CORPORATE SOCIAL RESPONSIBILITY AND INTERNAL ORIENTATIONS TO THE COMPANY’S EMPLOYEES. A CASE STUDY OF GREEK COMPANIES

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EXTENDED ABSTRACT

Nowadays, companies are required to apply sustainability principles and take into account the triple bottom line of economic, social and environmental performance. A company must now focus on a new role which is not just about profits but also about employees, customers and public, developing a new corporate profile. Corporate Social Responsibility (CSR) is a multidimensional concept, contributing to the prosperity of employees, customers and public in general. However, it is observed that companies incorporate CSR actions without making them known, insofar as it would be supposed, to the employees.

The aim of this research is to determine to what extent the CSR actions of the company are well known to the employees. It would be also interesting to investigate whether the demographic characteristics of the employees affect somehow the information they have about CSR and if employees can be grouped based on their perception on this issue. The study, conducted via closed-type questionnaires, focused on 135 employees of 15 large companies that implement CSR practices, in the Athens metropolitan area, Greece. The results showed that most employees are not informed about the CSR actions of the company, mainly because of the limited information that the company provides to them. Respondents consider that CSR actions have a strong influence on economic development, improvement of standard of living and friendly environmental practices. They also claim that it is strongly connected with the sustainability and the reputation of the company, and the improvement of employment relationships. On the basis of their responses on the role of CSR, four groups were identified using cluster analysis, ranging from being followers to being distrustful.

It seems that internal communication is a potentially powerful channel for enhancing responsibility among its key stakeholders. Companies need to bring employees closer to their activities in order to achieve a full organizational participation in CSR. Management must both find and appeal to employees and consumers for long-term profitability.

Keywords: Corporate Social Responsibility, sustainability, internal information, Greek companies.

1. INTRODUCTION

Nowadays, companies are expected to apply sustainability principles and achieve economic, social and environmental performance. It is no longer acceptable for a company to experience economic prosperity in isolation; an ethical commitment is also required (Bauman and Skitka, 2012). A company must now focus on a new role which is not just about profits but also about employees, customers and public, developing a new corporate profile (Carroll and Shabana, 2010; Sprinkle and Maines, 2010). The term “Corporate Social Responsibility” (CSR) is in popular use (Carroll and Shabana, 2010), although there is not a unique definition of CSR among the private sector, governments and civil society organizations because ideas and facts, philosophy and
history, society and environment are interrelated (Nord and Fuller, 2009). According to Dahlsrud (2006), there are more than 37 definitions of CSR, which identify various dimensions that characterize their meaning (Kotler and Lee, 2005), addressing topics of business ethics, corporate social performance, global corporate citizenship and management of stakeholders (shareholders, employees, customers and suppliers). One of the most recent definitions of CSR is that of Aguinis and Glavas (2012): “context-specific organizational actions and policies that take into account stakeholders’ expectations and the triple bottom line of economic, social and environmental performance”.

The wider aim of social responsibility is to create higher standards of living and address poverty (Newell and Frynas, 2007), while preserving the profitability of the company, for people both within and outside of the company (Hopkins, 2006). Recent studies (Kolk and van Tulder, 2010; Babiak and Trendafilova, 2011) show that social and environmental issues are at the forefront of many companies and they should be fully integrated into macro level (i.e., institutional or organizational level).

According to Clark (1999), companies use to adopt environmentally activities in order to remain competitive, ethical and long-term profitable. However, the most obvious of all motivations that influence the adoption of environmental practices is legislation or regulation. No matter what the motivation might be, companies consider themselves to be responsible for environmental and social well-being. However, there is a gap between what executives know they should do and what the companies are actually doing.

