Corporate Social Responsibility - The View of Human Resources

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Abstract

Purpose: This research aims to examine the action taken by businesses - in the context of morality - to overcome the crisis. Main questions arisen: Is there any particular ethics in business? Is this ethics different from the established social standards? Are they moral the measures of layoffs or wage cuts or flexible working conditions to save the business and maintain certain jobs? Further, is it moral the decision to relocate the company to another country with cheaper labour? Design / methodology / approach: Empirical data were collected by using secondary and primary data sources. The research is based: (i) on the study of written documents, (ii) on the use of the historical method to link the evolution of CSR with contemporary reality and (iii) on the research process. Findings: The CSR helps to improve the attitudes of employees, flexibility and mobility of workers. In this context, many companies, especially multinationals, have developed initiatives to support the family, women, facilitating the balancing of work and family commitments and supporting children and the elderly. Research limitations / implications: The study contains several shortcomings. The respondents, for example, had difficulties in completing the questionnaire (a number of the respondents did not believe in its confidentiality as well as did not pay the required attention to its completion). Practical implications: The findings are particularly important and any utilization would contribute substantially to study issues relating to the strategic planning of CSR.

Keywords: Ethics, Moral Governance, Corporate Social Responsibility, Human Resources, Business.

1. Introductory Remarks

M. Friedman, in his article «The social responsibility of business is to increase its profit» (The New York Times Magazine, 13/9/1970), argued that the concept of Corporate Social Responsibility (CSR hereafter) is only addressed to utilities or charities, claiming that companies, beyond compliance with the law, have no other liability (social or other), except the increase of profits. Besides, “the social responsibility of business is to increase its profits » (Quiniou, 2010; Karvounis, 2003). It is estimated that nearly 10% (http://www.euro2day.gr) businesses operating in Greece have integrated CSR programs, which of course include separate procedures and communication actions. At the same time the corresponding rate in Europe is 40 %.

2. Literature Review

Morality is a code of behavior or belief that society regards as valid and forms what is right and what is wrong. It is, namely, "common conceptions of morality that have changed significantly over time" (Peonidis, 2000).

Morality is used to highlight the fair, virtuous, and complied with the rules, practice and behavior, but also the
system of rules that prevail and regulate the behavior of a society at a particular time. In social sciences morality is the "space" of structures, values and goals, of both individual and collective actions and activities of a group, but of the overall society as well. In philosophy, is referred as the sector that tries to answer the top problems of the human being through the idealistic and materialistic philosophy. Morality is an ‘a priori’ property of human being and its validity is absolute and timeless (Vassiliou et al, 2000).

According to Dragona-Munich (1991), morality as a concept is "essentially contested." Its function and relationship with the "ethos" was decisive for its semantic depth and width, making distinct two basic functions of it, the ordinary and the philosophical one. Ethics are the "established in a community opinion about what is prohibited, what is allowed or what must is." From a different perspective is the logical space where words such as good / bad, right / wrong, duty / right are naturalized depending on the season and the society. We refer to "primitive", "archaic", Christian, urban, professional ethics and this introduced the term ethics (Xuereb, 2007). Morality is formed per season. Something that was considered to be moral few years ago can today be considered as immoral and vice versa. Something that is moral in one society into another can be immoral. We feel embarrassed when we understand that all our facilities are due to miserable working conditions that dominate in the so called 'Third World' (Dragoumis, 2013; Sheth et al, 2010; Dragona-Munich, 1991).

Moral, according to Kant, is «something that can be global legitimacy», meaning that if we create a law that has universal application, then this particular law is an element of morality (Click, 1984). According to the philosopher A. Heller "we can be moral people in our communities but we need to choose being and winning on our own the virtues that will make us moral persons" (quoted in Gialketsis, 2010).

The administrative ethics is a set of norms and values that guide our business and are immediately noticed by all. It can -and it should- be a key strategic business planning, which in this way will work with moderation and justice (http://www.aristotelis.eede.gr/content.asp?id=38&mid=0&lang=gr).

Corporate Governance (Roux, 2007) refers to all formal and informal institutions that govern relations among those who run businesses and those who invest in them. Main objectives are to facilitate and enhance performance by introducing a system of incentives that encourage managers to maximize the operational efficiency of business (Green, 2010; Quiniou, 2010; Soltwedel, 2007; Heath, 2004).

