The Impact of Corporate Social Responsibility Strategy on the Real Practice of Management; A Cross Cultural Study

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Abstract

This paper reports a cross cultural survey of managerial perceptions of Corporate Social Responsibility policies and practices. Results indicates a perceived difference between national (UK, China, European non – UK) groups in several respects. There are differences in the shared understandings and knowledge of the concept. Of particular interest are differences in the expectations of responsibility for CSR and differences in the dimension of voluntarism vs. organisational regulation. The paper is an early analysis of work still in progress and discusses the implications of these differences for establishing links between CSR practices, business strategy and managerial behaviours in a global context. Although many experts testify to the importance of developing a knowledge base in this area, the literature is still in the formative stages of providing conceptual models and applications that translate into effective practices for business executives. This research adopts a largely ‘appreciative enquiry’ stance, in asking managers to articulate the links between corporate policy and their individual practice of management. A model is suggested which offers a typology of levels of CSR related behaviours displayed by managers in organisations.

Introduction

The 1990’s with their plethora of headline corporate scandals, such as Enron, WorldCom, ImClone, Parmelat and others have put the spotlight on the question of managerial ethics. The academic and business response to such events has been to assume that we must immediately ‘fix’ the problem. That fix has tended to reside in high level responses from companies, such as adopting codes of ethics, developing Corporate Social Responsibility strategies and policies, and/or offering ‘transparent’ reporting.

There is no doubt that understanding the role of business in society today is both critical and complex. It is critical firstly because of the fundamental role of business in value creation, providing jobs products and services and indeed in paying taxes for the
maintenance of civilised society. It is also critical because of the power corporates are seen to have in today's world. In the UK, a survey for the television company Channel 4 found that most people believe that multinational companies have more power over their lives than the government. The legitimacy on this non-elected power is increasingly being questioned by individuals and pressure groups, making organisations more vulnerable to single issue politics.

The complexity of the issue results from the many stakeholders involved with conflicting interests and demands, compounded by the increasing globalisation of business and regulatory demands. And to date, the contribution of academic research to the business society interface has not yet delivered practical and useable knowledge to business managers and leaders.

However, there has been a focussing of corporate and academic thinking around the issue of CSR which has resulted, in the literature at least, in a clarification of the concept we refer to as CSR. In the past the term has been used to mean, rather simply, philanthropic donations, or participating in community events, or other ways of spending the money the company has already made by the company on 'doing good'. However, the term is now taken to encompass all the ways that a business, its products and services interact with society and the environment. CSR is about all the organisations stakeholders – employees, customers, owners, investors, suppliers and pressure groups. Thus it is more about how organisations make their money than how they spend it. Ultimately, CSR is an attitude of mind which informs behaviour and decision making throughout the company.

There are generic benefits to CSR policies which are easy to understand and are clearly of value to almost all organisations. Firstly, a close and detailed attention to the impact an organisation is having on the environment and the society in which it operates will provide a better understanding of a companies stakeholders, including customers and employees, which will generally add value to operations. Links have been investigated between organisations fulfilment of social responsibilities and various forms of competitive advantage. One such link now clearly established (Turban & Greening 1997) is that organisations rated higher in the linked concept of Corporate Social Performance (CSP), which is a measure of how well organisations meet their Corporate Social Responsibilities, are perceived as more attractive employers. This clearly impacts on the ability of organisations to attract and retain quality employees.

This link between employee and employer is at the heart of the relevance for CSR for organisations and for individuals. The high level CSR policies made public by organisations constitute part of the psychological contract between employee and employer. The position an organisation takes on social issues speaks directly from its value position and will be interpreted as such by potential employees. The psychological contract is the implicit, unspoken expectations that both employee and employer have about each other. An organisation that makes public significant concern with social and or environmental issues is tacitly signalling to employees its concern with the wider stakeholder map, not just shareholder value. An individual joining such an organisation may have expectations around the organisational value system and violation of such expectations may be significantly demotivational.

Meeting social responsibilities not only allows organisations to display high levels of moral or ethical conduct but can be shown to provide instrumental benefits. Other
suggested benefits include superior financial performance and a more motivated work force.

Secondly, there are company specific advantages connected with the implementation of CSR policies, other than simply reputation management or public relations. An example of CSR investment being specifically tailored to business interests is the decision by BP (China) to resist pressure from the Chinese government to support the infrastructure that needs to be put in place to deal with the current AIDS crisis facing the country. After deliberation, BP publicly declared that it would not support the AIDS programme, but that it would invest in a road improvement scheme in its areas of operation. Poor roads in China cost many lives, particularly near schools, so this is a worthy CSR direction. However, BP has estimated that it loses value through its trucks being required to use poor roads, vehicles are damaged, and drivers are injured. So investment in this policy has significant community benefits as well as specific company benefits.

