Employees' response to code of ethics and corporate philanthropic social responsibility: Evidence from Pakistan

Abstract:
Although, the importance of codes of ethics is essential in today's service industry, however its effect on employee is scant. Therefore, this study aims at investigating the effects of codes of ethics and philanthropic related activities on employees' job engagement, work engagement and turnover intention. The study collected data from 286 employees working in the hotel industry of Pakistan. Structural equation modeling has confirmed an association of codes of ethics with job engagement, work engagement, turnover intention and corporate philanthropy. In addition, job engagement and organizational engagement were found to explain the association between corporate philanthropy and turnover intention. The study contributes to the limited literature on codes of ethics and has implications for the service organizations.

Key Words: Ethical Climate, Corporate Social Responsibility, Job Engagement, Work Engagement, Hospitality Sector.

Introduction
The importance of ethics is essential to smoothly run a business. The actions of socially responsible marketing firms affect their employee, society and customers (Madden-Hallett, 2009). Almost all organizations face ethical evaluations, even when situations are not under their control. For example, The Exxon Valdez oil spill disaster, Bhopal gas tragedy and Enron scandal are the lessons of potential ethical environmental related outcomes (Lee et al. 2014).

The report of the worldwide corruption perceptions indices (CPI) suggest that, countries with the weak economy are largely involved in corruption comparing countries with strong economies (www.transperancy.org). Pakistan, being a developing economy, for the first time since CPI published in 1996, moved from the last one-third to the middle of the countries. However, the Pakistani steady
corruption rate (i.e. 116th among 176 countries) and government scandals destroyed some of the industries.

Considering the harmful consequences, most of the firms attempted to establish good ethics by establishing ethical values statement, credos, codes of ethics (COE) and code of conduct (Jose and Thibodeaux, 1999; Ki et al., 2012). Establishing COE can be key featuring towards transmitting ethical values among a firm's employee, bespeaking the firm's moral concern, and influencing the employees' ethical behavior. Effective COE can not only improve an organization's ethical work climate, but also can respond better to stakeholders' pressures and external demands (Wotruba et al., 2001). Furthermore, organization's involvement in social causes increases their public image, and this positively consequent increased market share and sales (Papasolomou-Doukakis et al., 2005). Therefore, doing something for the betterment of society (i.e. corporate social responsibility, CSR), can be a source of capabilities and resources for the firm (McWilliams et al., 2006). According to Chonko et al., (2003), establishing COE have become essential for today's businesses, though, its effectiveness is reported as controversial or mixed (Ki et al., 2012). This study argues that, COE would be helpful for Pakistani firms as its nation displays strongly shape image.

According to Sharma et al. (2011) ethical codes results corporate philanthropy (CP), that is one of the dimensions of corporate social responsibility (CSR). An organization's participation in philanthropy may result in increased commitment (Islam et al., 2016) and morale values (Porter and Kramer, 2002), which becomes a source of competitive advantage for the organizations. Further, this helps organizations to implement cause related marketing strategies (Liu et al., 2010). Such actions of an organization not only retain its employees (Lee et al. 2012), but this also enhances employees' level of job as well as organizational engagement (Lim, 2010) and they represent their organizations as socially responsible among suppliers, customers and various community groups (De Bussy et al., 2003).

In particular, service organizations are more concerned in creating a strong ethical image among its customers. Specifically, front line employees of the hotel industry are manifestly related to the ethics. This is because, front line employees have to deal with the conflicting demands, thus, are more susceptible to ethical dilemmas (Dubinsky et al., 1986). According to Levy and Dubinsky, (1983), front line employees who work in non-ethical environment have more conflicts, which lead towards turnover. Ethical work environment may be promoted by the adoption of policies and COE as these creases a sense of responsibility among employees (Porter and Kramer, 2002).

