

CORPORATE SOCIAL RESPONSIBILITY: VOICE OF THE WORKFORCE IN A MULTINATIONAL COMPANY

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The paper identifies in a valuable manner an attribute of corporate social responsibility, represented by the care towards internal stakeholders. Taking the pulse of the human resources also rebounds into signals given to the company on how to reestablish / improve the workers' satisfaction and, consequently, the efficiency of their work. The data are veridical, however, in order to protect the confidentiality of the MTC, let's name it "Alpha". The analysis suggests that Central and Eastern European Markets embrace in a large extent the core values of the company, they behave and react similarly to world-wide personnel. The results help us gauge employee satisfaction and provide input to business planning, management decision-making and company strategy development. They also offer insight into how Alpha's core values are being embraced throughout the company.

Keywords: corporate social responsibility, stakeholder, voice of workforce, contingent worker

J53, M51

Introduction

As this paper focuses on the relationship between the workforce with diverse drivers within multinational companies, there will be made reference to the World Business Council for Sustainable Development's definition of CSR: "CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large" (WBCSD, 1999).

Voice of the Workforce (VoW)

The relationship between the job satisfaction and employee turnover has been one of the most widely studied, but least understood relationships in the organizational behavior literature (Spencer, 1986).

The studies on turnover have focused on only one of several alternatives open to individuals faced with dissatisfying work situations, *leaving*; it has ignored the alternative strategy of attempting to change such situations. The proposed relationship between employees' efforts to change dissatisfying work situations and turnover is implicit in much of the work of Albert Hirschman (1970, 1974). He extensively studied responses to declining firms in terms of *exit* and *voice*. The two terms refer to two options that members or clients of an organization have when responding to an economically dissatisfying relationship with that organization. The source of dissatisfaction might be declining quality of the organization or declining quality of its products. To voice dissatisfaction is to try to change a problematic situation, and to exit is simply to withdraw from and leave the problematic situation. Most of Hirschman's work is grounded in economics and thus focuses primarily on the clients of an organization using voice or exit rather than on its members using these options (Spencer, 1986). Hirschman's concepts are gaining increasing attention in the organizational behavior literature (Farrell, 1983). This attention is not limited to studies of employee turnover; other relevant work includes research on absenteeism, political behavior, organizational due process (Spencer, 1986).

Analyzing Hirschman's terminology applied in the "financial market discipline", one of the three distinct theoretical perspectives on firm governance, "exit" (in the case of hostile takeovers) and

“voice” (in the case of shareholder activism) ensure the alignment of shareholders’ and managers’ interests (Zeitoun and Osterloh, 2008).

In the “employees’ voice” perspective, *shareholders* and *employees* are viewed as the most salient stakeholders whose interests should be safeguarded (Zeitoun and Osterloh, 2008). Both parties should protect their interests through a representation on the board of directors or through other mechanisms that allow them to influence strategic decisions. The focus is on three main forms of employees’ voice in the context of firm governance. *First*, employees’ voice can be fostered by *co-determination rules*, which means that mechanisms for shared decision-making between workers and investors are arranged. This shared decision-making can happen at the board level if, for example, one third of the board seats are allocated to employees. Moreover, codetermination can be constituted at the plant level by establishing works councils. Mandatory co-determination laws, both at the board level and at the plant level, are a wide-spread phenomenon in European countries. *Second*, employees can voice their concerns through *unionization*. Unions negotiate with employers on topics such as wages, conditions of employment, or protection against layoffs. These protections impose rigidities on the firm, which need to be weighed against incentives for investment in firm-specific human capital. *Third*, a *consensus-oriented corporate culture* can nurture employees’ voice. Employees are involved in the decision-making process of the firm’s management even though they do not have formal control rights (Zeitoun and Osterloh, 2008).

