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## EXAMINING THE ROLE OF CORPORATE SOCIAL RESPONSIBILITY IN RESIDENT ATTITUDE RESEARCH: A MISSING LINK?

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### ABSTRACT

*This study argues that CSR has been overlooked in the resident attitude literature. Empirical research was hence conducted on the role of CSR in understanding resident attitude towards the building of Shanghai Disney Resort. Four competing models were proposed varying in assumptions about CSR's role in the perceived impact → resident attitude framework. The model comparison results suggest the moderating-effect model (i.e., CSR moderates the effect of perceived impacts on resident attitude) appears to be both statistically and conceptually sound.*

**Keywords:** *Corporate Social Responsibility, Disney, Resident Attitude, Perceived Impacts*

### INTRODUCTION

Although local resident attitudes toward tourism development has been one of the most heavily studied areas in tourism research (Harrill 2004; Nunkoo, Smith, & Ramkissoon 2013), this line of research has been constantly criticized for being atheoretical (Nunkoo, et al. 2013) and lacking relevance to the mainstream tourism practice (Sharpley 2014). Sharpley (2014) suggests that a key reason is these studies mainly focus on tourism development in general, not the impacts of individual tourism projects like a major hotel or theme park. In particular, studies on resident attitude toward “large scale resort areas in both the industrialized and developing world” are notably scarce (Sharpley, 2014, 46). The new Shanghai Disney Resort (SHDR), a \$5.5 billion project, provides researchers a rare opportunity to examine residents’ attitudes toward the building of a highly visible tourism project from inception, hence this study.

A key distinction between general tourism impact studies and studies on the impacts of specific tourism projects is the latter needs to take corporate/brand-related factors into consideration. Specifically, to investigate residents' attitudes toward SHDR, these authors propose that Shanghai residents' view toward Disney as a company and brand needs to be considered in understanding the resident attitude formation processes. One of the key constructs warranting attention is residents' perceived corporate social responsibility.

Corporate social responsibility (CSR) refers to "expectations the society has of organizations at a given point in time" (Carroll, 1979, 500). Residents expect companies can positively contribute to the well-being of the local community, the society, and the environment through CSR-related activities (Dahlsrud 2008). It has been argued that CSR has become a fundamental addition (Lewis 2003) to the appraisal of companies and their products (Marin, Ruiz, & Rubio 2009). Disney, taking a leadership role in CSR (Reputation Institute 2013), has announced the CSR mission as "to promote the happiness and well-being of kids and families and inspire them to join us in making lasting positive change in their community" (Walt Disney Parks and Resorts, 2014, 4). Whether and how this mission is received and reflected by the local residents deserves attention.

However, to the authors' knowledge, perceived CSR has not been included in resident attitude research in tourism. Despite ongoing debates on factors affecting resident perception (Sharpley 2014; Vargas-Sánchez, Porrás-Bueno, & Plaza-Mejía 2011), the general consensus is, in a nutshell, locals' perception on tourism impacts largely determines their attitude toward tourism development. Thus, the challenge for identifying the role of CSR in resident attitude formation would be to position CSR in the perceived impacts → resident attitude framework. Although no current study has directly supported the relationships between CSR, perceived impacts, and resident attitudes, at least four potential relationships could be postulated: (1) The baseline model would be CSR and perceived impacts jointly but independently affect resident attitude ("Independent Model"). (2) As both CSR and perceived impacts are mental perceptions (Sharpley 2014; Oppewal, Alexander, & Sullivan 2006), CSR will probably interact with perceived tourism impacts, and strengthen or weaken the association between tourism impacts and resident attitude. In other words, CSR may moderate the perceived impacts → resident attitude link ("Moderation Model"). (3) Some may argue that residents perceiving more negative impacts of tourism development are more likely to expect the company to step up their CSR efforts to reduce negative impacts and/or generate positive impacts (Basu & Palazzo 2008). Thus, CSR may mediate the effect of perceived impacts on resident attitudes ("Mediation Model"). (4) Finally, an alternative view contends that residents' support for tourism and their perception of tourism impacts depend on what they value (Jurowski, Uysal, & Williams 1997). Because CSR is highly valued in the Chinese society (Ramasamy & Yeung 2009), it could be an antecedent of Chinese citizens' perceived tourism impacts, which then leads to their attitude toward a tourism project. That is, if residents hold more positive beliefs about a company's CSR performance, they will be more likely to think that the company's CSR activities could offset its negative impacts, if any, and hence hold more positive attitudes toward the tourism project/company ("Antecedent Model").