The term "corporate social responsibility" is used along with the term "business ethics". M. Roumeliotis (2009) refers to the morality or immorality of the enterprise as active subjects of the environment - in the sense of "corporate citizen" (Brammer et al, 2012).

The "ethical corporate governance" raises many questions but also the response of both the fanatical defenders of the free market, and of its opponents. The former are wondered why a company should deal with morality rather than try to increase its profits. The latter argue that it is possible for a firm to be ethical because it uses all means, fair or unfair, to achieve this coveted profitability. The dealing with ethical corporate governance rose sharply after the disclosure of major corporate scandals in the U.S. (Green, 2010; Quiniou, 2010; Soltwedel, 2007; Heath, 2004).

The moral government tries to cover pathologies of the modern capitalist system, to rationalize institutions and contribute to the maintenance of the capitalist system on a global level. To be moral a value system of a company must include some principles such as moral leadership, which must not consider itself as an independent state but rather a member of the team. The assumption of personal responsibility determines its moral leadership (Daskalopoulos, 2007; Rizzo, 2007).

The Green Bible of the European Commission (2001) defined it as the «concept whereby companies integrate voluntary social and environmental concerns in their business operations and in their interaction with their stakeholders». The World Bank states that it is a "term that describes the obligations of the company, for which it is accountable to all its stakeholders, across the range of its functions and activities. Socially responsible companies consider, when making decisions, the full extent of their impact on the local community, the wider community and the environment while balancing the needs of stakeholders and the need for profit" (Papadopoulos et al, 2009; Cetindamar, 2007).

The diversity in definitions is due to different traditions of each country, in history and in different levels of development of Member States and enterprises. There are a number of common elements such as the voluntary nature of CSR, the close relationship with the concept of sustainable development and finally the fact that CSR constitutes essentially a strategic choice of the enterprise and not simply a secondary occasional choice.

3. CSR and the Human Business Resources

In the Green Bible of the Commission of the European Communities (2001), that deals with the “Promotion a European framework for CSR” it is given special importance on corporate responsibility practices listed in manpower. One of the most significant challenges facing the business is to attract and retain the skilled manpower. For this reason they develop practices for lifelong education, the empowerment to employees balance work and personal life and career prospects for all, especially for women.

It is necessary to facilitate older people, long term unemployed people, women and people with disabilities in accessing the labor market. It is necessary to take measures for the health and safety of workers during their work, in order to be adapted to rapid changes in technology. They are also protected the rights of association, labor migrants, wages that ensure livelihood and suitable working hours. But this is only one dimension of the CSR (Lefopoulou, 2003).

According to the CSR - Europe CSR enables workers to equal opportunities, regardless of ethnicity, gender, age or physical disability. It offers health and safety, training and professional development, improvement of relations with the representatives of workers and guarantees the human rights (http://www.csreurope.org/news.php?type=csr_europe&action=show_news&news_id=4376).

Each employee once hired in a company accepts its objectives and is committed to the pursuit of its effective implementation, obey the commands of his superiors and finally avoids any action that would harm company’s interests. On the other hand he has a series of rights such as the right to protection of privacy, the right of association and converging, and finally the right of co-deciding and working (Damoulianou, 2009; Dimitriadis, 2002).

4. Presentation of Researches for CSR in EU and Greece

In a survey of members of the European Network for CSR (2001), senior executives were able to assess the company's position as regards the issues of CSR. The investigation showed that the development of enterprise policy is increasingly driven by corporate purpose, leadership and stakeholders. It is also displayed a general awakening in matters relating to CSR, although the specific knowledge and skills are omitted. There is a difference in opinions between the upper and middle managers on CSR. Also, CSR is not well developed in recruitment issues. Research shows that business administration schools have an important role in the dissemination and acceptance of the principles of CSR (Vaxevanidou, 2008).

In the research that was conducted in Greece, 34% of Greek citizens have reward socially responsible companies and 17% have thought to do this. 55% attaches great importance to the social role of the entrepreneur. Citizens require the enterprise to ensure equal treatment of employees and continuous improvement of professional skills. They believe that a business is socially responsible when creating a work environment distinguished by reliability, respect and justice for its employees. Businesses should cooperate with society because from its bays they investigate and find the appropriate people for them (Vaxevanidou, 2008).

