Relationship between Corporate Sustainability, Employee Commitment, Local Community Participation, and Performance of Tourist Businesses: The Case in Vietnam South Central Coast

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Abstract: The purpose of the research is to determine the relationship between corporate sustainability, employee commitment, local community participation, and performance of tourism businesses in Vietnam South Central Coast and suggest practical implications to improve the business performance through corporate sustainability. Qualitative as well as quantitative research was carried out. In the quantitative research, a formal questionnaire-based survey was conducted with 459 respondents being owners/directors/managers of tourism businesses. Data are processed by SmartPLS software. The results confirm that corporate sustainability has a direct and indirect impact on the two mediating variables, the employee commitment to the organization and the participation of the local community and to performance of tourism businesses in Vietnam South Central Coast.

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

1. Introduction

Sustainable Development (SD) is the inevitable trend of the modern human society development. When applied at the business level, sustainable development is considered as Corporate Sustainability (CS). The more dominant role a business plays in society, the more important it becomes for sustainable development. Corporate sustainability is an issue concerned by many scholars around the world. Researches have come to agreed conclusion that corporate sustainability is a business approach to short-term and long-term value creation through implementation of strategies focused on economic, social and environmental aspect (Azapagic, 2003; Baumgartner and Ebner, 2010; Kocmanava and Docekalova, 2011; Shamil, 2012; Lozano, 2012, 2013; Font et al., 2014; Eccles et al., 2014; Medel-González et al, 2016; Gonzalez et al, 2016; Swarnapali, 2017; El Khalil and EL-Kassar, 2018).

For the tourism industry, corporate sustainability has become even more important as tourism activities are closely linked to the natural and social issues. In a modern and globalized society, the stakeholders – the individuals, organizations and communities influencing the existence and development of an enterprise, have an critical impact on the performance of the business. The degree of the stakeholders influence depends on corporate beliefs, attitudes, and behaviors towards sustainable development (Tosun, 2000; Li and Zhang, 2011; Shui Wei et al, 2012). For the tourism industry, in addition to destination-related factors, employees – the first-level stakeholder, an important element of the service delivery process, is the economic, social and environmental agent. The business sustainable development activities have a direct impact on them, and in other hand, the employee commitment to the organization has a decisive impact on the performance of tourism businesses. Furthermore, Siripen Dabphet (2013) suggested that the support of stakeholders is essential for the long-term sustainable and successful development for the tourism industry. Therefore, this research was conducted for two key success factors of corporate sustainability strategies and the performance of tourism businesses. These are the employees commitment to the organization and participation of the local community in tourism.

In Vietnam, sustainable development has received increasing attention from the government, the local communities and businesses. Tourism businesses have been integrating sustainable development goals into their strategies. One sector in which sustainable business development is receiving critical attention from the society is the sea tourism. Therefore, this research on “The relationship between corporate sustainability, employee commitment, local community participation and the performance of tourism businesses: The case of South Central Coast, Vietnam” was conducted.

2. Literature Review

Institutional Theory

According to Thorstein Veblen (1857-1929), the institution is the normality of the behavior or the regulations that define the behavior in specific situations, fundamentally acceptable to the members of the social group and the compliance these rules is self-controlled or controlled by external power.
Institutional theory has been applied in many studies of corporate sustainability (Larrinaga, 2007; Brammer et al., 2011; Gauthier, 2013; De Grosbois, 2015). The application of this theory is very useful as it plays an important role in explaining why businesses are increasingly interested in, and take action towards the realization of their sustainable development goals and achievement (Brammer et al., 2011; Glover et al., 2014; De Grosbois, 2015).

The Theory of Legitimacy

Justifiability is the assessment of action according to common values in the participatory context of social actions (Parsons, 1960). From the concept of an organization's legitimacy, the legitimacy theory defined as a condition or state that exists when an entity's value system matches the value system of the larger society to which the entity is a part. When a discrepancy, in reality or potential, exists between two value systems, there is a threat to the entity, the legitimacy of theft (Dowling and Pfeffer, 1975). The theory shows that the expectations of society in general must be fulfilled by the business, not merely the request of the owners or investors as in the shareholder theory. According to the legitimacy theory, when only these expectations are met, the society allows businesses to continue operating and ensure their survival (An et al., 2011).

