

Employees' attitude towards CSR in SMEs in Eastern Serbia

Sanela Arsić

University of Belgrade, Technical faculty in Bor, saarsic@tfbor.bg.ac.rs

Sandra Vasković

University of Belgrade, Technical faculty in Bor, svaskovic@tfbor.bg.ac.rs

Isidora Milošević

University of Belgrade, Technical faculty in Bor, imilosevic@tfbor.bg.ac.rs

Andjelka Stojanović

University of Belgrade, Technical faculty in Bor, anstojanovic@tfbor.bg.ac.rs

Ivan Mihajlović

University of Belgrade, Technical faculty in Bor, imihajlovic@tfbor.bg.ac.rs

Abstract: *In recent years, corporate social responsibility (CSR) has attracted great interest in the academic and professional world. The proof of this can be seen in many conducted studies on this topic in the world. However, most studies of CSR focus on larger organizations, with only few studies focusing on small and medium enterprises (SMEs). The SMEs represent a major share of economic value creation worldwide, and they differ substantially from multinational corporations in terms of organizational characteristics, behavioral guiding principles, financial and human resources. For this reason, the objective of this research is to determine the attitude of employees towards this concept in Serbia, and to identify main barriers that appear during the implementation of CSR activities.*

Keywords: *Corporate Social Responsibility, Small and medium-sized enterprises, Employees*

1. Introduction

Corporate Social Responsibility (CSR) has been gaining increasing attention from academics. Despite the growing interest in this topic, there is still no general agreement on the precise meaning of CSR. Instead of being a consistent concept, CSR is an umbrella term that encompasses various overlapping areas, such as corporate citizenship, stakeholder theory, business ethics, and corporate sustainability [1].

Defined as the “economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time” [2], CSR has been evolving in terms of how it is practiced and communicated. Traditionally, organizations were thought to pursue CSR as a way to satisfy internal stakeholders and improve performance [3]. Today, CSR is a global concept that has progressed from the interplay of thought and practice. CSR represents a language and a perspective that is known in the world and it has become increasingly vital as the stakeholders have communicated that modern businesses are expected to do more than make money and obey the law. Socially responsible firms make a special effort to integrate a concern for other stakeholders in their policies, decisions and operations [4]. Despite this useful conceptualization, the scope of what CSR entails, how it is defined, and the way it is enacted varies substantially between organizations depending on the philosophies, preferences, and personal values held by organizational leadership, employees, and shareholders [5].

From the SME perspective, social responsibility poses a different challenge. Frequently overwhelmed by time, financial and resource restrictions, it emerges fundamentally linked to management efficiency concerns: raising employee motivation, reduction in energy consumption or improved client relationships. On other occasions, it is also linked to the philanthropy of senior management or some voluntary desire to participate in the surrounding local community [6].

Small and medium sized enterprises (SMEs) are both the main driving force in European economic growth and a key component of the Serbian economy. The researchers usually focus on CSR in large multinational companies [7, 8], while the focus on CSR in small and medium sized enterprises (SMEs) has a limited attention by researchers and authors [9, 10, 11, 12].

Given the highly specific understanding of the CSR concept and practices by SMEs, first, the most relevant practices and stimulus mechanisms should be outlined. Quantitative data on SME CSR strategies lacks in terms of both scope and accuracy. A lack of awareness of the most common CSR practices, motivations and existing obstacles was noticed particularly in Serbia. So as to meet this shortcoming, research was carried out in Serbia.

The employees' opinion and attitude are very important requirements for better perception of overall business activity in SMEs. The aim of this study is to

investigate the differences in respondents' attitude based on their gender by analyzing their knowledge on the CSR concept. Furthermore, the main barriers that appear during the implementation of CSR activities were investigated as well. The fact that the implementation of the CSR concept in SMEs is in the early phase, the identification of the main barriers is important for those SMEs that have not started with the implementation of the CSR. Another aim of this research is to raise awareness among employees of the importance of this concept.

2. SMEs and CSR in Serbia

The analysis of the current situation in Serbia shows that SMEs constitute a significant segment of Serbia's economy. The total of 99.8% of all active companies can be qualified as SMEs, which hire almost 2/3 of employees in non-financial sector and make 32% of Serbia's GDP.¹

Table 1 shows the number of companies based on their size according to the relevant statistical data from 2017. The distribution of companies is presented based on the regions.