In short, little is known about the ethical cod and governance in developing economies like Pakistan as majority of organizations of these economies rely on a formalized whistleblower system (Lee et al., 2014). In case of hospitality, rare studies have been conducted focusing COE (Coughlan, 2001). Therefore, this study aims at investigating the role of COE and CP in changing Pakistani firm's work environment. More specifically, this study focuses on the service employees' response of COE such as organizational engagement, turnover intention and job engagement. This study contributes to the existing voids in the field of CP and COE through empirical supports.
Literature review

Codes of ethics (COE)
An organizational code of ethic is a “written expression of an organization’s ethical norms and values” (Valentine and Barnett, 2003, p. 359). It makes valuable guiding principles to frame managerial policies as well as decision-making (Sims, 1991) as all decisions about managerial issues are influenced by code of ethics. These decisions include customer dealing, manager-employee behavior, societal and public concerns that related to customers, inside and outside stakeholders. According to Brenner’s (1992), most of ethical plans are inherently derived from organizational culture and norms, but these are not developed explicitly. A code of ethics is revealed in shape of policy guidebooks, instructional manuals and ethic’s workshops, orientation programs for new employees and audit of ethics (Callan, 1992; Dean, 1992; Trevino and Nelson, 1995; Vitell and Singhapakdi, 2008). Organization’s ethical values can be positively perceived through formal code of ethics (Wotruba et al., 2001) and ethical conduct of employee is promoted at high level. Nevertheless, awareness of employees about content of organizational codes of ethics is very low or in other words, they are not familiar with code of ethics (Wotruba et al., 2001). Rules and guidelines for ethical behavior may be established with deep understanding of contents of code of ethics (Singhapakdi and Vitell, 2007). Hence, the awareness about code of ethics is very important to make an ethically oriented organization more profitable. The development of code of ethics generates high level of ethical standards in the organization. Sims (1991) highlighted that CEO’s commitment is developed with such COE in addition with uplift of public faith, abide employees by provision of laws and safeguard from employee’s misconduct. The awareness about ethical global trends can be acquired by a well-established COE than promoting minimum acceptance level of behaviors (Weeks and Nantel, 1992). Thus, it seems mandatory for organizations to frame COE to develop ethical behaviors in an organization.

Corporate philanthropy (CP)
In accordance to Social institutional theory (SIT), an organization is regarded as a “public institution sanctioned by the state for some social good” (Boatright, 2000, p. 248). Intrinsically, not only the nonprofit organization, but also profit-making organizations are established to serve the society and to make advancements in society's welfare (Carroll, 2009; Davis, 1983). Organizations that perform ethically from marketing perspective should promote ethical behavior in market places as well. Generally, society has four type of expectations from organizational CSR activities such as ethical, legal, economic and philanthropic (Carroll, 1999). Ethical, economic, and legal responsibilities are mandatory for a firm, but philanthropy is not mandatory. Philanthropy is originated from Greek means “the love of humans” however, it is voluntary and desirable (Carroll, 2009). For example, Lantos (2001, p. 20) mentioned as, “If possible, do good.” The purpose of philanthropic activities of an organization is to facilitate humanity for minimization of their societal problems such as crime, illiteracy, poverty, severe unemployment, chronic diseases, and pollution in environment. The quality of life will be improved and societal welfare will be promoted through curtailing societal problems (Brenkert, 1992; Jamali et al., 2008; Velasco, 1996). Pakistan is ranked
as one of the top countries over the globe in respect of philanthropy. It is to be noted that private charity in Pakistan reached a highest figure of Rs.200 billion in 2013. This figure is higher comparing to the state's budget for health, education and for the welfare of society (Shah, 2015). According to Najeeb (2011), Pakistan Centre for Philanthropy (PCP) reported that corporate contribution in philanthropy was Rs. 2.35 billion in 2009, in addition, the individuals’ philanthropy was around 17 per cent of national revenues.

CP is an emerging concept in Pakistan because its history is not too long, but this concept is growing and figure of charity is increasing with the passage of time. Survey in 2013 has reported notable trend that volume of giving by top 25 companies as increased over the time. For example, the share of these companies was 69% of total giving in 2000 and it is reported in this survey that contribution of these companies reached to 81 percent. Regardless of mounting public companies’ awareness in CP, how it influences on employees' attitudes and behaviors in the service industry is under examined (Holcomb et al., 2007).