Greek Research Network for CSR showed that 34% of the actions of CSR applied by small and medium sized enterprises only target within their interior environment and more specifically to their people, because the enterprise's property is in direct contact with its employees. 60 % of the sample combines the development of CSR by increasing its turnover. 54% raises the cost as an important but not as a deterrent to actions on CSR. About 85 % felt that workers receive positive or very positive actions of CSR businesses working. Important incentive for the implementation of CSR activities was considered the corporate view, and then the competition of similar nature businesses (Greek Network for CSR, 2006).

Research of Professors Mpitrou and Karagiannis (2008), in Greek enterprises, showed that business ethics focuses mainly on managerial level at large enterprises, while at small and medium-sized ones, control of the management and ownership coincide, resulting that any processes of ethical governance to have little importance, and to not be based on rules but mainly on interpersonal relationships between employer and employee (Mpitros et al, 2008).

In the research of the Institute of Communication on “CSR and responsible consumption” (2009), it is demonstrated that people seek equal treatment of candidates for the vacant position, merit hiring and application of the same standards of posts by multinational enterprises (http://www.instofcom.gr).
5. The Opinion of Citizens on CSR

5.1 The research methodology

The sending questionnaires conducted via email and in the same way the responses were collected. The sample was from all over Greece and was based on random sampling. The advantages of the electronic completion of the questionnaire are that respondents were not timely bothered, it cost less for them, and there was no influence of the researcher in their replies. The disadvantages of this method were the low rate and the slow return of the questionnaires, as well as that this method is unsuitable for open-ended questions. The questionnaire is small, usable and flexible and consists of closed questions where the respondent is asked to choose between specific responses (Saunders et al., 2000). The nature of the study highlights limitations as the ignorance of the relationship of CSR and productivity. Some respondents experienced difficulties in completing the questionnaire, they did not understand it, they also did not believe in its confidentiality and finally they did not give the necessary attention to supplementing the most appropriate answers (Babbie, 2011).

The survey was conducted from August 2012 - January 2013 and its aim was to determine if people are aware of the concept of CSR, to seek their views on issues related to human resources and the effect of CSR in it. Attention focused on the final configuration of a small, usable and flexible questionnaire for completion by citizens. The questionnaire was consisted of a series of questions divided into two categories. Demographic data relating to gender, age, education level, job, hours of work and the working sector (private or public). Then they follow questions concerning the views of citizens, who are asked to answer if they have ever been informed from the CSR. There are questions about citizens' knowledge about CSR, in such a way in order to be clearly determined if they are really knowledgeable about the topic. Questions presented issues related to CSR in relation to human resources and labor relations in enterprises. Finally, there were questions about people's attitudes towards companies that follow or do not follow the principles of CSR and citizens’ views on the future of Greece and the business relationships with various stakeholders.

5.2 Analysis of results

63% of respondents answered that they know what CSR is, while the one third of them responded that it does not know. More than half of the respondents are aware of the benefits of applying the concept to business while only 13% are unaware of the benefits. Further, half or more of respondents believe that a company that applies the principles of CSR has greater appeal to customers. Women who are further and higher level educated, included the postgraduate diploma, and work either in the public or private sector, know what CSR is, while the same applies for men. On the other hand, women who have completed their secondary education and those who say they have completed their primary education do not know what CSR is.

Most respondents felt that the main effects of CSR are referred to social solidarity, environmental measures and environmental protection, cultural activities, assistance in the development of society, sponsorships, and scholarships, actions for health, philanthropy and volunteerism. CSR's effects, according to their sense, are also referred to creating charities in respect of business to employees and citizens. Especially for employees, they are referred to actions related to ongoing training, scholarships to children of employees, improving working conditions, compliance with labor laws and internal regulations. Also, there are many who argue that the actions of CSR should also be referred to the visibility of business in society and to the promotion of their products.