Table 1 Number of companies based on their size

2017	<i>Micro</i> 0-9 employees	<i>Small</i> 10-49 employees	<i>Middle</i> 50-249 employees	<i>Large</i> >250 employees	<i>Total</i>
The Republic of Serbia	87012	16583	2372	521	100488
Southern and Eastern Serbia Region	9748	1327	323	71	11469
Belgrade region	40031	4080	866	204	45181
Vojvodina Region	21812	2795	642	153	25402
Shumadija and Western Serbia Region	15421	2381	541	93	18436

Based on the results shown in Table 1, it can be concluded that the region of Southern and Eastern Serbia is the least developed region regarding SMEs, which was the reason the authors chose to conduct research in this part of Serbia on the

¹ <http://www.pks.rs/PrivredaSrbije.aspx?id=20>

level of awareness of the CSR concept and main barriers that occur. The slower development dynamics and reduction in the number of SMEs in the region are the result of tough economic conditions, little opportunities for financing the SME sector in this region, as well as the declining foreign demand due to the reduced overall business activity of Serbia's most important foreign trade partners. One of the possibilities for faster development in this sector is the implementation of a good business practice exhibited in large and multinational companies through the implementation of CSR concept.

CSR Index Serbia is the first national platform for the assessment of social responsibility in companies in Serbia. CSR is based on the methodology which is adjusted to the state and level of national economy. It is the only methodology which allows objective comparison of companies' performance in the context of social responsibility.² Carefully implemented CSR policies can help SMEs to achieve next benefits: win new business and increase customer retention; develop and enhance relationships with suppliers and networks; attract, retain and maintain a happy workforce and become an employer of choice; save money on energy and operating costs and manage risk; and improve business reputation.

The first time CSR appeared in business and non-governmental sector in Serbia was after 2000. However, it appeared in the public policies only in 2008, in the National Strategy for sustainable Development, which addressed corporate social responsibility in Serbia and how this business policy should be organized.

In a survey conducted by Smart Kolektiv in 2014, the need for corporate social responsibility in companies was emphasized of which the citizens, regretfully, were not fully aware of. Almost 81% of citizens thought that the quality of their life would be improved if the companies in Serbia were socially responsible. As employees, the citizens were even more likely to value the corporate social responsibility than as consumers, because 87% of them would rather work in socially responsible company, even though the salaries were slightly lower. For 80% of the citizens, the requirement for the company to be socially responsible meant it had good health and safety program. For 78% of them, the requirement for corporate social responsibility was providing consumers with truthful and complete information about their products. Moreover, for 80% of the citizens, the condition for CSR was company's concern about the environment. Conversely, for 55% of the citizens, the requirement for CSR was that company donated money to charity [13, 14].

In order to recognize the current situation and the level of CSR concept presence in Southern and Eastern Serbia (the least developed region in Serbia), considering all stated facts and significance of SMEs for the development of the whole

² <https://odgovornoposlovanje.rs/nase-teme/merenje-i-izvestavanje/csr-indeks-srbija>

country, the employees' attitude towards CSR in SMEs and main barriers for successful implementation of the CSR concept, were investigated in this paper.

3. Research Methodology

The research was conducted in July and August 2018 on the territory of Southern and Eastern Serbia. The research was conducted by anonymous survey. The questionnaire consisted of two parts. The first part involved questions about demographic structure of the data, and the second part contained questions about the CSR activities. Fifty-two (52) employees who work in SMEs on the territory in question participated in the survey. The analysis of the data was performed by the software package SPSS 18.0. The demographic characteristics of the sample are shown in Table 2.

Table 2 Demographic characteristics of the respondents

<i>Variables</i>	<i>Category</i>	<i>Percentage (%)</i>
Age	18-25	17.3
	26-35	36.5
	36-45	19.2
	46-55	11.5
	56-65	13.5
	Over 65	1.9
Gender	Male	48.1
	Female	51.9
Level of education	Primary school	1.9
	High school	36.5
	BSc	40.4
	MSc	13.5
	PhD	5.8
	Other	1.9
Position in the company	Worker	51.9
	Headworker	32.7
	Supervisor	15.4
Years of work experience	Up to 5	38.5
	6-10	19.2
	11-20	15.4
	21-30	11.5
	Over 30 years	15.4

4. Discussion of Results

The relationship between the respondent's gender and questions about the awareness of the CSR concept was examined by the application of hi square independence test. Considering the fact that one of the aims of this paper was to analyze the employees' opinions and attitudes about the above mentioned concept in order to raise awareness about the significance of the same, the obtained results are shown in Table 3.