Stakeholder Theory

Company stakeholders are groups and individuals that have benefit or have been harmed and whose interests have been violated or respected from a firm's actions (Freeman, 1983). The list of stakeholders includes shareholders, employees, customers, suppliers, lenders and society. Stakeholder theory has emerged as an alternative to shareholder theory (Spence et al., 2001). The stakeholder theory holds that, in practice, most, if not all firms have a great interest in their stakeholders (Cochran, 1994) for which they have obligations and responsibilities. Responsibility must be taken into account in the activities of the business. When it comes to the concept of sustainable development as well as the concept of corporate sustainability, surely it is impossible not to mention the stakeholder theory. The stakeholder theory is used by many researchers because its approach explains why businesses need to pay more attention to their stakeholders in order that the performance of business increased higher.

3. Related Researches

According to Tosun (2000), there is different community participation in tourism development in different locations. To encourage the participation of local communities in tourism development, the development and implementation of tourism development methods requires developing countries to change their political, legal, and economic structures as well as administrative. In particular, the way to choose these changes should be based on the social, economic, and environmental aspects in addition to the participation, active support and cooperation of major international donor agencies and organizations, NGOs, international travel operators, and multinational companies.

Shamil (2012) proposes a conceptual framework that examines the relationship between corporate sustainability and corporate financial performance. The research proposes to develop and test new conceptual frameworks to explain the relationships between corporate sustainability and performance and contribute to the understanding and future concept development. The research stops at qualitative research. This opens up the further research direction in the future to test the relationship between corporate sustainability and financial performance by empirical researches.

Choi and Yu (2014) suggest that employee perceptions of corporate sustainability practices have a positive impact on employee organizational cohesion and organizational civic behavior. Corporate sustainability practices positively impact employee commitment and organizational effectiveness.

Boiral et al (2019) proposes that organizations can use the 17 sustainable development goals and 169 goals of “The 2030 Agenda for Sustainable Development” adopted by the UN to develop strategies or policies that are consistent with the corporate sustainability goals. The research used interview method with 33 trainees and experts. The proposed research should have quantitative studies to further consolidate the research results in the future.

Thus, many researches on corporate sustainability have been conducted. However, the research on the relationship between corporate sustainability and the performance of tourism firms and the role of the mediating variables is employee commitment with the organization and community participation locality is not available. This is a research gap that needs to be exploited.

4. Definition of Major Terms and Research Hypotheses

4.1 Corporate Performance

Identifying and measuring performance is a multidimensional approach. In addition to the multidimensional concept, efficiency is also a multidisciplinary issue, because the effectiveness in different fields depends on the different evaluation criteria that businesses define. However, efficiency usually refers to the extent to which an enterprise is able to achieve its goals. Bernard (1938) defines effectiveness as the fulfillment of the recognized goals of the collaborative effort and further emphasizes that the degree of accomplishment is the degree of efficiency. This research is based on the above. Business performance is seen as the result of achieving the company's strategic goals. At the same time, this research is based on the view that translating a strategy into specific characteristics that guide operational actions and require both the assessment of financial and non-financial indicators. Instead of just choosing one category, financial and non-financial measures can be considered complementary.

4.2. Corporate Sustainability
The concept of sustainability involves social justice and environmental protection for future generations while trying to meet the maximum market capitalization target (Fusun and Ebru, 2018). To achieve sustainable development in organizations, or in other words to be sustainable, businesses should integrate the three principles of sustainability into their routine operations, both short and long term (Steurer et al., 2005; Baumgartner and Ebner, 2010; Lozano, 2011; Hahn et al., 2017). To be considered sustainable, businesses need to incorporate sustainability strategies that involve their stakeholders and contribute to continual improvement of economic, environmental and social conditions (Dyllick and Muff, 2015; Székely and Vom Brocke, 2017).

4.3. Hypothesis

The relationship between environment, society and economic efficiency has always been a central aspect of the corporate sustainability research (Menguc et al., 2010). Many studies on the impact of corporate sustainability on corporate performance have been conducted (Eccles et al., 2014; Maletic et al., 2015; El Khalil and EL-Kassar, 2018). The studies have reached multidimensional conclusions. There is a need to further clarify the relationship between firm sustainability practices and firm performance and examine the impact of this relationship through the intermediate variables, employee commitment and participation of local community. Therefore, the hypothesis is given as follows:

Hypothesis H1: Corporate sustainability has a positive impact on the performance of tourism businesses;
Hypothesis H1a: Corporate sustainability for the social aspect has a positive impact on the performance of tourism businesses;
Hypothesis H1b: Corporate sustainability for economic aspects has a positive impact on the performance of tourism businesses;
Hypothesis H1c: Corporate sustainability for the environmental aspect has a positive impact on the performance of tourism businesses.