**Job engagement and organizational engagement**

According to Saks (2006), employee engagement is an emerging area of researcher, but it has become inevitable for a successful services sector. Literature on employee engagement is very scarce and needs more investigation (Kim et al., 2009; Saks, 2006; Slåtten and Mehmetoglu, 2011), as only 13% of the world's employees are engaged in their work. Engaged workers participate positively in work with full dedication, energy and concentration (Bakker and Demerouti, 2008; Schaufeli et al., 2002). The outcomes of employee' performance with high level of job engagement has greater value in their organization. Such employees perceive themselves fit for that job and intrinsically they are motivated for work (Roberts and Davenport, 2002). In this way, they feel strong attachment with their organization and generally put extra effort by participating in creative and innovative tasks at the workplace (Mirvis, 2012). Such employees, by caring their customers and organizational demands contribute towards firm's performance (Roberts and Davenport, 2002). Employees engaged in job activities with motivation, complaints less comparing non-engaged co-workers.

Past research suggested that employee engagement is positively correlated with organizational engagement (Schaufeli et al., 2009). For example, Salanova et al.’s (2005) found that supportive service environment is positively correlated with job engagement and both collectively promote hospitality service performance as well as customer loyalty. In case of fast-food restaurants, it is notably mentioned that high degree of employees' engagement influences effectively on firm's financial returns (Xanthopoulou et al., 2009). Similarly, Job autonomy, strategic attention, and role benefits are positively associated with employee engagement (Slåtten and Mehmetoglu, 2011).

**Turnover intention**

Turnover intention is very critical factor that prevails in many service industries in general, but specially in hospitality industry. Woods et al. (1998) reported that sixty percent front-line employees are leaving their jobs on yearly basis. Turnover intention is the degree to which employees are interested in switching their jobs
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(Kraut, 1975; Mobley et al., 1978). Generally, engaging employees in an organization may manage turnover intention. Addressing turnover, it is suggest that newly hired employees are not so productive and substantial cost has to afford for their training. New employees cannot focus on their job performance due to job-related clashes and burnouts that result in low productivity (Tracey and Hinkin, 2008). Therefore, it is beneficial for an organization to retain existing employees than hiring new entries (Budhwar et al., 2009). Engaged employees’ retention promote retention of customers (Reichheld, 2001). Leading organizations in hospitality industry concentrate on their front-line employees because their turnover may influence negatively on firm performance. Organizations that care their employees, tends to face low turnover intention among their employees.

Hypotheses Development

Firms that are worried about its stakeholders’ welfare promote code of ethics, whereas, others want publicity stunt (Ndubmisis et al., 2014). Service organizations are primarily concerned to establish ethical standards by setting norms and policies to create ethical work environments (Babin et al., 2000). In the presence of ethical work environment, employees behave ethically and consistently throughout the organization. This sets the tone of ethics for the managers and for those employees (i.e. front line employees particularly) who have to deal with the customers Front-line employees present favorable position of organization when are clearly equipped with ethical actions of their managers, that are set by their organizations (Deconinck, 2011). When organization provides healthy environments through clearly defined COE and involved in philanthropic activities, the employees’ turnover intention is resultantly reduced.

