Corporate social responsibility and employee engagement in selected region in the Czech Republic

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Suggested Citation:

Selection and peer review under responsibility of Prof. Dr. Cetin Bektas, Gaziosmanpasa University, Turkey. ©2017 SciencePark Research, Organization & Counseling. All rights reserved.

Abstract

There are two research studies accomplished. First, the article looks at the relevance of corporate social responsibility (CSR) for engaging employees, including its impact on their motivation and engagement. The aim of this exploratory case, study-based research, is to prove that there is correlation between CSR and employee engagement in selected company. The aim of the second questionnaire is to determine the level of public awareness of the CSR concept generally and to rate the corporate social responsible attitude of companies operating in the Czech Republic. The results of own research are contrasted with worldwide results of consulting companies and other researchers.

Keywords: Corporate social responsibility, employee engagement, stakeholder, motivation.

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1. Introduction

This article deals with the concept of corporate social responsibility (CSR), which is nowadays recognised as a common part of business activity worldwide. It is increasingly mentioned concept nowadays, but especially in relation to foreign companies in the Czech Republic. However, due to increasing global interconnection of the world, this trend is more and more noticeable in the Czech business environment as organisations see that the responsible behaviour towards society and the environment brings numerous financial and especially non-financial advantages. Companies which are doing business in accordance with the fundamental principles of CSR gain the benefit of this concept as improving its reputation and goodwill, and the possibility of obtaining and maintaining quality staff, higher attractiveness for potential investors, strengthening customers and employees’ loyalty generally gain a competitive advantage. Effective corporate social responsibility policies are a requirement for today’s companies aiming to success; therefore, the concept of CSR has also become an important and followed topic for domestic enterprises in recent years.

The beginnings of corporate socially responsible behaviour can be seen in the first half of the 20th century in connection with the Bata shoe company in the Czech Republic. Afterwards due to more than 40 years of communism in our country, the concept of CSR appears again in the second half of the 90s, when the corporate social responsibility was disseminated mainly by large multi-national companies, which transmit their good practices and valuable experiences from abroad to its Czech subsidiaries (Kasparova & Kunz, 2013; CSR Portal, 2015). Nowadays, there are two main platforms that aim to support the expansion of the CSR concept among businesses – Business Leaders Forum and Byznys pro spolecnost (business for the company). Both organisations work closely with the European platform CSR Europe (BLF, 2015; BPS, 2015).

This paper investigates the attitude of citizens of the selected region in the Czech Republic towards CSR. This paper also wants to prove that even in the Czech Republic we can state that CSR not only enhances a corporation’s reputation for prospective employees by increasing organisational attractiveness and firm familiarity, but also influences current employees. The literature review, mainly about the benefits of CSR for employee engagement, is carried out. The main characteristics of corporate social responsibility, its development and related terms are also mentioned in this paper. Two research studies are accomplished to find out the relevance of corporate social responsibility for engaging employees and to prove that there is correlation between CSR and employee engagement in selected company and also to determine the level of public awareness of the CSR concept generally and to rate the corporate social responsible attitude of companies operating in the Czech Republic.

2. CSR and stakeholders

Some of the many motives behind CSR are commitment and morale of employee as a key organisational stakeholder. There was already some research conducted that aimed to prove whether corporate social responsible activities have demonstrable impact on employee in terms of greater satisfaction from work, increased participation and motivation or fastening relationship with both the employer.

The Green Paper of the European Union defines a CRS as the voluntary integration of social and ecological aspects into everyday corporate operations and interactions with corporate stakeholders. European Commission’s World Business Council for Sustainable Development (2015) defines CSR as a continuous commitment of businesses to behave ethically and contribute to economic growth, while striving to improve the quality of life for employees and their families, as well as local communities and society as a whole (Pavlik & Belcik, 2010).

Dahlsrud mentions 37 definitions of CSR, which inherently agree on five areas that CSR addresses, namely environmental, social and economic field, stakeholders and voluntariness. Although there are many different definitions and approaches to this concept, all collectively agree on the following...
characteristics of CSR: the principle of voluntary, active cooperation and open dialogue with all stakeholders, involvement of companies, systematic and long-term horizon of CSR activities, credibility, running the company with regard to the ‘triple-bottom-line’, business’ responsibility towards society and the commitment of businesses to contribute to the development of quality of life (Kunz, 2012).

