

## **Cross-cultural study over the CSR dimensions**

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*Abstract: The goal of this paper is to determine whether there are differences in opinion among employees from Russia, Bulgaria and Serbia toward Corporate Social Responsibility (CSR). The CSR is examined through five the most important dimensions: environmental, social, economic, stakeholder and voluntariness dimension. The research was conducted using the questionnaires, aiming to investigate differences in perceiving of CSR. For this purpose one-way analysis of variance (ANOVA) was used. Results show that there are statistically significant differences in attitudes of employees toward importance of different activities companies implement based on CSR concept.*

*Keywords: Corporate Social Responsibility, Five dimensions, Employees,*

# 1 Introduction

Very discussed issue among businessmen, scholars and governments is establishing equilibrium between the mere harvesting of profit through business operations and general social well-being. Defining business strategy taking into account facts that company exists in surrounding and is dependable of its influences can provide sustainable development of the company and long-term competitive advantage. With business globalization and easier and faster access and flow of information, many new issues come to light. Operating of multinational corporations has consequences worldwide and become main drivers for creating and spreading new concept of business, so the influences from local become global [1].

Mediating factor between companies and surrounding become Corporate Social Responsibility. Companies use CSR to mitigate environmental pressure they cause, to empower the workforce, increase commitment and innovative potential and to generate healthy society that can be loyal partner and support to long-term success.

Some of the very widely accepted concepts of defining CSR, as Carroll's pyramid of CSR [2] or Elkington's Triple Bottom Line [3] don't take stakeholders as a separate issue for consideration. However, since Freeman and Liedtka introduced Stakeholder Capitalism theory, it was clear that for longevity and prosperity of company is essential including the stakeholders in all level of business planning and realization [4]. In many articles is identified a need for investigating the perception, influence and consequences of implemented CSR activities on different groups among which one of the most important addressed group are employees [5,6].

Social responsibility towards employees concerns the two courses. It must include the expectation of employees over the activities the company undertakes on empowering of the workforce, improvement of working conditions and enabling participation in decision-making process. The second direction represents involving of employees in outside activities of the company that are oriented on social and environmental issues.

In order to understand the direction of CSR actions, several concepts of CSR have been introduced. The concept presented by Alexander Dahlsrud [7] pointed five the most important dimension of CSR that cover 97% of existing definitions of CSR [8]. According to Dahlsrud, the main dimensions of CSR are the social, environmental, economic, stakeholder and voluntariness dimension [9].

The purpose of this paper is to identify and compare levels of employees' comprehension of CSR concept and it's the most important dimensions. The results of the research can help managers to set the course of their CSR activities,

communicate with employees in the proper manner and to measure the effectiveness of conducted activities.

## **2 Theoretical background**

Acceptance of CSR can be significantly affected by the socio-cultural context in which company operates. CSR concept mainly comes from countries with market economies with strong regulations and public opinion as an important control factor of business operations. In developing countries, however, the institutional framework is weak followed with a low level of self-conscious among companies over fulfilling the obligation beyond required. In those countries, it is still necessary institutional reinforcement in order to companies introduce policies that include CSR elements.

By the late 1990s the Russian companies operates in institutional supervised economy. The fulfillment of social governance goals was considered as social responsibility. During the period of transition many companies show behavior beyond any regulation fill with corruption and unfairness towards workers. The post socialistic Russia opened market to global trade in 2000. Russia, nowadays, belongs to an emerging economic bloc where the economy is fast growing but still is prevailing strong state-run economic system. That means the companies obey the significant number of rules and regulations in order to avoid penalties [10]. In research which was carried out by Crotty was stated that companies focus on adoption of codified CSR policies and harmonization with international standards basically to gain access to international markets [11]. The companies are involved in numerous environmental and social projects and become more aware of benefits they can gain as competitive advantage, economic efficiency etc. Another important motivator for CSR activities is social legacy were companies have goal to ensure the wellbeing of employees.