Outcomes of codes of ethics

Moral developments through ethical awareness help corporations to meet the society's ethical obligations at greater level (Valentine and Fleischman, 2007). COE and CP are key factors to promote the sense of social responsibility and accelerate moral developments (Koonmee et al., 2009). Previous research suggested that organization performance can gain benefits of competitive advantage through CP and integrity (see, Turban and Greening, 1997). Further, organizations having fundamentally strong in COE contribute at large in CP activities (Sharma et al., 2011; Wood, 1991). Literature is rich explaining the role of COE in developing a healthy work environment (Deshpande, 1996; Jose and Thibodeaux, 1999; Koh and Boo, 2001; Trevino et al., 1998; Valentine and Barnett, 2003). However, its empirical investigation is service organizations is limited, despite the fact that it improves quality of work performance for them. Unhappy employees, due to poor ethical work environments, feel uncomfortable to continue their services with the same organizations, thereby increase their intention to switch jobs (Babin et al., 2000; Sims andKroecck, 1994). Over the time, organizations get satisfactory feedback from customers about their services; the employees in organization feel pride to continue their work in that respectable organization. In return, they show a strong commitment to that organization and put their all efforts for the success of organization. Based on above theoretical framework, this study has developed following three hypothesis:
H1: There is positive association of COE with CP.
H2: There is positive association of COE with job engagement.
H3: There is positive association of COE with organizational engagement.

CP, Job and organizational engagement and turnover intention

CP also passes through a similar vein and influences employees’ engagement positively (Roberts and Davenport, 2002). According to Sirota Survey Intelligence (2007), 75% employees of seventy companies found to be committed with organization because of their involvement in social responsibilities. They are likely to engage in their jobs since they believe that their organizations are active in CSR activities. Reputation Institute (2008) reported that seventy-five percent workers (respondents more than 20 countries) prefer to work in such organizations that are socially responsible. Employees responsible of organization identification are enriched by corporate prosocial behavior (Googins et al., 2007). Since, philanthropy is a notable activity that engages employees at their job (Brammer et al., 2007; Collier and Esteban, 2007). In this manner, CP is a source of inspiration for employees (Kenexa Research Institute, 2010). Their morale and sympathy is heightened and firm enables to hire capable employees (Porter and Kramer, 2002). A survey was conducted in six-countries to report that employees feel proud to work with socially responsible organizations (Kenexa Research Institute, 2010). Such activities reduce turnover intention among employees and they entrust all their efforts towards their firm (Lee et al., 2012a, b). However, study has developed following hypotheses:

H4: There is positive association of CP with job engagement.
H5: There is positive association of CP with organizational engagement.
H6: There is negative association of CP with turnover intention.

Job engagement and organizational engagement

Job engagement imparts positive results at personal as well as organizational level. At personal level, quality of work is improved and at organizational level, productivity of organization is improved (Kahn, 1990). Positive reactions in shape of joy, happiness, passion, and satisfaction are resulted by engaged employees and consequently, positive outcomes at workplace are delivered by such positive reactions (Bakker and Demerouti, 2008). It is suggested by Schaufeli and Bakker (2004) that engaged employees are willing to serve their organization at a desired level and willing to retain their services for longer period of time. Such employees are highly energetic in work performance and these energies motivate them for strong engagement with organization (Slåtten and Mehmetoglu, 2011; Sonnentag, 2003). Organization should provide comfort to employee by providing abundant resource for job performance (Halbesleben and Wheeler, 2008). Employees’ perception about organization influenced positively when extra benefits are provided, since they feel that they are obliged from organization and in return, they put more efforts and perform extra role for the goodwill of organization (Kahn, 1990; Saks, 2006). The theoretical support for exchange of value is
explained in Social exchange theory. This theory suggests that, obliged employees are more engaged with their job and organization. The exchange strategies build mutual trust and confidence between employees and their organizations (Cropanzano and Mitchell, 2005). Since, engaged employees provide full cooperation to their organizations due to these favorable tradeoff between employees and organization. This concept is in accordance with Transformation theory. Weitz and Jap (1995) proposed that attitudes and behaviors transferred among individuals by daily interactions within an organization. This suggestion is reported by Bakker and Demerouti (2008) sentiments of engaged employees are shared with coworkers. Therefore, commitment of engaged employees to their job performance is transmitted to a greater extent in all organs of organization. Since, the following hypothesis are developed in light of above literary discussion:

**H7:** There is a positive association of job engagement with organizational engagement.

**Relationship among job engagement, organizational engagement and turnover intention**

When employees are profoundly engaged in their work, it becomes very difficult for them to detach themselves from organization owing to strong identification with organization and work (Hobfoll, 2001). As they assume that work is fundamental source of their identity, they are attached with work with dedication. Reciprocally, their work and organization provide them a bundle of resources in tangible and intangible form. Consequently, engaged employees are hesitate to change organization and they avert to leave their job (de Lange et al., 2008). Hence, the relationship between job resources and turnover intention is supposed to be mediated through job engagement (Bakker and Demerouti, 2008; Schaufeli and Bakker, 2004). Since, the following hypotheses are developed in light of above literary discussion:

**H8:** There is a negative association of job engagement with turnover intention.

**H9:** There is a negative association of organizational engagement with turnover intention.

**Method**

**Participants and procedure**

This study focused on the front line employees of the hotel industry. The study focused the employees working in four and five star hotels as they have enough resources to participate in CSR related activities. The study first confirmed about the hotel's participation in CSR and then was selected to include in the study. The rational for selecting front line employees was their dealing with the conflicting demands of the customers and manifestly related to ethics (Dubinsky et al., 1986). The study distributed four hundred questionnaires, of which, two hundred and eighty six were used for the hypothesis testing.

Respondents were also examined regarding their personal traits. The values of the table 1 show that majority of the respondents were belonged to food & beverage departments (N=207, 72.37%), male (N=198, 69.23%), with the age between 26-35 years (N=119, 41.60). Based on qualification, 43.36% (N=124)
respondents were holding a masters degree, interestingly, only 22.72% (N=65) of the participants were having a relevant diploma in hotel management. Most of the respondents were found to continue with their hotels for more than five years (N=109, 38.11%) and 55.24% (N=158) of them were married. The table also shows that the divorce ration in Pakistan is very low (N=18, 6.29%).

**Measures**

All the scales used in this study were adapted from the previous studies and respondents were requested to respond on a five point Likert scale ranging from "strongly disagree" to "strongly agree".

Codes of ethics (COE) were measured using a 9-item scale of Singhapakdi and Vitell (2007). Corporate Philanthropy was examined through 5-items scale of Lee et al. (2009). Organizational engagement and job engagement of the employees were measured using six and eight items respectively, from the study of Saks (2006). Turnover intention was measured using a three-item scale of Cammann et al. (1983). In addition, the study treated all the demographical factors as control variables because age, gender, work experience and marital status can influence on the observed variables of this study (Islam et al. 2016).

Table 2: CFA Results

<table>
<thead>
<tr>
<th>Variables</th>
<th>COE</th>
<th>CP</th>
<th>OE</th>
<th>JE</th>
<th>TI</th>
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<tbody>
<tr>
<td>1.COE</td>
<td>1</td>
<td></td>
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<tr>
<td>2.CP</td>
<td>.63**</td>
<td>1</td>
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<td></td>
<td></td>
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<tr>
<td>3.OE</td>
<td>.49**</td>
<td>.44**</td>
<td>1</td>
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<tr>
<td>4.JE</td>
<td>.42**</td>
<td>.47**</td>
<td>.64</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

Note: CR=composite reliability, AVE=average variance extracted, CFA=confirmatory factor analysis

**Results:**

This study, first examined the data regarding missing values, normality, multicollinearity and outliers as these may affect the results (Hair et al. 2006; Byrne, 2010; Holms-Smith, 2010). The study excludes ten questionnaire regarding missing values and fourteen questionnaire regarding outliers. Furthermore, descriptive statistics of the study identify (see table. 3) the mean values of the variables ranges between 3.98-4.15 except turnover intention (Mean=2.79). In addition, the values of cronbach alpha were noted well above the standard value of 0.70 (Hair et al. 2006).