According to Barnett (2007), CSR is a form of corporate investment characterised by a dual orientation towards the improvement of social welfare and of stakeholder relations. Today, it is nearly impossible to discuss CSR without reference to the stakeholders of companies (Rodrigo & Arenas, 2008). There is wide debate among researchers with the aim to address how and why stakeholders are relevant to a firm. It led to various stakeholder classification schemes (Mitchell, Agle & Wood, 1997). Independent of the classification, one relevant stakeholder that must always be included is an employee of an organisation. Mitchell Agle and Wood (1997) states that there are the three characteristics that validate their role as stakeholder, namely legitimacy, urgency, and power. Employees are seen as the most important stakeholder group towards whom corporations have to exercise their social responsibility (d’Humière & Chauveau, 2001). According to Barnett (2007), CSR is a form of corporate investment characterised by a dual orientation towards the improvement of social welfare and of stakeholder relations. This focus on stakeholder relations explains why employees, as a stakeholder group, impact the CSR policy.

First, employees can be the motive that stimulates corporations to adopt socially responsible behaviour (Aguilera, Rupp, Ganapathi & Williams, 2006). Employees support is necessary to secure effective CSR programs and policies (Ramus & Steger, 2000). Finally, employees as a stakeholder group perceive, evaluate, judge and react to CSR programs and actions (Rupp, Ganapathy, Aguilera & Williams, 2006; Rowley & Berman, 2000; Wood & Jones, 1995). Employees are therefore centrally important in deploying CSR strategies. This research seeks to make an analysis of employees’ reactions to the implementation of CSR programs and state how CSR actually influences employees.

Every company should identify the significance of different interest groups – stakeholders. It is one of the most difficult activities in the area of CSR, which must be executed by the management. The matrix is divided into four fields (A, B, C and D) according to the performance levels and expectation of individual stakeholders, wherein: Field A - stakeholders do not have significant opportunity to influence business decisions, but want to be timely and adequately informed; Field B – key stakeholders who are undertaking a lot of interest and may largely affect decision-making in enterprise; Field C – stakeholders do not have the opportunity to influence business decisions; however, enterprise should answer questions to these people; Field D – stakeholders do not show much interest about the company, but it has enough power to influence decisions in the company (Johnova, 2012). For the purpose of this article, two groups of stakeholders – employees and local community – were chosen. Employees of chosen company are evaluated as stakeholders in the area B and have a high level of influence and also a greater level of expectations. The local community is in the field C.

3. CSR in Pardubice region

There are two research studies accomplished. First, the article looks at the relevance of corporate social responsibility for engaging employees, including its impact on their motivation and engagement. A survey among employees investigated whether it is possible to prove that socially responsible activities have a demonstrable impact on workers in terms of greater satisfaction from work, higher involvement and motivation, fellow feeling or better relationship with employer, etc. This aim of the exploratory case study-based research is to prove that there is correlation between CSR and employee engagement in the selected company. The aim of the second questionnaire is to determine the level of public awareness of the CSR concept generally and to rate the corporate social responsible attitude of companies operating in the Czech Republic. Respondents (residents from Pardubice region) also evaluated the level of corporate social responsibility of one of the biggest employer in the region.
where the first study with employees was carried out. The results of own research are contrasted with worldwide results of consulting companies and other researchers.

3.1. CSR activities and employee engagement in selected company

For the purpose of analysing CSR activities, a prosperous company based in the Pardubice region with more than 1,600 employees and 95 years of tradition was selected. It is one of the leading European manufacturers of skilled chemistry and holds a significant position in the chemical industry market. There was a questionnaire on employee opinion on CSR activities of selected organisation carried out. Questionnaires were sent to 70 employees through the Director of Marketing Department and the Head of Personnel Department. The return of questionnaire was 65.7% (46 respondents).

Arenas (2008) confirm based on their research that due to the application of the principles of corporate social responsibility, there is demonstrably greater identification of employees with company's values, higher responsibility of employees to their duties and increasing satisfaction with their work, compared with the situation as it was in companies before the introduction of the concept. They state that there is increasing motivation and commitment of employees. Another finding of this study is that the more employees believe that his work is meaningful and contributes to the welfare of the whole society and the surroundings, the more it increases the feeling of his own satisfaction and contentment. Gross (2011) presents the result of observation of 1,000 British employees from the Kenexa Research Institute, which concluded that the identification with CSR principles leads to a better evaluation of the company and its reputation from interviewed employees and among other things contribute to higher engagement and satisfaction. Belonging of employees with CSR strategies positively affects their performance, productivity and, significantly, reduces risk of leaving the job. Results of own survey also confirm these findings since over 60% of respondents – employees of the selected company answered that CSR activities affect them positively, motivate them to perform better and increase their loyalty.