Aside from being applied as an external marketing strategy (Sprinkle and Maines, 2010), CSR can also be used as an internal strategy developing the company’s most important stakeholders: the employees (Sprinkle and Maines, 2010; Makela, 2012). Employees have significant power (Greenwood, 2007) and their view has to do with corporate identity and culture. Many companies spend resources to support compelling social initiatives but fail to seize opportunities to inform employees about their good works, without involving them in such initiatives (Bhattacharya et al., 2008). Most of the power is held by the company, leaving the employees to feel underpowered and unmotivated. CSR is a top-down rather than a co-created endeavor in most companies since companies are seeking to create homogenous groups of individuals with common interests (Makela, 2012). Owners, customers, employees, community, suppliers, competitors, social activist groups, public at large, increase the complexity of thinking about cultural and social responsibilities of corporations. Thus, a major challenge for managers, particularly in large companies, is to increase their employees’ proximity to their CSR initiatives, taking them from unawareness to active involvement (Bhattacharya et al., 2008).

An exclusive use of the top-down perspective may lead to an organization’s failure to become more socially responsible (Nord and Fuller, 2009). There is a lack of resolution about CSR integration and development, whose approaches will ensure the integration of CSR into the organization’s culture and strategy (Lindgreen and Swaen, 2010). Communicating about social activities does not always benefit the communicating organization. CSR decisions are not made in vacuum (Sprinkle and Maines, 2010). Involving and listening to employees can greatly assist companies in fulfilling needs that might otherwise be difficult to identify. While many have a vague notion that their employer is socially responsible, they know little to nothing about the specific activities the company engages in (Bhattacharya et al., 2008). This is because such information is often tucked away in some remote pages of the company’s intranet.

Researchers have moved from a discussion of the macro social effects to an organizational – lever analysis of CSR and its impact on organizational processes and performance (Lindgreen and Swaen, 2010; Carroll and Shabana, 2010). Rolland and Kaminska-Labbe (2008) refer to the positive impact of intra-organizational networking on the capacity to sustain competitive advantage in a highly volatile environment. According to these findings, inter-personal networks enhance knowledge sharing and have direct
positive impact on overall strategic performance of transferring knowledge across organizational units.

Communication is the most specific and important aspect: companies need to inform their employees about their CSR programs in a concrete, clear, coherent and consistent manner (Bhattacharya et al., 2008). Companies have to adopt a holistic view and make their employees the primary enactors in CSR programs. Otherwise, a distinction between people “inside” and “outside” the company does not enhance participation and does not provide opportunities for continuous development and well-being of employees.

The activities associated with CSR should also be viewed from a wider perspective so that the actions of lower level organizational participants are included; those actions also can and often do affect change in organizations (Nord and Fuller, 2009). Companies and employees don’t see clearly who really makes the difference through CSR. However, bringing employees closer to CSR obviously does not end with communication (Bhattacharya et al., 2008). Companies need to encourage the active participation of employees in their CSR programs and enable meaningful and specific participation by providing real opportunities for involvement (Lee et al., 2012).

The employee-centered approach to organization change helps us see how organizations may change continuously with little or no top-down action. Employee-centered processes associated with a continuous change perspective on organizations can also be useful for understanding and promoting CSR (Nord and Fuller, 2009). Employees’ work and personal lives are inextricably intertwined, and they often look to integrate these two spheres. Others prefer to work for socially responsible companies because they provide opportunities both for personal growth and to learn new skills that are applicable to their work (Makela, 2012). A company’s CSR activity helps employees to be educated about external audiences, and sometimes even themselves, about the company’s core values and ethics (Bhattacharya et al., 2008; Viswesvaran and Ones, 2002).

Greek data on CSR, are still limited. Many Greek companies not only recognize and evaluate the impacts of their social, environmental and economic activities, but they are trying to meet the social and environmental challenges, such as the climate change, the protection of human rights and the global poverty. According to the research of the Social Innovation Institute (2008), 19 out of 100 high profit Greek companies published sustainability reports, while 35 of them reported social and environmental actions in their annual economic assessments. However, it seems that companies, even though they do not adopt CSR practices, recognize their responsibility towards the environment. Sixty-two Greek companies reported to their websites the concepts of “corporate responsibility” or “responsibility”, while 13 of them reported “sustainability” or “sustainable development”. However, they are facing difficulties to practice the principles of sustainable development. But what are the perceptions of the Greek employees on the role of CSR? Does the Greek business environment make them active members in decisions about CSR? The aim of this research is to determine to what extent the CSR actions of the company are well known to the employees. It would be also interesting to investigate whether the demographic characteristics of the employees affect somehow the information they have about CSR and if employees can be grouped based on their perception on this issue.