Bulgaria became a member of European Union in 2007 but still is one of the poorest countries in EU. The concept of CSR was introduced in Bulgaria during the transition period that, in some way, isn't over yet. Simeonov and Stefanova stated that CSR is mainly driven by the pressure of EU and formed on the basis of multinational companies and international organizations[12]. Also, the lack of CSR knowledge is stressed as one important factor for the low level of CSR implementation. The high level of corruption, poverty and unemployment rate provoke high level of skepticism and expectation that companies be more socially responsible. The overall impression is that doesn't exist enough commitment of politics to CSR and resources for its introduction. Also is perceived that companies, mainly multinational, introduce CSR activities and use it for gaining better public image.

Serbia had a very specific socio-economic situation. Although was the communist country, Serbia had the most liberal market. In the pre-transitional period, the responsibility of companies was a part of a social system and was initiated by the government. The war and economic sanctions largely ruined Serbian economy and large state-owned companies. CSR in Serbia as recognized concept appeared after 2000. The introducing of this concept is made by international companies. Still, domestic companies have too little knowledge of advantages of socially responsible business. CSR is perceived as the spending of financial assets without gaining any profit. Some researchers showed that social, philanthropic and environmental activities highly influence the public perception of a company but perception is based on advertising and media reporting [13]. The overall impression is that CSR is used more as a trend then really integrated into the daily operation of companies.

## **2.1 The five dimensions of CSR**

At the beginning, CSR dimensions consisted of two main pillars, social and economic because all other are considered within them. The environmental dimension is included later and becomes a very important third pillar of CSR. Other two dimensions, stakeholder and voluntariness are added as a necessity to point separately interests of groups connected with business operation of company and necessity of defining ethical norms and behavior that are above legal norms and that society expects [14].

The environmental dimension of CSR refers ecological impact the company makes while operating a regular business and striving to reduce it. Environmentally responsible oriented companies change the perspective over resource exploitation, recycling, development of ecological products, reverse logistics, using renewable sources of energy, decreasing pollution and lowering the carbon footprint. Including environmental concerns in operations can be beneficial in terms of stimulating innovation, reduce costs and making a favorable reputation.

The social dimension of CSR presupposes concerning for society as a whole and implies steering the activities in the way everyone has benefits of the business. Many companies become increasingly involved in solving social concerns by including people from the company in CSR activities, finding balance in life of workers and their families, implementing ethical policies trough whole supply chain, being responsible to consumers and offer proper value, participating in solving problems of socially vulnerable groups, influencing on achieving of community welfare, and sharing the companies principles and values.

The economic dimension of CSR implies that the impact of the company's operations it is not only the matter of financial results but should consider the direct as well as indirect impact on the surrounding. Company has obligation to

earn profit to shareholders, to gain and retain leading market position, to preserve the loyalty of customers and employees, to guarantee the quality of products and services and conduct responsible marketing campaigns. It must be taking into account the fact that the main goal of every business is profit and therefore the volume of investments in philanthropic and environmental activities must not jeopardize the existence of the company.

Stakeholders are people who have influence or are in positive or negative manner influenced by the business. The stakeholder dimension of CSR is dealing with different needs of stakeholder with a goal to fulfill as many requirements as possible without harming one group in favor of another. Since requests of different sides can be conflicting it is very important to find procedures for managing relations with all stakeholders that are positive and beneficial [15].

Voluntariness as a dimension of CSR can be perceived through those activities that are undertaken beyond legal or other mandatory obligations. The activities the company implements beyond any prescribed requirements are the reflection of ethical values the company stands for [16].

### **3 Research methodology**

In this study, for evaluation of CSR dimensions the questionnaire was used. The questionnaire was developed from questionnaires from literature and adjusted for the needs of this research [6, 17]. The questionnaire consists of three groups of questions. In the first group are questions which are used to determine the overall level of recognizing CSR concept among employees. In the second group are questions concerning CSR dimensions where different CSR activities have been evaluated (Appendix 1). In the third group are the demographic and organizational-related questions.