International Organisation Center for Creative Leadership states based on opinion of more than 2,200 employees around the world that working for a socially responsible company significantly increases employee pride in his/her profession in its report (Stawiski, Deal & Gentry, 2010). This finding is also supported by a survey of the Right Management agency done among 30,000 of employees from 15 countries, where more than half of the respondents said that this also significantly increases the value of the company in the eyes of the employees of the companies (Gross, 2011). The result of own survey among the employees confirmed that it has significant impact on employees when company engages in CSR activities. 83% of respondents said that they feel proud that they work for a socially responsible company and that this strengthens their relationship with the company.

Towers Perrin agency made a research in 2008 among 50 SME that show that CSR activities are considered to be the third most important driving force in terms of employee motivation (Gross, 2011). Survey of BT organisation in 2007 among young professionals living in the UK revealed that 44% of those people consider CSR as an important factor when choosing a job and almost half of them would refuse to work for an employer who would not be involved in CSR. Forbes published results of the study of the Net Impact agency between 1,726 workers from the United States. 35% of questioned Americans would be willing to work for lower wages if the company is highly involved in CSR (Meister, 2012). Own survey shows that 65% of surveyed employees believes that if the company would not be involved in any way in the field of CSR that would change their opinion about the company as an attractive employer and reduce their overall satisfaction with the work. Another finding of our research was the fact that 78% of the respondents believe that company’s responsible behaviour has a positive effect on increasing the interest of potential employees about working for this company. Conclusions of its own survey among employees of the company therefore also support the findings of international studies in this area.
The study of International Organisation Center for Creative Leadership states that corporate social responsibility plays an important role for those employees who have a high position in the company (i.e., top managers and executives), less important is for administrative and other staff. In general, top managers and executives are usually the most engaged in CSR activities, as they are in the organisations the ones who decide on key CSR issues, and the application of this concept has the greatest awareness (Stawiski, Deal & Gentry, 2010). The results of own survey confirm these findings. 100% of the interviewed top managers and executives feel proud that they work for a socially responsible company, 92% of them also stated that the organisations activities in the field of CSR positive motivate them to perform better and increase their loyalty. There is declining trend in lower positions as in contrast 76% of administrative and other staff states that they feel proud that they work for a socially responsible company and 61% of them also stated that the organisation’s activities in the field of CSR motivate them to perform better and increase their loyalty. Those surveyed workers on high positions in organisations have generally more positive attitude towards their CSR efforts, they are more devoted and their job satisfaction is more noticeable. Realised survey showed that also within one of the three largest employers in the Pardubice region, Czech Republic there is a demonstrable impact of socially responsible behaviour of organisation on the attitudes and opinions of its employees and could be the motivation to other organisations in the region and in the Czech Republic as a whole.

3.2. General awareness about the CSR of community in the Pardubice region

The data were collected from 244 respondents living in the Pardubice region, Czech Republic, between February and March 2016. 66% of respondents stated that they had been aware of the term ‘Corporate Social Responsibility – CSR’ before and so they were chosen for further analysis (126 respondents in total). Another questionnaire focusing on the research among the employees of a certain company was sent to specific 70 employees through the upper company’s management. The aim of this questionnaire was to evaluate the employee’s identification with the company (also known as ‘organisational identification’). Responses were collected from 46 employees (65.7%). The research showed that they were well-aware of the term CSR – 85% of them stated that they had heard this term before.

Considering the research among the general public of the Pardubice region, first of all it was important to find out what is the general opinion about the CSR practices asserted by Czech companies. The first question was: “What do you think is the level of CSR asserted by large Czech companies?” More than a half of asked citizens (54%) responded that it is comparable to the level of CSR asserted by European companies. 45% out of 1019 Czech respondents of the “CSR Research 2013” survey responded basically the same thing – that it is indeed comparable (Ipsos, 2014). In general, 56% of asked citizens have positive opinion about the level of CSR asserted by Czech companies in comparison to 51% of respondents of the CSR Research 2013 (Ipsos, 2014).

Respondents from Pardubice pointed out that the three most important areas considering the corporate social responsibility are:

- environmentally responsible behaviour (66% of asked citizens),
- truthful communication of the company (49% of asked citizens),
- quality of products and services (49% of asked citizens).