2. METHODOLOGY

A survey was conducted by collecting primary data for this study between January and February 2010. The survey was conducted using a structured close-ended type questionnaire. The questionnaire was sent, via e-mail, to a sample of 33 large companies in the greater Athens metropolitan area, Greece which undertake significant CSR actions, according to the Hellenic Network for Corporate Social Responsibility (HNCSR). The respondents were the general managers or/and the employees of the companies. In a pre-test phase, 5 managers from different companies were interviewed in person in order to refine the questionnaire. The questionnaire was accompanied by a cover letter
explaining the research aim and follow-up telephone calls were conducted in order to confirm receipt of the questionnaires and answer any questions. Totally, 15 companies responded to the research corresponding to a response rate of 45%. Of these, 7 companies were active on the field of banking, 3 on the field of telecommunications, 2 on the field of super markets and the rest on other fields. Finally, we had 135 valid responses for data analysis.

The questionnaire consisted of three sections. The first section gathered information about major sociodemographic characteristics of the respondents, such as sex, age, educational level and their position in the company. The second section gathered information about the participants’ knowledge of the concept of CSR and their awareness of what CSR actually comprises. Hereafter, the respondents were asked about their perceptions on the role of CSR in several issues, such as sustainable development, economic development, poverty, environment and quality of life. The third section included questions about the participants’ opinion on the role of CSR in the company’s profile, its motivations and strategy. For this purpose the aforementioned questions were measured with statements based on the respondents’ responses to a 5-point Likert scale: by no means, little, moderate, much, very much.

The collected data were analysed using descriptive statistics for calculating the means and standard deviations of continuous variables and the frequencies and percentages of categorical variables. The correlation between the participants’ socio-demographic characteristics and their opinion about their information on CSR actions of the company in which they are employed, were studied using the chi-square test. Moreover, cluster analysis was conducted to identify groups of employees with a similar attitude. This cluster technique is a statistical procedure for categorizing employees into groups based on the criterion that the members of the group are most similar in terms of their underlying characteristics. The hierarchical approach was used to determine the number of clusters (Aldenderfer and Blashfield, 1984). The Cronbach’s $\alpha$ coefficient for the questionnaire was 0.74. Statistical analyses were performed with SPSS v.11 software.

3. RESULTS

3.1. Participants’ characteristics

The majority of the respondents were female (58%) and the average age of the total sample was 34.2 years (SD = 8.02). Most respondents had attended university (58%). In addition, 78% of them were employees, while 16% were supervisors and 6% managers.

3.2. Participants’ opinion about CSR

Fifty six percent (56%) of the respondents were not informed about the CSR actions that the company undertakes and 78% were not informed about the Greek awards on CSR. According to the majority of the sample (80%), the company does not inform them on CSR actions.

However, certain demographic characteristics of the respondents influence their information about CSR actions of the company. According to the results of chi square test, females are better informed about the company’s CSR actions than the male employees (p-value<0.10). Furthermore, the higher educational level leads the respondents to better information on the company’s CSR actions (p-value<0.05). Finally, the respondents’ position in the company influences their opinion (p-value<0.05). Employees claim that they have limited information about the company’s CSR actions, while managers and supervisors consider that they are well informed.

The respondents were asked to choose between five definitions of CSR often cited in the literature. The first one is the more complete and gathered the highest percentage. A majority of the sample (39%) reported that CSR is the continuing commitment by
business to behave ethically and contribute to the economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. Thirty six percent (36%) pointed out that the meaning of CSR implies that a company deals seriously not only with efficiency and growth, but also with the social and environmental impacts. On the other hand, 22% suggested that, according to the meaning of CSR, companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. For 2% of the respondents, when implementing a CSR strategy, companies should recognize and respect local and cultural differences, maintaining high and consistent global standards and policies. Similarly, 2% of the respondents claimed that CSR is the adoption by enterprises of the UN Convention on human and labour rights.

Then, the respondents were asked to express their opinion about the impacts of CSR regarding the fields of economy, environment and community (see Table 1).