Some of the benefits of applying the principles of CSR, as recorded to the answers, concern the improvement of the reliability and confidence of participants to business, business promotion, advertising and the tax exemption. They are also referred to actions on the environment, social awareness and direct solution of important social issues. With respect to employees, respondents are referred to better working relationships within the company, to improvement of the efficiency and effectiveness, reduction of costs and economic benefits of the business, increase of competitiveness, reduction and prevention of labor problems at the best conditions work and finally to their lifelong education. Finally, answers concern the finding of new customers, the fighting of corruption and confidence improvement, the continuous seeking of economic advantage, the meritocracy concept and the increase of corporate ethics with respect to the values of society.

When they were asked how to further develop CSR in Greece, the respondents answered that this is done through a series of actions from enterprises such as establishing a social person, improving industrial relations, and promoting awareness on issues related to the environment. Many were those who answered that the development of CSR was
based on economic considerations and marketing. Many replied that CSR neither developed nor is forecasted to be developed greatly in Greece.

In a small percentage dominates the answer of the respondents that have «punished» a company that were not considering as socially responsible and consequently did not buy its products. In contrast, 31% replied that it has never «punished» any kind of business and the other third, approximately, did not answer at all. To the question, if they have ever 'rewarded' a business which is considered to be socially responsible, the vast majority said that it has done so while 21% said they had never 'rewarded' any business. According to the given answers, half or more of respondents have not ever read the CSR report of a business, while only 2 out of 10 answered that they had done so.

When they were asked in which areas it is necessary businesses to develop the activities of CSR, responses indicated that these areas should be related to health, education, immigrants (addressing xenophobia and racism), so that to protect the economically weak groups. Also, this activity should be further extended in sports, environment, charities, community, solidarity with the weakest social groups, improving technology, the contribution to the culture, welfare, development and funding of scientific research, improving business ethics and finally in issues that are relevant to all business participants.

The two thirds of respondents believe that businesses are able to contribute to the development of the local society where they operate, and the broader society as well. In contrast, only 10% believe that this can be done so. Also, almost 50% of the respondents replied that the CSR has growth prospects in Greece, while only 14% believe that there are prospects for further development.

In the clarifying question about the way in which businesses can contribute to the development of the local community, our respondents replied that this will be achieved through the expansion of social capital by establishing research institutes, work insurance, respect for authority and values in culture and reduction of unemployment through the transfer of best practices from the private to the public sector. Also, through the support of socially weak groups, on investing in new technologies, through sponsorships and grants, by improving the quality of work, by the protection of the environment, the support of society, the responsible business behavior, the enforcement and finally the green entrepreneurship and strengthening of the institutions.

41% of respondents said that businesses seek cooperation with other actors such as NGOs and the state, while the same percentage responded that businesses are not interested in cooperation with other agencies. The rest did not answer or said they did not know. In clarifying question to what extent and how this can be done, most of our respondents answered that this can be achieved to a large extent. The interests of the company will be better served, they will also be networked with other stakeholders, reducing bureaucratic pathologies and malfunctions, strengthening partnerships among all forms of organizations and finally securing the necessary subsidies. People find that, mainly private sector organizations are interested in the principles of CSR and less government organizations, with this difference to vary about 15%. The two thirds of respondents believe that business can and should be more responsible in their activities at all levels.

Half of those who responded believe that the application of the principles of CSR in a business environment could be an incentive for workers to have better performance and greater productivity. In contrast, one third of respondents believe that CSR cannot be a method of motivation for employees. In clarifying question how a worker can be induced, be an incentive for workers to have better performance and greater productivity. In contrast, one third of respondents believe that business can and should be more responsible in their activities at all levels.

Respondents believe that the application of the principles of CSR to the company does not necessarily guarantee meritocracy. The one third of respondents believes that CSR ensures meritocracy in industrial relations. When asked if the CSR can contribute to improving working relationships of a company, half of the respondents answered that this is possible to happen, while only 13% believe that something like that is possible. However, a large proportion (40%) did not answer this question. In clarifying question on how this can be achieved, responses concerned issues like the better collaboration among employees and the improvement of interpersonal relationships, better mood at work, respect for labor rights, employee loyalty in the workplace and better employee communication.

The application of the principles of CSR contributes to the achievement of team and individual goals, creates employment opportunities, and better working environment, quality of work, and contributes to the evolution to work, to
the building of confidence and to the improvement of communication between the various hierarchical levels. When asked whether employees need a work environment that will inspire and provide them with moral and rewards, in their vast majority respondents answered that it is useful and necessary to build such a working environment and only 6% of them disagree.