In comparison to that finding, respondents of the CSR Research 2013 survey stated that the three most important areas are:
open and truthful communication with customers (60% of respondents),
environmental protection (59% of respondents),
worker’s health and safety (52% of respondents) (Ipsos, 2014).

All in all, both findings show that Czech companies should consider truthful communication and environmental protection as a priority.

In 2013, 66% of respondents of the CSR Research 2013 survey would pay extra money for ‘socially responsible product’. This trend has been descending since 2011, though. The research showed that mostly Gen X survey respondents would pay more for socially responsible product (72% replied positively out of 364 Gen X respondents). Gen Y respondents followed – 67% would pay more out of 313 respondents. The lowest frequency of positive answers was detected with the respondents aged 55+ (Ipsos, 2014). The personal research also showed that 79% of asked citizens would gladly pay extra money for ‘socially responsible product’. The influence of CSR on customer’s purchase decision was the strongest with respondents of Gen X – 91% out of 33 Gen X respondents would buy a responsible product or service. However, mostly younger citizens of Pardubice took part in a survey (70% of 126 filled questionnaires). Out of those, 88 citizens aged 15–35 (Gen Z and Gen Y), 70% (66 respondents) would pay more for socially responsible product. Therefore, this supports the statement that younger people care more about the company’s CSR activities. Considering the research among the citizens of Pardubice, the frequency of positive answers was also the lowest with the respondents aged 56+, when only 1 out of 5 would pay more for socially responsible product.

Many foreign public opinion surveys also confirmed that today’s consumers care not only about the price of a product, but also about the producer’s behaviour towards society and nature. The Nielsen Company realised a global survey in 2015, in which 30,000 consumers of 60 countries participated (e.g., consumers from Asia, Europe, North and South America etc.). 66% of respondents would gladly pay more for socially responsible product. The research then showed that mainly younger people (aged under 34) and Gen Z respondents (aged under 20) prefer to buy those responsible products. Moreover, another important fact was that when compared to the previous year, this trend had increased from 55% to 72% of positive answers with respondents aged under 20 (Marketing Charts, 2015). Another survey, this time from Aflac, supported the greater emphasis on CSR among the Millennials. For example, almost two-thirds (66%) of Millennials (18–34) are likely to invest in a company well-known for its CSR program, compared to 48% of adults aged 35 and older. Additionally, 92% of Millennials reported being more likely to purchase from an ethical company, and 82% believe that companies that stay true to their ethics and values outperform others in their field (Marketing Charts, 2015). Good Must Grow (GMG) company also realised a research in 2013 that focused on CSR activities, in which 30% out of 1,015 US respondents said that they plan to increase the number of goods and services they buy from socially responsible companies in the upcoming year. This was up from 18% who reported buying more from such companies in the previous year (Good Must Grow, 2013). In Cone Communication’s ‘Millennials CSR Study’ among 1,003 adult US consumers, 70% of Millennials (18–34) said they would be willing to pay more for a socially or environmentally responsible product, versus 66% of US adults overall. The willingness to pay more was more evident among female Millennials rather than men. This also supports the statement that CSR activities are more important for younger generations of consumers (Marketing Charts, 2015).

The personal research among the general public of Pardubice was participated by 79 women and 47 men. A very important finding was that 81% of asked women would be willing to pay more for socially responsible product in comparison to 75% of men asked. Therefore, this also supports the statement that, in general, women are more likely to pay for responsible products, and they also have more responsible views than men. To sum it up, all previously mentioned studies including the personal one confirmed that corporate social responsibility and its reflection in company’s products and services are very important for today’s consumers. However, consumers claim that they would surely pay extra money for socially responsible products, but the question is: ‘Would this convert to real action when it comes to buying decisions?’ In 2014, Harris Interactive marketing company realised a study among
2,306 English speaking consumers and this study showed that 55% of respondents said they buy a socially responsible product only from time to time (Shannon-Missal 2014). On the other hand, the Nielsen Company’s global research from 2014 among 30,000 consumers across 60 countries showed a better result: more than half (52%) of respondents said they have purchased at least one product or service in the past six months from a socially responsible company. Nielsen also reviewed retail sales data of consumable and non-consumable categories across 20 brands in nine countries. These brands either included sustainability claims on packaging or actively promoted their sustainability through marketing activities. A very important finding was that an average annual sales increase of 2% for products with sustainability claims on the packaging and 5% for products that promoted sustainability actions through marketing programs (Rayapura, 2014).