Table 1: Respondents’ perceptions of the impacts of CSR

<table>
<thead>
<tr>
<th>CSR activities could contribute to the…</th>
<th>By no means</th>
<th>Little</th>
<th>Moderate</th>
<th>Much</th>
<th>Very much</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic development</td>
<td>2%</td>
<td>21%</td>
<td>36%</td>
<td>39%</td>
<td>2%</td>
</tr>
<tr>
<td>Poverty decrease</td>
<td>1%</td>
<td>30%</td>
<td>36%</td>
<td>27%</td>
<td>6%</td>
</tr>
<tr>
<td>Improvement of quality of life</td>
<td>1%</td>
<td>9%</td>
<td>31%</td>
<td>47%</td>
<td>12%</td>
</tr>
<tr>
<td>Environmentally friendly practices</td>
<td>1%</td>
<td>7%</td>
<td>36%</td>
<td>38%</td>
<td>18%</td>
</tr>
<tr>
<td>Citizens’ sensitivity in social issues</td>
<td>0%</td>
<td>15%</td>
<td>44%</td>
<td>31%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Additionally, the respondents were asked about the impact of CSR on the company level. The results of these responses are found in Table 2.

Table 2: Respondents’ perceptions of the impacts of CSR on the company

<table>
<thead>
<tr>
<th>CSR actions could contribute to the company’s …</th>
<th>By no means</th>
<th>Little</th>
<th>Moderate</th>
<th>Much</th>
<th>Very much</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainability</td>
<td>0%</td>
<td>7%</td>
<td>29%</td>
<td>47%</td>
<td>17%</td>
</tr>
<tr>
<td>Reputation building</td>
<td>0%</td>
<td>0%</td>
<td>15%</td>
<td>50%</td>
<td>35%</td>
</tr>
<tr>
<td>Example for other companies</td>
<td>12%</td>
<td>43%</td>
<td>31%</td>
<td>13%</td>
<td>1%</td>
</tr>
<tr>
<td>Employment relationships</td>
<td>3%</td>
<td>23%</td>
<td>35%</td>
<td>32%</td>
<td>7%</td>
</tr>
</tbody>
</table>

3.3. Clustering of employees

The dendrogram results indicate that the data contained four different clusters of employees. More specifically, the identified clusters are:

Cluster 1: The followers
Of the 135 respondents, 19 (14%) belong to cluster 1. This group has a particularly positive attitude towards the impacts of CSR. They argue that CSR activities can positively affect mainly the environmental development (84%) and then the economic one (84%). They also point out the role of CSR in the improvement of the reputation of the company. Most of the members of cluster 1 (53%) have high educational background (postgraduate studies) and they are supervisors/managers (58%). They define CSR as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis (58%). Moreover, they are informed about the CSR activities of the company (84%).
Finally, 74% report that they are informed about CSR and in particular about the CSR Greek awards.

**Cluster 2: The technocrat viewers**
A total of 31 respondents (23%) belong to cluster 2. Similarly to cluster 1, cluster 2 seems to point out the positive contribution of CSR mainly to the economic development. Participants in this group consider that CSR practices can reinforced the economic (58%) and environmental (55%) development as participants in the first group but to a lower extent. Most of the respondents (58%) have attended university and 87% are employees. They have no information about CSR activities (93%) and CSR Greek awards (87%). They report that they have insufficient information on the CSR undertaken actions of the company (61%) and less knowledge of what exactly CSR means (55%).

**Cluster 3: The socio-cultural viewers**
A total of 35 participants (26%) belong to cluster 3 (Table 3). This group focuses on improving the quality of life (74%) and then sustainability (69%). Furthermore, a satisfactory percentage (63%) considers that CSR can contribute positively to social matters and environmental protection. Most of the respondents (57%) have a high educational level (university) and they are employees (74%). Similarly to cluster 2, they report that they have little knowledge about CSR (83%) and CSR Greek awards (77%). As for the CSR actions of the company they work for, 63% claim that they are not sufficiently informed about them. Finally, 63% of the respondents have deficient knowledge of the complete definition of CSR.