Table 3 Respondents' answers about the awareness of the concept in regard to their gender

		How familiar are you with the concept of corporate social responsibility?				Total
		I have never heard about it before this research	I have heard about the concept, but I am not familiar with it	I know what it means and I can explain its importance to someone else	I am interested in CSR and I actively participate in the activities	
Male	Real Value	2	13	9	1	25
	Expected Value	2.4	11.5	9.6	1.4	25.0
Female	Real Value	3	11	11	2	27
	Expected Value	2.6	12.5	10.4	1.6	27.0
Total	Real Value	5	24	20	3	52
	Expected Value	5.0	24.0	20.0	3.0	52.0

Based on the obtained results, it can be noticed that one of the hi-square test assumptions was not violated regarding the lowest expected cell value. The Pearson Chi-Square value for the analyzed data was 2.948 with $p < 0.005$ significance, which indicates that the results are statistically relevant, that is, there is a statistically significant relation between CSR awareness and respondents' gender. For more detailed examination of the nature of this relation, the values of the cell rates were analyzed (Table 3). Based on the obtained real and expected values, it can be noticed that the number of male respondents who have never heard about CSR before this research (2) was lower than the expected value (2.4), and the value for female respondents (3) was higher than the expected value (2.6). The real value for male respondents who have heard about this concept, but were not familiar with it (13) was higher than the expected value (11.5), and female respondents' real value for this question (11) was lower than the expected value (12.5). The male employees' real value, who knew what this concept was and could explain its significance to others (9) was lower than the expected value (9.6), and female's real value for the same question (11) was higher than the expected value (10.4). Moreover, the male's real value (1) was lower than the

expected one (1.4) for those who were interested in CSR and actively participated in the activities, while the female's real value (2) was higher than the expected one (1.6). It can be concluded that respondents' gender really has an impact on the awareness of the CSR concept, and that female employees are better acquainted with this concept than male employees.

Furthermore, the survey results showing whether CSR represents advantage or disadvantage for the business in regard to the respondents' gender are shown in Table 4.

Table 4 Employees' attitude towards CSR in regard to their gender

			According to your opinion does CSR represent advantage or disadvantage?		Total
			Advantage	Disadvantage	
Gender	Male	Real Value	25	0	25
		Expected Value	23.6	1.4	25.0
	Female	Real Value	24	3	27
		Expected Value	25.4	1.6	27.0
Total		Real Value	49	3	52
		Expected Value	49.0	3.0	52.0

The hi-square independence test showed that there is statistically significant relation between respondents' gender and their opinion whether the CSR concept is advantage or disadvantage. The Pearson Chi-Square value for the analyzed data was 2.238 with $p < 0.005$ significance. Based on the real and expected values (Table 4), it can be noticed that the number of male respondents (25) was higher than the expected value (23.6), that is, the male respondents consider CSR to be the advantage, while with the female respondents the real value (24) was lower than the expected value (25.4). These results indicate that the number of women who consider CSR to be the advantage is lower than the expected statistical value. When the CSR concept was investigated in regard to its disadvantageous nature, male respondents did not opt for this response, while female respondents' real value (3) was higher than the expected one (1.6). In other words, the number of women who considered the concept as disadvantage was higher than number of men. It can be concluded that the number of male respondents who considered the CSR concept to be the advantage was higher than the number of female respondents.

In addition to the stated statistical difference in the responses between male and female respondents, the main barriers that occur during the implementation of the CSR concept were examined as well.

Table 5 Main barriers for the companies which are socially responsible

	N	Minimum	Maximum	Average	Standard Deviation
Insufficient information about CSR	52	1.00	5.00	3.25	1.40
Lack of human resources	52	1.00	5.00	3.17	1.43
Lack of financial resources	52	1.00	5.00	3.25	1.60
Lack of support by the state	52	1.00	5.00	3.48	1.54
Lack of public support	52	1.00	5.00	3.12	1.45
Lack of knowledge about the implementation of CSR principles	52	1.00	5.00	3.04	1.44
Lack of employee motivation	52	1.00	5.00	3.38	1.43
Total	52				