Another very important part of the personal research was to find out what is the effect of CSR in a context of choosing an employer. CSR Research 2013’s study showed that 87% of respondents find it very important to work for a socially responsible company. Considering the age, this fact does not matter so much – 88% of respondents aged 18–34, 87% of respondents aged 35–54 and 86% of respondents aged 55+ said that it is important to work for a socially responsible employer (Ipsos, 2014). In 2015, Global Tolerance consultancy carried out a research among 2,000 British employees exploring their attitude towards socially responsible employers. Almost half the workforce (42%) said they want to work for an organisation that has a positive impact on the world and 36% would work harder if their company benefitted society. This study then showed that mostly young people consider company’s CSR activities as an important fact when choosing a job – 62% of British respondents aged 18–34 find it important to work for a socially responsible employer (Jenkin, 2015).

The Net Impact’s ‘What workers want in 2012’ study among 1726 respondents showed that when choosing an employer, CSR activities are more influential for women rather than for men. 61% of asked women stated that it is important for them to work for a socially responsible company in comparison to 53% of positive answers from men (Zukin & Szeltner, 2012). The personal research among the citizens of Pardubice and the employees of a selected company also showed that CSR activities make a huge impact when choosing a job and that it greatly influences the attractiveness of an employer. When choosing a job, company’s CSR strategy is important for 84% of asked citizens and 78% of asked employees. 84% of citizens of Pardubice aged 15–35 said that when choosing an employer, company’s CSR is highly important for them. This fact was also confirmed in the Global Tolerance consultancy’s study from 2015 – when talking about CSR, younger people care more. Personal research’s findings then showed that women care more about employer’s CSR than men. When the question ‘Is it important for you to work for a socially responsible employer?’ was asked, 94% of asked women replied positively compared to 68% of positive answers from men.

3.3. Communication of CSR activities

Both Pardubice citizens and company employees agree that awareness of specific CSR activities is on high level. The most known activities for citizens are cooperation with educational institutions, partnerships with the Pardubice racecourse and city festivals or cooperation with the East Bohemian Theater. It is obvious that Pardubice citizens know mainly about activities that are related to their interests and leisure time. Awareness of the company’s employees about socially responsible activities is above-standard, as more than half of the interviewed employees know about every CSR activity mentioned in the questionnaire. Only two employees did not know any activity.

According to a survey of PR Conector in 2015, the most common CSR communication tools are websites and media. This survey was carried out among 118 large companies operating in the Czech Republic, 60% of these companies have more than 200 employees. The study states that social networks and public relations have the greatest potential for the future (Maliskova, 2015). Similarly, research of Core Communications from 2015 held among 10,000 respondents from different countries states that 61% of respondents gain information from internet and social media. 30% of respondents said that social media is the main source of information about news from the company environment.
(Sustainable Brands, 2015). Most of the questioned citizens of the Pardubice region learned about CSR activities from company’s website (65%) and printed reports and media (36%). Employees gained information from corporate newspapers (89%) and from website (63%). Only 21% of citizens and 11% of employees learned about the company’s activities through social networks. According to the Head of the Marketing Department, the company does not use enough social networks to promote its CSR activities, but they are aware of the growing trend of this communication tool and plan to use it more in the future. We can conclude that employees and also citizens of Pardubice region are well informed about CSR activities of the company. As part of its CSR strategy, the company engages in all three pillars, but primarily focuses on supporting social activities. However, respondents from the public do not have a unified view of where the company is most engaged, and the company’s employees believe that most of the activity is done in the environmental field. There are some gaps in company communication towards its stakeholders. The solution would be to regularly publish a well-prepared CSR report that would provide a clear listing of all socially responsible activities for the given period.

4. Conclusion

Understanding the effects of CSR on employees represents one approach to answering questions about whether and how CSR affects businesses. Because employees are primary stakeholders who directly contribute to the success of the company, understanding employee reactions to corporate social responsibility may help answer questions about the potential effects of corporate social responsibility on organisations and also explain some of the processes responsible for them. This article prove that also in selected region in the Czech Republic CSR is a powerful communication and management tool for human resources managers as we verified that by enhancing corporate image and organisational prestige in the eyes of external audiences, CSR also affect employees identification with their corporation and that CSR can directly reinforce employees self-definition and subsequently their identification.

Acknowledgements

This article is supported by Grant SGS_2017_022.

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