Despite heightened corporate awareness, a concern is being voiced by academics and managers alike (Weaver 2004) that organisation strategies and policies, such as ethics initiatives, can be ‘disconnected’ from the rest of the organisation. The changed, developed or new strategies exist technically, but in practice have little impact on everyday work. There are many possible explanations for this – it may be intentional, with the CSR strategy simply being cynical PR ‘window dressing. It may be the case that the fault lies simply within the term Corporate Social Responsibility – individuals feel that ‘done’ somewhere else, by the ‘corporation’. It is equally possible that such policies do not have the engagement or commitment of the work force, particularly the managers, for reasons such as resource shortages, lack of communication, an inappropriate skill base, or a mismatching of core values, between the stated strategy and operational management. This last possibility is critical as companies increasingly need to operate globally, in countries with differing core values, and yet CSR strategies need to be operated on the world stage. The lack of an international comparative data base is widely acknowledged. (The Work Foundation 2004).

It is clear that every culture defines CSR in its own way, although the Anglo-Saxon model has become pervasive – the cult of shareholder value and corporate philanthropy. But change in the definition of CSR is everywhere, from the Japanese Keidanre (or Keisqi Doyukai) defining CSR as an integration of the environment in corporate DMP, to the Korean chaebol. Acknowledging the many definitions of CSR and related concepts available in the literature, the following definition of CSR was used by this research and explained to all participants;

“The obligation that organisations have to act responsibly towards the social and environmental context in which they operate. This means at least the need to protect society and the environment from harm and perhaps the need to actually add value in these areas – it’s a move away from just considering profit and shareholder value into broader awareness of the role of business in society”.

The research seeks to contribute to the expanding body of knowledge in this area firstly by examining the understanding and knowledge of CSR policy expressed by a sample of managers from China, the UK and Europe (not UK) and by particularly questioning the impact of CSR strategy on everyday management practices across different national
groupings. A model is suggested which offers a typology of levels of CSR related behaviours displayed by managers in organisations.

Methodology

The sampling frame used in this study included individual managers working for companies both in their native country (50%) and outside their native country (50%). Some 30% of the total sample was drawn from either current or past attendees of MBA programmes. Sampling from this population of managers was seen as legitimate and relevant as it was hypothesised that such a group could provide matched samples across the nationalities surveyed. No difference was detected between this sub-group and the rest of the population.

Due to the sensitivity of the issues explored difficulties were experienced in requesting company wide support for the research. Data were therefore collected from a volunteer sample, and every effort was made to ensure broad representation of within company seniority levels and industry sectors.

A semi structured interview guide was developed following previous research conducted by The Work Foundation (2002). Consisting of 36 questions the interview covered;

- Factual data about the respondent and his/her company.
- Personal awareness of corporate CSR policies, methods of communication of those policies.
- Personal ‘theories in use’ of CSR for each respondent.
- Details of corporate CSR policies and practices.
- Ratings of the importance of CSR policies for respondents, senior management and direct reports.
- Specific impact of CSR policies on day to day job performance for each respondent.
- An exploration of the link between CSR policies and the experienced ‘psychological contract’ for each respondent.

Although the interview had a clear structure, respondents were allowed to talk freely and in a non structured way around the questions.

The population was made up of three groups: Chinese/ Asian group, n = 11. UK, n = 30. European, (other than UK) n = 18

Total = 59.

Results

Table 1 summarises high level qualitative results:

<table>
<thead>
<tr>
<th></th>
<th>UK</th>
<th>EUROPE</th>
<th>CHINA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Knowledge of CSR</td>
<td>Very good wide knowledge.</td>
<td>Generally good knowledge. Broad philosophical understanding. View</td>
<td>Very little in terms of knowledge. Understanding is based upon local</td>
</tr>
<tr>
<td>Understanding included philosophy,</td>
<td></td>
<td></td>
<td></td>
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Ashridge Business School UK - http://www.ashridge.org.uk
<p>| CSR as Organisational Strategy. | Over 50% knew of a strategy. Communication by web, handbook and other forms of internal communication. | Nearly 60% knew of a strategy. Mainly communicated through web/intranet, internal publications, and through the company values. | 75% claimed they had a strategy. Mainly communicated through web. Focus on local concerns of HIV, Road accidents, mandatory regulations and SARS. |
| CSR as Regulatory compliance | Strongest on codes and audits. Into standards, tick boxes, kite marks, etc. If there is a ‘gong’ to get they’ll go for it. | Strong on regulation and codes of conduct. | Adherence to standards and linkage to brand, also promotion of equal opportunities is seen as a something to be proud of rather than the norm. |
| CSR as Ethical issues | See importance of governance for promotion of brand. Tend to have more a clear cause than the other countries. | Values are important, but not campaigned. Reputation needs to be maintained. Governance is viewed as being a potential threat to reputation and hence is a high priority. | Compliance and brand drive the vision and values. Always aware of the cost of changing some behaviour. Recognise need to educate customers. Mixed messages on corruption – it works in some areas. |
| CSR as philanthropy - Community &amp; charity | Tend to have a pet charity or a way of deciding charitable causes. | Tend to give to charity rather than do charitable activities themselves. | Main focus for organizations particularly issues causing local difficulties. Emphasis on volunteering and doing. |
| Other issues mentioned spontaneously | Environmental efforts and equal opportunities. | Diversity. | Sponsoring of Govt officials. |
| CSR | Very mixed, some | Very broad spread. | Perceived as good, or |</p>
<table>
<thead>
<tr>
<th>Implementation of strategy</th>
<th>high skew.</th>
<th>Well on the road through the journey.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effectiveness of Implementation of current policies</td>
<td>Mixed views</td>
<td>Broad again but higher skew.</td>
</tr>
<tr>
<td>How Snr, Mngement should improve implementation</td>
<td>More communication from them, and them to walk the talk.</td>
<td>Want them to demonstrate a real belief.</td>
</tr>
<tr>
<td>What immediate/line managers should do to improve implementation</td>
<td>Show some integrity in implementation.</td>
<td>Want better communication.</td>
</tr>
<tr>
<td>How important to self is CSR</td>
<td>Mid-high importance</td>
<td>High importance</td>
</tr>
<tr>
<td>How important is CSR to Bosses</td>
<td>Very mixed</td>
<td>Mixed (shows lack of belief)</td>
</tr>
<tr>
<td>How important is CSR to direct reports</td>
<td>Stronger middle spread</td>
<td>Higher.</td>
</tr>
<tr>
<td>Impact on job performance.</td>
<td>65% can see the link with their job through relationships, values and basics such as recycling.</td>
<td>Over 50% see the link mainly through communication.</td>
</tr>
<tr>
<td>Is CSR included in appraisal</td>
<td>Generally no except HR based team-type elements. Any that there is, are measured by safety stats and 360 degree type stuff.</td>
<td>Mainly not. Maybe some discussion of feedback from employees in 360 type manner.</td>
</tr>
<tr>
<td>Who has overall responsibility</td>
<td>Tend to name a group including themselves, or a person.</td>
<td>Not many could name an individual, easier to name a level in the organisation.</td>
</tr>
<tr>
<td>Do you have personal responsibility</td>
<td>Approx 60% do regarding their management of others.</td>
<td>75% do in terms of how they deal with others.</td>
</tr>
<tr>
<td>What would Help?</td>
<td>Want funding</td>
<td>Want time for activities</td>
</tr>
</tbody>
</table>

Table 1
Table 2 presents comparative data.

Average of scores from each group on scales of 1 – 10 where 1 is least positive and 10 is most positive.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>UK</th>
<th>Europe/N on UK</th>
<th>China/Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Importance of CSR Policies to self.</td>
<td>7.7</td>
<td>8.2</td>
<td>8.0</td>
</tr>
<tr>
<td>Importance of CSR Policies to Boss</td>
<td>5.5</td>
<td>6.5</td>
<td>6.8</td>
</tr>
<tr>
<td>Importance of CSR Policies to Direct Reports</td>
<td>5.5</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Progress of Organisation in Development of CSR policies</td>
<td>5.4</td>
<td>6.2</td>
<td>6.9</td>
</tr>
<tr>
<td>Progress of Organisation in Implementation of CSR policies</td>
<td>5.4</td>
<td>6.8</td>
<td>7.2</td>
</tr>
</tbody>
</table>

**Table 2**

**Discussion of Results**

Early analysis of this work in progress indicates differences between the subgroups of the sample. There appear to be differences first of all in the general understanding of the term ‘CSR’. The UK group reported a general and clear agreement that CSR encompasses awareness of the impact of business on wider stakeholder groups such as communities. There was frequent and specific acknowledgement of employer responsibility to employees acknowledging that CSR is not only an externally facing concept, but also has relevance for the culture of care that an organisation offers to those working within it. Earlier work by Langlois and Schlegelmich (1990) found similar cultural differences in behavioural codes, with the UK companies adopting behavioural codes which emphasised employees ‘belongingness and worth’ to organisations, whereas German companies were seen to promote employee responsibility and rights of co-determination. Another common response from this group is frequent use of the concept that CSR to mean ‘giving something back’ – this may be taken to indicate that companies should not only add value to society, but should also seek to enhance employee experiences as well, in return for engagement.

The European, Non-UK group used higher level definitions such as general reference to ‘responsibility’ and ‘alignment with community’ when asked what they understood by the term CSR. This group may be using more non-specific moral or ethical frameworks. Schlegelmich & Robertson (1995) found that German and Austrian managers were more concerned about political and local involvement such as political contributions and relations with local communities than UK (and US) managers, although the actual policies on donations were not particularly clear.