When asked if they believe that the CSR can contribute to improving labor relations, we discriminate that women's working majority answer that this is possible, while men, also belong to this category, but with smaller percentages. In reverse, we have approximately the same percentage of men and women who are either working or respond that this is not feasible. And to this question as well, we observe that, mainly working women believe that CSR contributes to a working environment that will provide them with rewarding, while men, follow. The negative views, between the two genders, present about same rates. Working women believe that CSR can motivate employees, in a stronger percentage than men. The negative aspects, between women and men, have about the same rates. Mostly, working women believe that CSR can ensure meritocracy in the workplace, in comparison with men, who have the same view. 

Those who have completed technological education believe that CSR helps to improve labor relations. The same opinion has graduates of secondary education and also those who have completed higher education and have a graduate degree. The most powerful objections to this view express those who have completed secondary education, and then those who have completed higher education. They argue that CSR can contribute to a working environment that will inspire and provide rewarding employees. Graduates of secondary education mainly disagree about this perspective. 

Most respondents regardless of their educational level argue that CSR can motivate employees, with the exception of graduates of secondary education, the majority of who disagree with this view. The characteristic is that none of those who have completed primary education has responded positively to this question. Most dynamic proponents of this view are graduates of technological education.

Most of the respondents agree that CSR does not ensure meritocracy in the workplace. The phenomenon of negative responses is more pronounced among graduates of secondary education, while in all other categories, positive and negative responses are approximately equal. Women of higher education who work are those who agree that CSR is able to contribute to the improvement of labor relations, and with this view agree most men of the same class. Unlike, everyone who states to be high school or elementary education graduate, whether working or not, disagree with this view.

Respondents argue that companies that apply the principles of CSR have greater appeal to consumers and can contribute to the development of local communities. It is characteristic that most believe that CSR can motivate employees for better performance, ensuring meritocracy in the workplace in a significant degree. They believe it is necessary to create an adequate working environment that inspires people. The total proportion of negative responses or of type ‘do not know’ / ‘do not answer’ is the bigger one. Better impression on CSR and its impact on creating better working relationships possess University graduates, with a Masters or Doctorate degree. This can be explained logically by the time these executives are career executives, who want their future development in a very good and ideal working environment that would provide every opportunity for progress without the pitfall of bureaucratic legislation. It is of significant importance the fact that most of the positive responses have been given by women working individuals. This perhaps happens because they believe that through CSR they can have more opportunities to overcome the so-called"glass ceiling" and follow the desired career path, combined with their individual business evolution.

The result is that there is an imperative need for a constant educational training of working individuals. Further, it is necessary special training for executives who take decisions on policy in the business environment, because the implementation of CSR depends solely on them. The CSR can help improve employee attitudes, flexibility and mobility. In the context of exercising their corporate responsibility, many companies, especially multinationals, have developed initiatives to support family, women, to facilitate the balance of work and of family commitments to supporting children and the elder members.

6. Conclusion

CSR contributes to issues affecting working individuals such as better balance between work and personal life, diversity of human capital, equal payments for men and women, equal career opportunities for men and women, ensuring the work and the equitable sharing of profits in the form of bonus. CSR also influences the policy of recruitment through the application of the principle of non-discrimination and thus corporations contribute to the development of a strategic plan to reduce unemployment. CSR exceeds the statutory approach to health and safety at work, making them more
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Appendix: Survey results

Chart 1: Do you know what CSR is?
Chart 2: Do you think CSR can motivate their employees?

Chart 3: Can CSR ensure meritocracy?

Chart 4: Does CSR contribute to the improvement of industrial relations?

Chart 5: Do working individuals need a work environment that will inspire them and provide rewarding?

Chart 6: Does CSR have potential for growth in Greece?

Chart 7: Are private companies interested in the principles of CSR?
Chart 8: Should corporations be more responsible in their business ventures?

Chart 9: Can businesses contribute to the development of society?

Chart 10: Do companies seek cooperation and networking with other agencies?

Chart 11: Have you rewarded business that are socially responsible?

Chart 12: Do you know the benefits of implementing CSR in business?

Footnote: Blue colour answers (yes) / red colour answers (no) / green colour answers (do not know / do not answer).