The employees from Russia, Bulgaria and Serbia were mostly personally interviewed in order to achieve a high understanding of questions by respondents. This way of research implementation conditioned high degree of correctly filled questionnaires and reliability of received answers. Respondents were asked to indicate at what level, according to their opinion, the company they work for, implements certain CSR activities. They expressed their opinion toward CSR activities connected with five dimensions using a typical five-point Likert scale where responses went from 1-strongly disagree to 5- strongly agree. Researchers had been trying to achieve heterogeneity of the sample by interviewing employees from companies of different sizes and sectors.

It was collected 169 properly filled questionnaires from Russia, 114 from Bulgaria and 184 from Serbia. The following descriptive statistic is obtained. The respondents from the age 26-35 are the most numerous in three countries more

than 35% in each. About 60% of all respondents are female. Regarding the position in the company respondents from Russia are mainly on higher level named "headworker" 47.9% while from Bulgaria 57.9% and from Serbia 53.7 are workers. The largest number of respondents from Russia works in companies with over 1000 employees and the second group is 11-50 employees where work 29.6% of respondents. Categories for the size of the company are very evenly distributed among workers from Serbia between 7.6%-19.6% while from Bulgaria 21.1% working in companies with over than 1000 employees and 11-50 employees.

Questions, of which 5 dimensions of CSR consist, were analyzed with Exploratory factor analysis (EFA) to identify basic item structure and remove unrelated and cross-loading items from each factor.

For evaluating the environmental dimension (ENV) five questions were used. The correlation matrix shows that all correlation coefficients have a value greater than 0.3, therefore, the questions are suitable for factoring [18]. Statistical significance of Bartlett's Test of Sphericity ( $<0.05$ ) and Kaiser-Meyer-Olkin value 0.827 indicate the adequacy of data for factor analysis [19].

The scale for estimation of social dimension (SOC) included 13 questions. Exploring the results of factor analysis, two questions can be excluded due to the low correlation with all other questions. The rest of questions give good indices for factoring and belong to one factor with statistical significance of Bartlett's Test of Sphericity ( $<0.05$ ) and Kaiser-Meyer-Olkin value 0.93.

The employees perception concerned economic dimension (EC) was measured with four questions. Bartlett's Test of Sphericity has statistical significance ( $<0.05$ ) and Kaiser-Meyer-Olkin has value 0.682.

Group of question connected with stakeholders dimension (ST) consisted of five items. Those questions shows the lowest inter correlations compared with other groups. Therefore one question is removed from further analysis due to correlation value lower then 0.3 with all other questions. Results of factor analysis for stakeholder dimension are: Bartlett's Test of Sphericity has statistical significance ( $<0.05$ ) and Kaiser-Meyer-Olkin has value 0.665.

The scale for voluntaries dimension (VO) included 9 questions. Only one question is excluded from voluntariness dimension due to the very low correlations with other questions. Other questions belong to one factor with Kaiser-Meyer-Olkin value 0.91 and statistically significant Bartlett's Test of Sphericity ( $<0.05$ ).

Factor loadings for each group of questions and explained variances are presented in Table 1.