The Chinese/Asian group responses focus on personal responsibilities to treat others fairly, look after the workforce and take part in voluntary ‘philanthropic’ activities. This is line with explanations of cultural difference offered by theorist such as Hofstede (1980, 1991). The concept of ‘individualism – collectivism’ suggests that societies that are more collectivist, such as Asian communities, call for greater emotional dependencies.
and acknowledged interpersonal responsibilities than those where more individualistic values prevail. Thus CSR policies and regulations are more likely to be applied in accordance with the relationships individuals have with the persons with whom they are dealing. This group within the sample made frequent reference to CSR policies being just about ‘the way we do our jobs’, implying personal responsibility rather than organisational regulation. This finding is supported by the lack of knowledge within the group of official CSR policies, which may either be a result of poor communication or simply absence of policies.

The comparative analysis (table 2) of the questions requiring respondents to assign a numerical estimate of the importance and implementation of CSR policies in their organisations indicate a trend whereby the UK sample consistently score their organisations lower than the other two groups. Interestingly, the Chinese/Asian sample consistently reports the highest scores within the sample. Whilst it is important not to over extrapolate from these results in the light of the skewed sample numbers, again this trend seems to indicate a different view of the role of CSR in Asian communities, where large enterprises used to be defined as ‘communities’, whose leaders were responsible for their welfare, and for pursuing growth strategies likely to benefit a broader community -society.

There were fewer differences in respondent estimates of how important CSR issues are to them personally. (Again on a 1 – 10 scale, where 1 is not important and 10 is very important). This result showed the closest congruence between groups suggesting that at an individual level all managers will report positively on personal attitudes towards CSR. This perhaps suggests that most managers, at an individual level do want to engage in socially responsible behaviours. There is a growing awareness that leaders and managers ‘can and do move the ethics centres of gravity in organisations’.

Research by Thomas, Schermerhorn and Dienhart (2004) acknowledges that the strategic management of socially responsible behaviour in organisations is not an abstract concept, but a goal which is achievable through personal self regulation, integrity and compliance.

However, other results from this survey indicated that all three groups felt that bosses did not accord CSR issues the same level of importance that they did themselves, obviously hindering the implementation of personal responsibility. All groups indicated that they would like further support to allow them to behave in ways which would be more proactive in CSR matters, all groups reported the need for financial support, and being allowed time to devote to behaviours which could be described as ‘good corporate citizenship. At all levels, with all groups, senior and line managers were perceived as being in a position to support personal implementation of CSR behaviours.

When asked about the impact of CSR on individual job respondents, stories and anecdotes revealed different ‘levels’ of engagement with the CSR policies of the company. It is possible to cluster these into 3 levels:
These levels may be briefly described as:

**Level 1** – behaviours here are compliance with regulations, ensuring that all direct reports understand what is required of them. There is heavy emphasis on health and safety issues and communications. Little evidence of personal initiative or involvement is displayed here.

**Level 2** – here behaviours are personalised and more creative, with initiative taken proactively within the managers’ own sphere of responsibility. Examples include supporting ‘pet’ charities, encouraging community project involvement and facilitating the involvement of others in their own personal CSR interests.

**Level 3** – behaviours here could be described as those that champion strategic change within their organisations for any area of CSR involvement. These behaviours include public ‘declarations’ of belief, and a willingness to influence upwards to change or shape corporate policy.

These behavioural categories are aligned with those defined by Fryxell & Low (2003) considering the impact of environmental knowledge and values on managerial behaviours related to environmental responsibility.
Conclusions and recommendations

The most important finding of the current study, supported by contemporary literature, is a perceived difference between national groups in what the concept of CSR actually means, and expectations of responsibility for CSR. There is evidence that whilst individual managers report that the issue is personally important for them, organisations and management do not do all they could to support personal or corporate initiatives. The dimension of voluntarism vs. organisational regulation is particularly interesting with European and UK groups viewing responsibility for CSR as largely organisational whilst Asian managers hold that participation in voluntary pro-social behaviours may be defined as CSR. This difference has implications for the recognition of the links between CSR practices, business strategy, and for managerial behaviours in a global context.

It is possible to cluster the individual CSR related behaviours reported by the sample into 3 levels of involvement and commitment, which may prove to be of value to organisations in reviewing the implantation and development of their CSR strategies.

This study reports work in progress, data collection is still underway to increase the sample size and allow fuller statistical analysis. However, in the light of the personal importance of CSR issues reported by respondents the author suggests that a further avenue of investigation could be explored. This is the relevance of peer influence on managerial CSR related behaviours. It could be argued that it is at the peer level where personal values and attitudes are most relevant to working relationships and there may be value in considering leveraging these to further develop CSR behaviours.

References