Employee commitment

O’Reilly (1989) defines the employee commitment to business as the employee psychological state with a business, including employee participation in work, their loyalty to their mission and the goals of the organization and the willingness of the staff to act on behalf of the organization. Once employees accept that their personal values are fully reflected in the business, their likelihood of being loyal to the business is higher for a longer period (O’Reilly and Chatman, 1986; WeiBo and partners, 2010). At the same time, Meyer and Allen (1997) defined employee commitment in three aspects including normative, affective and continuance commitment.

Employee commitment with the organization is considered an important factor affecting corporate performance (Allen and Meyer, 1990; Balfour and Wechsler, 1996; Meyer and Allen, 1991, 1997; Mowday and colleagues, 1979, 1982; Suliman and Ilies, 2000; Tuna et al., 2016). At the same time, Choi and Yu (2014) have shown that employee perceptions of sustainable practices have a positive impact on employee commitment to the organisation.

In addition, it can be seen that employee commitment plays an important role in the success of a business. Obviously, no business can achieve long-term success or goals without contribution of its employees. Therefore, the hypotheses are stated as follows:

H2: Corporate sustainability has a positive impact on employee commitment;
H2a: Corporate sustainability for social aspects has a positive impact on employee commitment;
H2b: Corporate sustainability for the economic aspect has a positive impact on employee commitment;
H2c: Corporate sustainability for the environmental aspect has a positive impact on employee commitment;
H4: Employee commitment has a positive impact on the performance of a tourism business.

Community Participation

The concept of community participation in tourism is rooted in the general concept of community participation in tourism development researches (Tosun, 1999). In 1985, Peter E Murphy introduced the concept of community participation for the first time in tourism development (Murphy, 1985). Accordingly, scholars and scientists have come to the conclusion that the participatory development method will facilitate the implementation of principles of sustainable tourism development (Simmons, 1994; Tosun, 1999, 2000, 2005). In other words, community involvement is the design in such a way that stakeholders are encouraged to participate in their own development through mobilizing their own resources, identifying their needs and make their own decisions (Stone, 1989). This means community participation as a development strategy based on the community resources, needs and decisions. Therefore, community is a major player in the development process.

Tourism increases job opportunities for local people, contributes to incomes and living standards, enriches local communities, cultural values and improves the quality of life of the people (Befisle and Hoy, 1980; Liu and Var, 1986; Kwan and McCartney, 2005; Dyer et al., 2007; Tovar and Lockwood, 2008). In addition, tourism can attract and need the participation of a wide range of economic sectors and communities. The success of tourism depends on the active participation of the local community. The local community should be at the heart of the tourism decision-making process (Gursoy and Rutherford, 2004; Choi and Sirakaya, 2005). According to some researches, the active participation of local communities as an integral part of sustainable tourism. Active participation of local communities positively affects the performance of businesses in tourism industry. Therefore, the hypothesis is stated as follows:

H3: Corporate sustainability has a positive impact on the participation of the local community;
H3a: Corporate sustainability for social aspects has a positive impact on the participation of local communities;
H3b: Corporate sustainability for economic aspects has a positive impact on the participation of the local community;
H3c: Corporate sustainability for environment aspects has a positive impact on the participation of the local community;
H5: Community Participation has a positive impact on the performance of the tourism business.
5. Research Methodology

5.1. Sample Size and Sampling Techniques

A formal questionnaire-based survey was conducted with 459 respondents. The questionnaire with a 5-step Likert scale was sent to owners/directors/managers of tourism businesses in 8 provinces in the region of Vietnam South Central Coast. Data is processed SmartPLS 3.2.8 software.

5.2. Scales of Measurement

The scales of measurement of the factors affecting business sustainability in tourism businesses include 20 observed variables. The corporate sustainability scale is inherited from Chow and Chen (2011). This is a 2-question scale with 5 questions for the social dimension, 4 questions for the economic dimension, and 5 questions for the environmental dimension. The employee commitment scale was developed according to the research of Allen and Meyer (2004) including 5 questions. The scale of local community participation developed according to Tosun (2006) research including 3 questions. The tourism business performance scale is developed according to research by Hernaus et al. (2012) including 6 questions.

6. Findings and Data Analysis

Reliability of the Scale

The figures in Table 1 show that Cronbach's Alpha coefficients and the combined reliability (CR) are greater than 0.7. The scales are reliable and explainable for research concepts.

Convergent Value

The extracted variance (AVE) of all scales is greater than 0.5 and the rho_A coefficients are greater than 0.7. The external factor load coefficients of the variables are greater than 0.7 (see Table 2).