Table 1. Factor loadings for CSR dimensions

Environmental dimension		Social dimension		Economic dimension		Stakeholder dimension		Voluntariness dimension	
Questions	Factor loading	Questions	Factor loading	Questions	Factor loading	Questions	Factor loading	Questions	Factor loading
ENV2	.833	SOC6	.832	EC2	.794	ST4	.721	VO4	.821
ENV4	.827	SOC9	.777	EC3	.726	ST1	.709	VO1	.790
ENV1	.772	SOC7	.772	EC4	.722	ST2	.707	VO2	.788
ENV3	.748	SOC5	.769	EC1	.721	ST5	.666	VO8	.771
ENV5	.673	SOC4	.756					VO6	.768
		SOC12	.748					VO3	.749
		SOC11	.740					VO7	.689
		SOC3	.734					VO5	.561
		SOC8	.726						
		SOC2	.704						
		SOC10	.654						
<b>Eigenvalue</b>	2.988	<b>Eigenvalue</b>	6.153	<b>Eigenvalue</b>	2.199	<b>Eigenvalue</b>	1.966	<b>Eigenvalue</b>	4.453
<b>Variance explained</b>	59.761	<b>Variance explained</b>	55.933	<b>Variance explained</b>	54.966	<b>Variance explained</b>	49.153	<b>Variance explained</b>	55.663
<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>	

Reliability of items is checked using Cronbach's  $\alpha$  coefficient [1] and since values, except stakeholder dimension with 0.654, exceed 0.7 then it is considered as highly reliable [19]. Cronbach's  $\alpha$  for environmental group has value 0.83, for social group 0.92, for economic group 0.727 and voluntariness group 0.874.

## 4 Results

The series of ANOVA tests were performed to determine whether there are differences between attitudes of employees from considered countries toward dimensions of CSR and whether those differences are statistically significant. For test value and significance value, Browne-Forsythe statistic is used. Since Levene test of homogeneity of variances showed that variances of the population for some question are not equal for post-hoc test Dannett C procedure is used [19].

ANOVA for environmental dimension indicates that there are differences in stated opinions between countries because all F values are statistically significant. By observing the results for means and standard deviations can be concluded that answers of employees from Bulgaria have lower values. Post-hoc test show that statistically significant difference exists in all questions between Bulgaria and other two countries while differences between Russia and Serbia are not statistically significant.

Differences in the opinion of employees with respect to the engagement of company in social issues show statistical significance. The post-hoc analysis proves that in pairwise comparisons between countries almost all differences are statistically significant. There is three question concerned this dimension where differences between Bulgaria and Serbia are not statistically significant.

Conducted ANOVA for economic dimension shows the existence of statistically significant differences in given answers between countries. By observing mean values for all dimension is seen that questions from economic dimension got the highest overall mean value. The highest mean value in this group is given to question that examine relations with costumes created through communication of companies values. Also, in this case, respondents from Bulgaria gave the lowest scores than others (M=2.4825, St=1.40311). Employees from Russia gave to this question the highest scores (M=4.2604, St=.81117) among respondents which means they highly appreciate communication and information sharing. When it comes to general opinion of the state of economic aspect of CSR, employees from Serbia gave higher values than others (M=4.0109, St=1.01889).

The questions from the stakeholder group have had the lowest percentage of variance explained 49.153% (Table 1). In ANOVA testing all differences are not statistically significant. The question that investigates opinion over socially responsible marketing campaigns doesn't have statistical significance. The post-hoc test shows that differences in answers are significant only in question about employees satisfaction. The highest value of satisfaction with the company they are working for is expressed by employees from Russia (M=4.0237, St= 0.96949) followed by Serbian employees (M=3.3478, St=1.25393) and the lowest value is from Bulgaria (M=2.6754, St=1.32034).

When it comes to voluntariness dimension the respondents gave more homogenous answers than in other groups of questions, therefore, 3 of 8 questions are not showing statistically significant differences. Those questions concerned the internal and external engagement of employees in voluntary CSR activities and support of the company to their participation. The only question in this group that have statistical significance between all countries investigate the general perception of employees over CSR engagement of the company where for Russia the value is highest (M=3.8462, St= 1.14953), Serbia (M=3.3152, St= 1.27977) and Bulgaria (M=2.9737, St= 1.15567). The result reveals essential distinctions and proves the earlier pointed difference between three countries which arise from the level of development.

### **Conclusions**

During changing the system from the socialist to the liberal market, various transition problems and the dynamics of accepting new business conditions emerged. Contrary to developed countries where market economy prevails and the compliance with regulation is habitually, developing countries give different cultural and socio-economic base for CSR.