VoW at Alpha

The framework in which can be placed the voice of workforce – annual survey which measures the employees’ position related to the company’s core values (perceived as business principles) – is associated with a key performance indicator of the social dimension of the CSR (Sachs et al., 2006 and personal contribution)

This paper aims to analyze how the strategic values of Alpha, a multinational company, guide the daily activities performed by workers in different regions in a cascaded approach.

At Alpha, looking from a CSR perspective, voice of workforce gathers individuals’ feedbacks related to the way that the core values of a company are shared and embraced by the personnel. The VoW’s results are presented at the board level by managers in charge with the employee’s satisfactions – as a key performance internal indicator for their own assessment – action which can be integrated into the third above mechanism, specific to companies with consensus- oriented corporate cultures.

Method and Results

Alpha is a multinational company which implemented VoW for more than five years ago.

Each March, the survey is available online in 25 languages, and confidentiality of individual results is strictly protected. The outcome revealed in August of that respective year is displayed in a summarized manner, by a subcontractor that ensures objectivity and independency in processing the data. The results help the company gauge employee satisfaction and provide input to business planning, management decision-making and company strategy development. They also offer insight into how Alpha’s core values are being embraced throughout the company. Targets are then set at the business group level.

Results and next steps are shared with employees at the work group level.

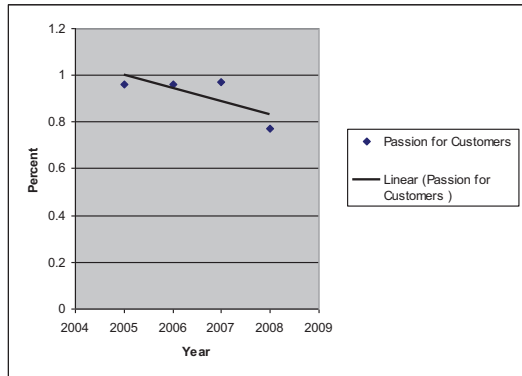
The analysis comprises **three** stages: a temporal approach which follows the evolution of six indicators of the voice of workforce survey, a geographical cross-distribution of the eight variables of the survey and a comparison of the survey’s observations with regard to Alpha’s employees and contingent workforce. The samples observed consist of replies to an annual survey addressed to over 80000 respondents. For an in depth study of the allotment of the responses, a geographical view is taken into consideration at world-wide (WW) level versus

Central and Eastern European Countries, Emerging European Markets (cluster made of: Albania, Bulgaria, Bosnia and Herzegovina, Croatia, Serbia, Montenegro, Slovenia, Malta, Moldova, Macedonia) and Romania. To the preexisting sample there are added two more variables: *achievement and contribution* and *trust and respect*. In order to have a more reliable sample, the eight core values of the company which were the main inputs of the regression, estimated through the least squares method, have been detailed into 44 observations – that consists the primary data for analysis. The last part of the paper aimed to focus on the differences in perceptions / treatment of the direct and indirect workers.

Temporal analysis

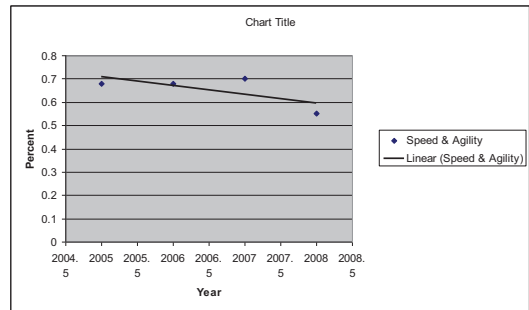
The six variables examined are: employee engagement (E_E), meaningful innovation (M_I) and passion for customers (PAS_CUST), results through teamwork (RES_TEAM), speed (SPEED) and uncompromising integrity (UN_INT) within four years, 2005-2008. The generic trend of their evolution is ascendant for the first three years. However, there is a visible decrease in value of four of the six calculated variables in 2008, as it can be noticed in Figures 1 to 6.