**Cluster 4: The distrustful**
Fifty respondents (37%) belong to cluster 4. The percentages of those who believe that CSR can strongly contribute to the issues of economy, environment, as well as to the company’s reputation are not considerably high. For these it is more important to strengthen social matters applying CSR actions (52%). Eighty eight percent (88%) of the respondents are employees and 64% have a high educational level (university), while none of them has postgraduate studies. Sixty four percent (64%) have no knowledge of whether the company adopts CSR actions. Ninety two percent (92%) report that they are not informed about CSR news and the CSR Greek awards, respectively.

**4. DISCUSSION**

The aim of this research is to determine to what extent the CSR actions of the company are well known to the employees. Only 1/3 of the employees were informed that the company they work for, adopts CSR practices. This result is in agreement with the research of VPRC (2009) and Bhattacharya et al. (2008). Why does this happen? According to Bhattacharya et al. (2008), while 90% of the respondents agreed that it was important for the company to be engaged in CSR, only about 50% agreed that they have a good understanding of the nature of this engagement. It is also likely that companies incorporate CSR actions without, however, making them known, insofar as it would be supposed, to the employees. In the present study, 80% of the respondents reported that the company does not inform them about CSR strategies and actions. As Rolland and Kaminska-Labbe (2008) suggest, inter-personal networks enhance knowledge sharing and have direct positive impact on overall strategic performance of transferring knowledge across organizational units. Ziek (2009) argues that an assessment of how organizations explicitly communicate the behavior that constitutes CSR should be understood in the context surrounding the organizations. Furthermore, Morsing and Schultz (2006) argue that making sense is at the heart of an involvement approach to stakeholder communication in which stakeholders are invited to participate and suggest corporate CSR efforts. In the present study, it was found that female,
supervisors or managers, with high educational level, are further informed about CSR actions of the company. Concerning the respondents’ opinion about the impacts of CSR on economy, environment and community, economy and the environment are considered as the most vital CSR drivers. It can be derived from these results that economy and environment may become the most important forces to push the Greek companies to undertake CSR actions. It is also noteworthy that most respondents (85%) claim that CSR can be strongly connected with the achievement of sustainability and the reputation of the company, and the improvement of employment relationships. Respondents suggest that companies are sensitive to the value of their reputation, a result that is similar with the research of VPRC (2009). However, according to Sen et al. (2009), CSR communication should be factual and avoid the impression of bragging. On the other hand, according to the respondents, companies incorporating CSR actions do not aim at setting an example for other companies, possibly because the main goal of a company is profit-maximization. The followers of cluster 1 seem to have a particularly positive attitude toward CSR. They are well informed about CSR news and CSR awards in Greece. They believe that CSR actions have an important effect mainly on environmental protection, sustainability and economic development. Finally, they claim that CSR practices increase the reputation and the image of the company at large. The technocrat viewers also support CSR actions. However, they have a more technocratic aspect, compared to the following group, on the role of CSR in society. They argue that CSR have a lower impact on social issues. On the other hand, the third group of the respondents views mainly the social effects of CSR. They claim that apart from sustainability and environment, social issues have particularly benefits from CSR actions. Finally, 37% of the respondents belong to the group of distrustful. Most respondents of this group suggest that CSR programs can weakly contribute to the development. However, they suggest that CSR can positively contribute to the company’s reputation building.

5. CONCLUSIONS

The concept of CSR is a multidimensional one that is able to contribute to the quality and the prosperity of citizens. However, it is observed that the participants do not have an explicit perception of its content, having created problems in the dialogue and the creation of a common language of communication. According to the results, the Greek companies do not adopt a strategic top down perspective. The concept of CSR has not been internalised by the employees as a “personal” subject. Thus, they consider that the company is the one who take the immediate profit and can improve its reputation while adopting CSR programs. The responsible behaviour of the company towards society and the environment seem to be cultivated only in their leaders who do not provide information to their employees. In order to exceed the aforementioned problems, we recommend internal environmental improvements. Nord and Fuller (2009) indicate that employee-centered processes associated with a continuous change perspective on organizations could also be useful for understanding and promoting CSR. We recommend that companies need to bring employees closer to their CSR activities in order to achieve a full organizational participation in CSR. Management must both find and appeal to employees and consumers for long-term profitability.

REFERENCES