The values of the table 3 show COE positively associated with CP (β=.63, P<0.01), OE (β=.49, P<0.01), JE (β=.42, P<0.01), but negatively associated with TI (β=-.39, P<0.01). In addition CP was found to have a positive association with OE (β=.44, P<0.01) and JE (β=.47, P<0.01), but negatively with TI (β=-.37, P<0.01).
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<table>
<thead>
<tr>
<th>5.TI</th>
<th>TI</th>
<th>- .39*</th>
<th>- .37*</th>
<th>- .41*</th>
<th>- .47*</th>
<th>1</th>
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<tr>
<td>Mean</td>
<td>4.15</td>
<td>4.08</td>
<td>4.21</td>
<td>3.98</td>
<td>2.79</td>
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<tr>
<td>SD</td>
<td>.62</td>
<td>.78</td>
<td>.67</td>
<td>.58</td>
<td>.81</td>
<td></td>
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<tr>
<td>∞</td>
<td>.77</td>
<td>.82</td>
<td>.83</td>
<td>.79</td>
<td>.84</td>
<td></td>
</tr>
</tbody>
</table>

Note: COE = codes of ethics, CP = corporate philanthropy, OE = organizational engagement, JE = job engagement, TI = turnover intention, SD = standard deviation, **P < 0.01

Confirmatory Factor Analysis (CFA)

Uni-dimensionality of the items used to measure a variable was examined through CFA (Hair et al. 2010). The study used 0.50 as the standard value of standardized loading (Byrne, 2010) and some of the items were deleted. For example, four items from COE, two items from organizational engagement and four items from job engagement were deleted on the basis of high residuals as well as low loading (see table 2). The values of the model fit were found as good i.e. \( \chi^2 = 382, df = 138, \chi^2/df = 2.76, RMSEA = 0.061, SRMR = 0.07, CFI = 0.96, TLI = 0.94 \). The study also examined the composite reliability (CR) and average variance extracted (AVE) to ensure validity and the values were found to be well above the standard criteria of 0.60 and 0.50 respectively (Hair et al. 2006).

Measurement Model:

The values of the model fit regarding structural model were found to be good i.e. \( \chi^2 = 349, df = 145, \chi^2/df = 2.41, RMSEA = 0.053, SRMR = 0.08, CFI = 0.97, TLI = 0.95 \). The study hypothesized that, awareness regarding ethical codes of an organization (COE) positively influence employees’ level of job engagement (JE), corporate philanthropy (CP) and organizational engagement (OE). The results in table 4 identify a positive and significant impact of COE on JE (\( \beta = .12, P < 0.05, t = 4.58 \)), OE (\( \beta = .32, P < 0.01, t = 4.58 \)), and CP (\( \beta = .61, P < 0.01, t = 6.78 \)). These results support suggested hypotheses H1 and H3 and rejected H2.

The study also hypothesized that CP influence on JE, OE and TI. The results confirms a positive impact of CP on JE (\( \beta = .51, P < 0.01, t = 5.23 \)) and OE (\( \beta = .29, P < 0.01, t = 4.69 \)) and negative impact on TI (\( \beta = -.19, P < 0.05, t = 2.04 \)), which supports suggested hypotheses H4, H5 and H6 of the study. The study also noted that JE positively affect OE (\( \beta = .57, P < 0.01, t = 4.37 \)) and negatively to TI (\( \beta = -.24, P < 0.05, t = 1.98 \)) supporting suggested hypotheses H7 and H8. Finally, OE was found negatively affecting TI (\( \beta = -.31, P < 0.01, t = 5.68 \)), which support H9.

Note: COE = codes of ethics, CP = corporate philanthropy, OE = organizational engagement, JE = job engagement, TI = turnover intention, SD = standard deviation, **P < 0.01, *P < 0.05

The mediating effects of the study were examined using path analysis, the indirect effect of COE on JE through the mediation of CP was found to be significant (\( \beta = .311** \)) whereas, the direct effect of COE and JE was insignificant (\( \beta = .12, n.s. \)), therefore CP was found to fully mediate COE-JE association. The indirect effect of COE on TI via OE was found to be significant (\( \beta = .10* \)), whereas the direct effect was non-significant, suggested full mediation. However, JE and OE were
noted to perform the role of partial mediation between CP-OE ($\beta=.29^{**}$) and JE-TI ($\beta=.18^{**}$) associations respectively.

