (Barclay, 1955). According to Hair Jr et al (2016) and Cohen (1992), the required minimum sample size used in the study will depend on independent variables in the research model or the number of arrows pointing to the structure in the PLS path model. Hence, the sample size is 15x10 = 150 observations with 15 being the number of paths.

To get better market data, 600 survey forms were sent to respondents. 459 valid surveys were collected. That meets minimum number of samples to conduct linear structural model analysis. The study used Smart PLS 3.8.9 software to analyze collected data.

6. Findings and Discussion

The result of testing the validity of the scale in the study is that, all the coefficients of Cronbach's Alpha are greater than
7. Conclusions

The research results, once again, reaffirm corporate sustainability does have a positive impact on the performance of tourism businesses. The research results show that tourism businesses in the Vietnam South Central Coast region have reasonable concern of corporate sustainability. However, the results show that there is still not a high level of interest in building policies of tourism businesses. Therefore, tourism businesses in the Vietnam South Central Coast need to raise their concerns about CS building.

At the same time, the advantages from a qualified and committed to the business staff will help tourism businesses in the Vietnam South Central Coast enhance their competitive advantage to survive and grow sustainably. In addition, the Vietnam’s tourism industry is heavily influenced by the context of international economic integration in the region and the world, to develop human resources in tourism business to meet the requirements of integration, increasing competitiveness is critical. Research results also show that when businesses implement CS the employee's commitment to the business increases. Besides, once employees are committed to the business, the business performance will be improved. Accordingly, businesses need to further improve the trust and acceptance of business goals and values from employees.

In addition, the research results demonstrate that the commitment of investors to tourism businesses in the Vietnam South Central Coast is relatively low. This is due to the characteristics of tourism businesses. The central region is dominated by small and medium-sized enterprises, mainly are sole proprietorships and limited liability companies. In fact, there are still many investors and credit institutions not really interested in investment in the small and medium businesses. The reason may be that the ability of these businesses to plan and manage their finances is still limited.

Furthermore, research results show that local communities are playing an important role in tourism development. At the same time, when tourism businesses carry out activities relating social, economic and environmental issues, they have a positive effect on the participation of the local community. The research result also points out that the participation of the local community in sustainable tourism increases the performance of tourism businesses in the Vietnam South Central Coast. Accordingly, it is necessary to increase community participation in tourism development.

Finally, the research result also shows that when businesses carry out activities associated with CS, they create a premise to increase the performance of the business.

References


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Vo Thi Tam is working at Phu Yen University, Vietnam. Vo Tan Phong is working at Lac Hong University, Vietnam. Their fields of study are economics, Business Administration.