Table 1: Construct Reliability and Validity

<table>
<thead>
<tr>
<th>Construct</th>
<th>Cronbach's Alpha</th>
<th>rho_A</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Society</td>
<td>0.883</td>
<td>0.861</td>
<td>0.915</td>
<td>0.682</td>
</tr>
<tr>
<td>Economy</td>
<td>0.860</td>
<td>0.864</td>
<td>0.905</td>
<td>0.705</td>
</tr>
<tr>
<td>Environment</td>
<td>0.841</td>
<td>0.844</td>
<td>0.887</td>
<td>0.611</td>
</tr>
<tr>
<td>Employee</td>
<td>0.808</td>
<td>0.909</td>
<td>0.932</td>
<td>0.731</td>
</tr>
<tr>
<td>Community</td>
<td>0.865</td>
<td>0.867</td>
<td>0.917</td>
<td>0.787</td>
</tr>
<tr>
<td>Performance</td>
<td>0.813</td>
<td>0.916</td>
<td>0.933</td>
<td>0.698</td>
</tr>
</tbody>
</table>

(Source: Research results)

Table 2: Outer Loadings of Observed Variables

| Socie1 | Socie2 | Socie3 | Socie4 | Socie5 | Econo1 | Econo2 | Econo3 | Econo4 | Enviro1 | Enviro2 | Enviro3 | Enviro4 | Enviro5 | Employ1 | Employ2 | Employ3 | Employ4 | Employ5 | Commu1 | Commu2 | Commu3 | Perfor1 | Perfor2 | Perfor3 | Perfor4 |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|---------|---------|--------|--------|--------|---------|---------|---------|---------|
The Differences
The Fornell-Larcker matrix coefficients were both satisfactory. Thus, the research concepts gain distinction (see Table 3).

Table 3: Fornell-Larcker Criterion

<table>
<thead>
<tr>
<th></th>
<th>Community</th>
<th>Employee</th>
<th>Performance</th>
<th>Economy</th>
<th>Environment</th>
<th>Society</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community</td>
<td>0.887</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee</td>
<td>0.623</td>
<td>0.855</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance</td>
<td>0.643</td>
<td>0.626</td>
<td>0.835</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economy</td>
<td>0.549</td>
<td>0.500</td>
<td>0.538</td>
<td>0.840</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td>0.518</td>
<td>0.533</td>
<td>0.537</td>
<td>0.423</td>
<td>0.752</td>
<td></td>
</tr>
<tr>
<td>Society</td>
<td>0.467</td>
<td>0.502</td>
<td>0.495</td>
<td>0.347</td>
<td>0.515</td>
<td>0.826</td>
</tr>
</tbody>
</table>

(Multicollinearity Statistics (VIF)

<table>
<thead>
<tr>
<th>econo1</th>
<th>econo2</th>
<th>econo3</th>
<th>enviro1</th>
<th>enviro2</th>
<th>enviro3</th>
<th>enviro4</th>
<th>enviro5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.794</td>
<td>2.149</td>
<td>2.193</td>
<td>1.708</td>
<td>1.759</td>
<td>1.819</td>
<td>1.741</td>
<td>1.721</td>
</tr>
<tr>
<td>socie1</td>
<td>socie2</td>
<td>socie3</td>
<td>socie5</td>
<td>employ1</td>
<td>employ4</td>
<td>employ5</td>
<td></td>
</tr>
<tr>
<td>1.965</td>
<td>2.185</td>
<td>2.167</td>
<td>1.987</td>
<td>2.695</td>
<td>2.314</td>
<td>2.570</td>
<td></td>
</tr>
<tr>
<td>commu1</td>
<td>commu2</td>
<td>commu3</td>
<td>employ2</td>
<td>employ3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.184</td>
<td>2.231</td>
<td>2.712</td>
<td>2.574</td>
<td>2.069</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>perfor1</td>
<td>perfor2</td>
<td>perfor3</td>
<td>perfor5</td>
<td>perfor6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.474</td>
<td>2.293</td>
<td>2.606</td>
<td>2.672</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5: Model Fit

<table>
<thead>
<tr>
<th></th>
<th>Saturated Model</th>
<th>Estimated Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>SRMR</td>
<td>0.048</td>
<td>0.057</td>
</tr>
<tr>
<td>d_ULS</td>
<td>0.933</td>
<td>1.306</td>
</tr>
<tr>
<td>d_G1</td>
<td>0.567</td>
<td>0.588</td>
</tr>
<tr>
<td>d_G2</td>
<td>0.428</td>
<td>0.449</td>
</tr>
<tr>
<td>Chi-Square</td>
<td>1.174,168</td>
<td>1.201,463</td>
</tr>
<tr>
<td>NFI</td>
<td>0.861</td>
<td>0.885</td>
</tr>
</tbody>
</table>

Hypothesis Testing
All path coefficients are positive. Thus, all relationships between research concepts are positive. Research theories are accepted.