Table 5 shows seven barriers which influence the implementation of the CSR concept in the enterprises: insufficient information about CSR; lack of human resources; lack of financial resources; lack of support by the state; lack of public support; lack of knowledge about the implementation of CSR principles; and lack of employee motivation. By analyzing respondents' opinions and obtained average values, it can be concluded that respondents consider all barriers to be significant, given the fact that all average values are higher than 3. Two barriers stand out among them, and they are lack of support by the state with the highest obtained rating (3.48) and lack of employee motivation (3.38). The respondents believe that the lack of support by the authorized state authorities as the external factor, and lack of employee motivation as internal factor represent the biggest problems for not implementing the CSR concept at the same level as it is in the developed countries. Slightly lower average ratings are obtained for the following barriers: insufficient information about CSR (3.25) and lack of human resources (3.17). The barrier which respondents consider to have the least influence on the implementation of CSR concept is the lack of knowledge about the implementation of CSR principles (3.04).

Conclusions

In recent years the CSR has become object of study among academics and professionals which increased its relevance in the corporate world. The CSR can be considered as a way of managing an enterprise, and it should be a part of its strategy when the responsibilities and duties to its stakeholders are taken into

consideration. Strengthening and including CSR in the strategy will offer a more balanced socio-economic system. Due to the limited number of studies about CSR in SMEs and their importance in Serbia, the aim of this study is to reveal the attitude of employees towards this concept, as well as to identify the main barriers which appear in everyday business. Most of the respondents stated that they were familiar with the CSR concept, but they did not know a lot about it. As the main barriers for the implementation of the CSR activities, the lack of support by state and lack of employee motivation were chosen. Moreover, the lack of knowledge about CSR was found to be the barrier with the least influence, which contradicts the employees' statement that they have heard about the concept, but did not know much about it. This can be the case that respondents in survey situations are more skeptical than in everyday situations. This is why the sample for further research should be expanded to other regions in Serbia in order to obtain more complete picture about the investigated concept.

References

- [1] Lin-Hi, N., Müller, K. (2013). The CSR bottom line: Preventing corporate social irresponsibility. *Journal of Business Research*, 66, 1928-1936.
- [2] Carroll, A. (1979). A Three-Dimensional Conceptual Model of Corporate Performance. *Academy of Management Review*, 4(4), 497-505.
- [3] Turner, M.R., McIntosh, T., Reid, S.W., Buckley, R. (2019). Corporate implementation of socially controversial CSR initiatives: Implications for human resource management. *Human Resource Management Review*, 29(1), 125-136.
- [4] Carroll, A. (2015). Corporate social responsibility: The centerpiece of competing and complementary frameworks. *Organizational Dynamics*, 44(2), 87-96.
- [5] Dahlsrud, A. (2008). How corporate social responsibility is defined: An analysis of 37 definitions. *Corporate Social Responsibility and Environmental Management*, 15, 1-13.
- [6] Santos, M. (2011). CSR in SMEs: strategies, practices, motivations and obstacles. *Social Responsibility Journal*, 7(3), 490-508.
- [7] Spence, L.J., Rutherford, R. (2003). Small Business and Empirical Perspectives in Business Ethics: Editorial. *Journal of Business Ethics*, 47, 1-5.

- [8] Perrini, F., Russo, A., Tencati, A. (2007). CSR Strategies of SMEs and large firms. Evidence from Italy. *Journal of Business Ethics*, 74(3), 285-300.
- [9] Pastrana, N.A., Sriramesh, K. (2014). Corporate Social Responsibility: Perceptions and practices among SMEs in Colombia. *Public Relations Review*, 40, 14-24.
- [10] Mousiolis, D.T., Zaridis, A.D., Karamanis, K., Rontogianni, A. (2015). Corporate Social Responsibility in SMEs and MNEs. The Different Strategic Decision Making, *Procedia - Social and Behavioral Sciences*, 175, 579-583.
- [11] Madueño, J.H., Jorge, M.L., Conesa, I.M., Martínez-Martínez, D. (2016). Relationship between corporate social responsibility and competitive performance in Spanish SMEs: Empirical evidence from a stakeholders' perspective. *Business Research Quarterly*, 19(1), 55-72.
- [12] Castejón, P.J.M., López, B.A. (2016). Corporate social responsibility in family SMEs: A comparative study. *European Journal of Family Business*, 6, 21-31.
- [13] Kako shvatamo društvenu odgovornost, (2014). *FORUM POSLOVNIH LIDERA*, 6-10.
- [14] Ding, D.K., Ferreira, C., Wongchoti, U. (2019). The geography of CSR. *International Review of Economics & Finance*, 59, 265-288.