The main goal of this paper is to define and analyze differences in employees' attitudes on CSR activities of the firm in three European countries in different stages of transition. The findings indicate that employees from Russia, Bulgaria and Serbia have different attitudes toward environmental activities that company supports. The highest values of means for all items are given by employees from



Russia and the lowest by employees from Bulgaria. The research suggests that employees understand and recognize the social involvement of company since this scale has the highest item reliability (Cronbach's  $\alpha = 0.92$ ). Companies that provide opportunities for participating in different activities insist on fair operations and equal possibilities fulfill the obligations beyond employees' expectations. Social impact is also measured through involvement in society and this aspect was evaluated differently. Results show that the lowest importance of this dimension is given by employees from Bulgaria and highest from Russia.

Taking into account the way in which the transition and the current level of development have taken place, it can be concluded that employees in Bulgaria value CSR efforts the lowest to because they doubt their honesty. CSR dimensions are most valued by Russian employees. Although the economic system is run by the state, a fast-growing economy and the international connection of companies from Russia condition the rapid acceptance of the corporative practice of developed economies. In Serbia, respondents appreciate the efforts of companies mostly in environmental and social engagement.

Understanding of CSR in emerging countries can be enhanced through getting to know the practice of multinational companies, academic perspectives, increasing the awareness of community and solid institutional environment. This may help to establish and develop CSR in an appropriate form for it's particular country.

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## **Appendix 1.**

### **Environmental Dimension of CSR:**

ENV1. We participate in activities related to the protection and improvement of our natural environment.

ENV2. We have a positive attitude toward the use, purchase, or producing the ecological goods.

ENV3. We use recyclable containers and packaging.

ENV4. We are aware of the relevance of firms' planning their investments to reduce the environmental impact that we generate.

ENV5. What do you think about Environmental aspect of your company in general? Company should improve or enhance their activities and efforts.

### **Social Dimension of CSR:**

SOC2. Company fosters training and professional development of employees.

SOC3. Company complies with standards related to labor risks, health, safety and hygiene programs.

SOC4. Company has human resource policies aimed at facilitating the conciliation of employees' professional and personal lives.

SOC5. Company considers employees' initiatives and proposals in management decisions.

SOC6. Company is committed to the improvement of the quality of life of our employees.

SOC7. Equal opportunities exist for all employees without any type of discrimination

SOC8. Company is aware of the importance of making pension plans for our employees.

SOC9. Company is aware of the employees' quality of life.

SOC10. Company pay wages above the average in our region and/or in our industry.

SOC11. Employees' compensation is related to their skills and their results.

SOC12. Employees' initiatives are taken seriously into account in management decisions.

### **Economic Dimension of CSR:**

EC1. The guarantee of our products and/or services is broader than the market average.

EC2. We provide our customers with accurate and complete information about our products and/or services.

EC3. Social responsibility programs increase a company's costs.

EC4. What do you think about Economic aspect of your company in general? Company should improve or enhance their activities and efforts.

### **Stakeholder dimension of CSR:**

ST1. Company is developing and executing advertising programs.

ST2. I am talking about our company with pleasure, sometimes with proudness outside of the working place, when talking with other people within my private neighborhood.

ST4. We participate in social projects in the community.

ST5. What do you think about Stakeholder aspect of your company in general? Company should improve or enhance their activities and efforts.

### **Voluntariness dimension of CSR:**

VO1. Our company helps solve social problems.

VO2. Our company has a strong sense of corporate social responsibility.

VO3. Our company gives adequate contributions to local communities.

VO4. Our company allocates some of their resources to philanthropic activities.

VO5. Our company plays a role in society that goes beyond the mere generation of profits.

VO6. Our company encourages us to participate in volunteer activities.

VO7. Our company organizes ethics training programs for us.

VO8. Our company encourages us to participate in volunteer activities or in collaboration with NGOs.