7. Discussion of Findings
In general, corporate sustainability in social aspect of tourism businesses in Vietnam South Central Coast is highly appreciated. Businesses value things like improving the health and safety of their employees and the communities in which they operate. Businesses have also identified and implemented activities to fund initiatives related to local

Table 6: R Square and R Square Adjusted

<table>
<thead>
<tr>
<th>Relationship</th>
<th>R Square</th>
<th>R Square Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Sustainability - Community Participation</td>
<td>0.432</td>
<td>0.428</td>
</tr>
</tbody>
</table>
business will be strengthened, the brand reputation of the business to the community also increases, and business competitive advantage and operational efficiency would be improved.

Secondly, businesses should make a differentiation in tourism services. For the South Central Coast tourist area, two main product lines should be focused to develop such as sea and island resort tourism and heritage tourism. In particular, the product of sea and island resort tourism is the typical because of beautiful beaches suitable for relaxation and swimming. Every destination could develop the tourism type appropriate with its own characteristics.

Thirdly, tourism businesses need to reduce the energy and water consumption as well as the negative impacts on the natural environment. In addition, for reducing negative impacts on the natural environment of their products and services, the tourism businesses need to take voluntary actions to restore the natural environment. An environmental audit and disclosure process should be carried out. This will help businesses improve the quality of products and services, enhance their corporate image and focus on corporate sustainability.

Fourthly, tourism businesses need to improve their motivation policies to increase employee commitment to businesses. The businesses need to increase the awareness of employees about activities for sustainable development, and at the same time need to create favorable conditions for staff to improve their professional qualifications, enhance the ability to satisfy best those needs and wants that match the needs of the business and society.

Fifthly, the local community is playing an important role in tourism development. Therefore, tourism businesses need to motivate the community participation in tourism development. The perception on and performance of the corporate sustainability have an important impact on local community involvement. Therefore, tourism development planning and policy makers and businesses should focus on enhancing the role of local community participation in sustainable tourism development.

Finally, research results show that when businesses carry out activities associated with social, economic and environmental aspects, that will help businesses grow in terms of their business performance. Therefore, tourism businesses need to pay more attention to the realization of their strategic goals for sustainable development.

9. Implications of the Findings

Firstly, businesses need to pay more concern about the perception of society about their business activities. Tourism businesses need to pay attention to improving the health and safety of their employees and the communities in which they operate. Marketing communication activities need to be strengthened to attract the stakeholders engagement. When business perform well their social, economic and environmental goals, the employee attachment to the communities. However, the implementation of activities to protect the complaints and interests of the local community is still limited. Business sustainability in terms of economics is the lowest of the three dimensions of the scale. This means tourism businesses in the Vietnam South Central Coast are still facing many difficulties when implementing corporate sustainability. In terms of environmental sustainability, tourism businesses have taken practical actions such as reducing energy consumption and reducing negative impacts on the natural environment.

Tourism businesses in Vietnam South Central Coast highly appreciate their employees commitment to the businesses. However, tourism businesses underestimate the participation of local communities.

Finally, the overall performance of tourism businesses in Vietnam South Central Coast is quite good. The ROA of the company is significantly higher than the industry average and is highly appreciated by businesses.

8. Conclusion and Recommendations

8.1 Conclusion of Findings

Research results show that corporate sustainability has a direct and indirect impact on the performance of tourism businesses as follows:

Corporate social activities have a direct impact on the corporate performance (β direct = 0.119), indirect effects through employee commitment (β indirect = 0.231), and impact indirectly through community participation (β indirect = 0.228). The total effect result is β total = 0.578.

Economic activities of the business have a direct impact on the corporate performance (β direct = 0.172), indirect effects through employee commitment (β indirect = 0.220), and impact indirectly through community participation (β indirect = 0.203). The total impact result is β total = 0.595. The environment activities of the business have a direct impact on the corporate performance (β direct = 0.136), indirect effects through employee commitment (β indirect = 0.166) and indirectly through community participation (β indirect = 0.171). The total impact result is total = 0.473.

Thus, there is an validity of a relationship between corporate sustainability, employee commitment, community participation and corporate performance in Vietnam South Central Coast.

9. Implications of the Findings

Firstly, businesses need to pay more concern about the perception of society about their business activities. Tourism businesses need to pay attention to improving the health and safety of their employees and the communities in which they operate. Marketing communication activities need to be strengthened to attract the stakeholders engagement. When business perform well their social, economic and environmental goals, the employee attachment to the
the relevance of the conceptual model to market data.

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.