

Chapter 2

Perception of Corporate Social Responsibility by the Employees: Evidence From Slovenia

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ABSTRACT

The main purpose of this chapter is to examine the relationships between three underlying aspects of Corporate Social Responsibility (CSR), namely economic, environmental, and societal aspects, and the level of CSR, as perceived by the employees. The strength and direction of the impact of a single underlying aspect of CSR, on the level of CSR in organizations, is examined through a sample of 288 employees in Slovenian organizations. Results from the empirical survey suggest that employees' higher concern for environmental and social issues increases the level of organizational CSR, while higher striving for solely economic outcomes lowers the level of organizational CSR. Findings in this chapter provide insight into the state of CSR in organizations as perceived by the employees, providing an important starting point for definition or re-thinking of strategies in relation to CSR, and as a starting point for other actions as well, like changes in academia.

INTRODUCTION

Over decades various initiatives to preserve the environment for future generations emerged (Dunlap & Mertig, 1990; Elkington, 2004). These initiatives have been used in different forms and shapes. In the literature are examined under different names, like triple bottom line (Elkington, 2004), CSR (Foote, Gaffney, & Evans, 2010), social responsibility (Blackburn, 2007; Potocan, Mulej, & Nedelko, 2013), Agenda 21 (Bullard, 1998), sustainable development (Beckerman, 1994), and sustainability (Clayton

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& Radcliffe, 1996). Recently, and in the academic sphere increased attention has been directed towards the issues related to the sustainability (e.g., plethora of scholarly articles, books) as well as among practitioners (Baumgartner & Ebner, 2010; Foote et al., 2010; Ubius & Alas, 2012). This is reflected in the rising importance of CSR in business, since CSR has become an important part of everyday business, especially in well developed economies, where the striving seems to be more towards sustainability, rather than in catching up economies.

Sustainability refers to the balance among economic, social, and environmental sustainability (Dunphy, Benveniste, Griffiths, & Sutton, 2000; Elkington, 2004). It is a holistic concept, emphasizing that none of the development goals of economic growth, social well-being, and the wise use of natural resources can be reached without considering and affecting the other two (Beckerman, 1994; Clayton & Radcliffe, 1996). Organizations with their actions and behavior importantly influence on natural and social environment (e.g. depletion of the resources, pollution) or often cause (or at least trigger) different misconduct. In that framework, the focus of the literature is to study/examine sustainability issues at the organizational level (Beckerman, 1994). In last decades there has been several well-known examples of different kind of misconducts, in terms of natural and social environment, as well as financial abuses (Valentine & Fleischman, 2008).

The mainstream literature about CSR provides many theoretical and empirical investigations of sustainability aspects, mainly focusing on one or two out of three key underlying aspects of sustainability. In terms of focusing on one aspect primarily consider the environmental aspect (Karp, 1996; Schultz & Zelezny, 1999; Schultz, 2001; Dietz, Fitzgerald, & Shwom, 2005), while researching solely the economic or social aspect, in the context of sustainability, is rare. Considering the two-aspect studies, those dealing with both environmental and economic aspects of sustainability prevail (Munda, 1997), frequently discussing the justification of sustainability in terms of financial criterions, like return on investments, return on assets (Agle, Mitchell, & Sonnenfeld, 1999; Agle, Nagarajan, Sonnenfeld, & Srinivasan, 2006). Meanwhile, few studies research linkages between social and other aspects of sustainability or all aspects of sustainability (Ciegis, Ramanauskiene, & Martinkus, 2009; Udo & Jansson, 2009; Potocan et al., 2013).

Focusing on the single aspect of sustainability or linkages between two out of three building blocks of sustainability fails to capture more accurate and holistic picture about the impact of different sustainability aspects on the level of organizational sustainability. The lack of empirical evidences about the relationships between economic, environmental and social aspects of CSR and the level of organizational sustainability motivates us to examine these relations. Furthermore, these issues are especially under-examined in emerging economies in Central and East part of the Europe.

In terms of sustainability, management in organizations faces a trade-off between pursuing economical, environmental, and societal goals (Agle et al., 1999; Vitell & Hidalgo, 2006; Godos-Diez, Fernandez-Gago, & Martinez-Campillo, 2011). Due to the high importance of incorporation of sustainability principles in organizational practices, is in nowadays business environment main question related to the actual state or level of organizational sustainability as well as employee's perception of different sustainability aspects. Employee's perception of CSR is important, since employee's at higher managerial positions in organizations importantly influence on organizational directions, thorough developing and implementing different strategies (Ajzen & Fishbein, 1980; Kreitner, Kinicki, & Buelens, 2002; Roccas, Sagiv, Schwartz, & Knafo, 2002; Smith, Peterson, & Schwartz, 2002; Mullins, 2006). For the purpose of this chapter we presuppose that employee's perceptions reflects relatively well in their

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