Four competing models were structured based on the foregoing discussion. In comparing these models, the authors attempt to uncover the associations among CSR, perceived tourism impacts and resident attitude. In light of recent theoretical developments (Li, et al. 2015), the authors took a dual-theory approach to explore the residents' perceived economic, sociocultural and environmental impacts and their attitudes. Specifically, the authors applied the social

exchange theory to understand residents' perception of tourism impact on their own lives, and used the social representation theory in understanding tourism impacts on local community as a whole (Li, et al. 2015). With the application of dual theories, this study also attempts to explore the differences underlying personal-level and community-level resident attitudes. Further, by focusing on resident attitudes toward the building of a high-profile tourism project, results of this study will shed light on the planning and management of other large scale projects.

## METHODOLOGY

Findings reported in this paper were based on phone surveys to urban, adult Shanghai residents who have lived in Shanghai for at least three years. To ensure the representativeness of the final sample, a proportional, stratified random sample of 1,000 was obtained via Random Digit Dialing (RDD) to household phone numbers in Spring 2013. The final sample was demographically balanced to represent Shanghai's urban population in terms of respondents' age, gender, and household income. The survey instrument was adapted from the literature (e.g., Li, et al. 2015). The respondents were first asked about their level of agreement with general statements regarding the economic/environmental/socio-cultural impacts of the SHDR (i.e., perceived impacts at the city level). Subsequently, they were asked to indicate how the economic/environmental/socio-cultural consequences affected their own life either positively or negatively (i.e., perceived impacts at the personal level). Then, they were asked about their general attitudes toward the building of SHDR and their expectations of SHDR's CSR efforts.

To assess the aforementioned models, the authors used the SmartPLS 3 (Ringle, Wende, & Becker 2015) to run PLS-SEM. Bootstrapping with 5,000 re-samples was used to generate the standard error of the estimate and t-values. Partial Least Square Structural Equation Modelling (PLS-SEM) was adopted to measure how the economic, environmental, and socio-cultural impacts at the city level and at the personal level and CSR affect resident attitude. Key constructs, including the economic/environmental/socio-cultural impacts at the city level and at the personal level and CSR were measured formatively, whereas resident attitude was a single-item construct in all models.

## RESULTS

Constructs used in the formative measurement models were cleaned and assessed first. The structural models in PLS-SEM were then assessed according to Hair, Hult, Ringle, and Sarstedt's (2013) recommendations (detailed information is not reported due to space limitation). Paths with non-significant path coefficients were deleted. The coefficients of determination ( $R^2$  value) of resident attitude in all models ranges from 0.182-0.246. The adjusted  $R^2$  of each model is calculated for model comparison.  $Q^2$  generated by blindfolding procedure in SmartPLS for the reflective construct, resident attitude, ranges from 0.163-0.199 in all models, suggesting that these models have medium predictive relevance for resident attitude (Hair, Hult, Ringle, & Sarstedt, 2013). Values of t statistics,  $f^2$ , and  $q^2$  indicate that the deletion of the corresponding paths is reasonable.

According to the literature (Hair, Hult, Ringle, and Sarstedt 2013; Henseler, Ringle, & Sarstedt 2012), the adjusted R square ( $R_{adj}^2$ ) is better than PLS goodness-of-fit index (GoF) proposed by (Tenenhaus, Amato, & Esposito Vinzi 2004) in comparing PLS-SEM models with different exogenous constructs. Comparing the  $R_{adj}^2$  of the above four measurement models, the authors find the "moderation model" offers the best  $R_{adj}^2$  value (0.232). In this model, CSR not

only has a direct impact on resident attitude, but also moderates the effect of environmental impacts at the city level on resident attitude. Residents believe SHDR has socio-cultural impacts and economic impacts on the city, but not on individuals. No direct environmental impacts either at the city level or at the personal level was found.

## DISCUSSION

This study attempts to explore the role of CSR in understanding resident attitude towards a high-profile tourism project currently under construction. Four competing models were proposed varying in assumptions about CSR's role in the perceived impact → resident attitude framework. The model comparison results suggest the moderating-effect model (i.e., CSR moderates the effect of perceived impacts on resident attitude) appears to be both statistically and conceptually sound.

The most important conclusion of this study is CSR is indeed a major driving force of local resident attitude toward a tourism project, and moderates the effect of SHDR's environmental impacts (at the city level) on resident attitude. This moderating effect was not found on the economic and socio-cultural impacts. This suggests that SHDR's CSR activities will most likely be more effective in improving its environmental impacts. More broadly, the results also suggest that it is in the project investors' interest to engage in CSR efforts to build grass root support from the local community for their project.

Further, the model suggests Shanghai residents' attitudes toward SHDR are affected by SHDR's economic and socio-cultural impacts at the city level. Overall, the impacts at a city level carry greater weight on resident attitude than the impacts at the personal level, implying that a resident's attitude depends more on SHDR's city-level impacts than personal-level impacts. Overall, the findings are consistent with previous studies (Li, et al. 2015; Zhou & Ap 2009) that Chinese citizens tend to link tourism projects more with community pride than individual benefits. The study also supports the dual-theory approach as an effective way to understand local residents' attitude formation.

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