**Discussion:**

Organizations should establish and implement codes of ethics, which they want their employees to be followed at the workplace. These COE develop organizational values among employees and create the awareness about corporate philanthropy. Furthermore, engagement should be considered as a long run strategy to retain employees and to get competitive advantage.

The study also suggested the meaningful difference between organizational and job engagement based on conservation of resource, social exchange and transfer theories (Hobfoll, 2001; Saks, 2006; Bakker and Demerouti, 2008). The study noted that, employees who perceive availability of resources reciprocate through engagement in their organization as well as job. In addition, such employees are more likely to be with their current organization and engaged employees tends to show positive attitudes and behaviors at their workplace. Moreover, the study suggests that, organizational and job engagement together with philanthropy can further explain the COE-TI association (Schaufeli and Bakker, 2004). These results are in accordance with the arguments of Valentine and Fleischman, (2007) that CSR intervenes between organization ethics and employees job satisfaction.

This study is not free from limitations. First, the data for this study was collected from the single service sector (i.e. hotel) and the responses were received from the employees of only ten hotels. In addition, the results of this study are based on the responses of only front line employees as such employees can better perceive the ethical codes of their organization (Viswesvaran and Deshpande, 1996). Second, this study collected data on independent and dependent variables at one point from same source. Such issues, in primary data collection methods may raise a question on common method variance (CMV). Although, the study examined and treated for CMV through procedural as well as statistical method, however it is suggested to the future researchers to collect data from two sources i.e. from managers and employees.

Third, most of the respondents of this study were male and the results may be of gender biased. The main reason of male respondents is Pakistani culture, where societies are male dominant and women take care of their homes. Future researchers are suggested to take equal number of male and female respondents to further generalize the findings. Finally, the study consider only a single dimension of CSR (i.e. Philanthropy) as this is the most common activity of Pakistani hotels, whereas, other dimensions of CSR may also affect on employees turnover intention (Islam et al. 2016).

**6. Practical Implications**

The study suggests to the managers as well as policy makers of the service-based organizations that service firms should leverage social responsibility, legal compliance and moral values to create philanthropic culture. Employees perception of their firm’s involvement in philanthropic related responsibility makes them feel connected with their organization and job, in turn, organization may enjoy employee retention (Sharma et al., 2011).
According to the gallup survey of 2016 about employees engagement, only 13% of the employees are deliberately involved in their jobs and this figure is even worse in service organizations. Therefore, there managers of the service organizations (i.e. hotels in this study) should make proper codes of ethics for their employees engagement. This suggestion is not unique as some of the Korean as well Malaysian hotels (i.e. hotels of non-western countries) such as Continental Hotels Groups and Westin Chosan Hotel has developed ethical codes. In Pakistan, Pearl Continental Hotel and Sareen Hotels etc. have also established ethical codes and are involved in philanthropy related activities such as matching gifts, tree planting, food banks etc. Such actions by the organizations promote employee engagement (Halbesleben and Wheeler, 2008).

Considering the potential benefits of the codes of ethics, the study, therefore suggested to the managers to design ethical training programs. The training programs should be arranged on regular as well as occasion basis. The regular ethical training programs should cover ethical issues required for data to day operations in the organizations and can be conducted using newsletters, networking sites, meetings, or take help from mentoring. While, non-regular ethical training programs should be arranged in form of seminars and workshops such as campaigns regarding customers care or anticorruption (Lee et al. 2014). Such programs develop the element of organizational support and employees perform their job diligently (i.e. job engagement).

In simple words, management should embed philanthropy in organizational culture as it can improve the engagement as well as awareness among employees about their firm's involvement in philanthropy (Sims and Kroeck, 1994). Engaged employees prefer to be with their current organization. Doing so, services organizations can capture and retain their customers.
References


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