Figure 1: Passion for Customers: 2005-2008



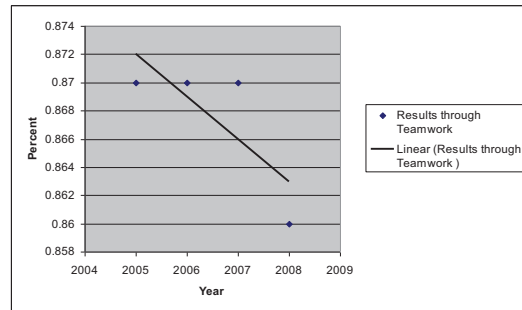
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Figure 4: Speed and agility: 2005-2008



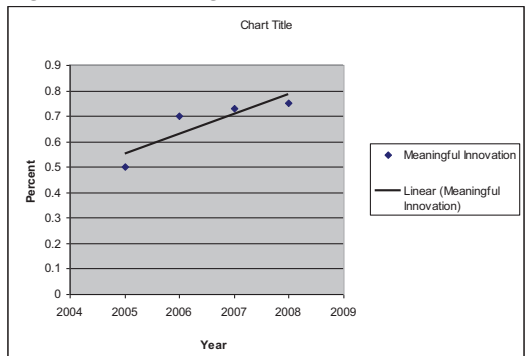
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Figure 2: Results through Teamwork: 2005-2008



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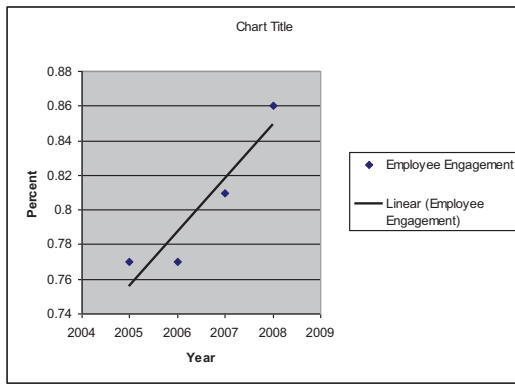
Figure 5: Meaningful Innovation: 2005-2008



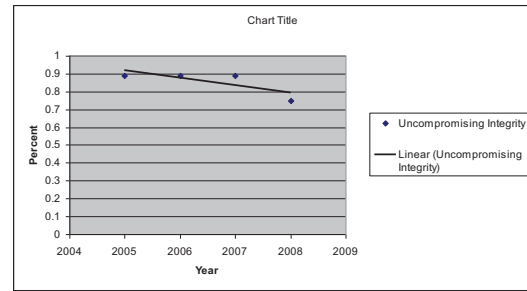
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Figure 3: Employee Engagement: 2005-2008

Figure 6: Uncompromising Integrity: 2005-2008



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Source: own processing

The reason of this severe decline, most significantly observed in the slump of the speed and agility can be explained by the increase of the meaningful innovation. “Alpha” implemented new applications which could have influenced the turnaround time dedicated to particular tasks. Studying the associated descriptive indicators (see Table 1), there is evidence that the passion for customers has the highest average value, followed by results through teamwork and uncompromising integrity.

Table 1: Descriptive indicators for the six variables obtained in 2005-2008

| | E_E | M_I | PAS_CUS T | RES_TEA M | SPEED | UN_INT |
|---------|--------|-------|--------------|--------------|--------|--------|
| Mean | 0.8025 | 0.67 | 0.915 | 0.8675 | 0.6525 | 0.855 |
| Median | 0.79 | 0.715 | 0.96 | 0.87 | 0.68 | 0.89 |
| Maximum | 0.86 | 0.75 | 0.97 | 0.87 | 0.7 | 0.89 |
| Minimum | 0.77 | 0.5 | 0.77 | 0.86 | 0.55 | 0.75 |

Source: personal processing

Geographical analysis

When considering the geographical analysis of the distribution of survey’s results, the research question was: *In which extent were the global results (WW) influenced by the local results?*

The findings of the analysis constitutes an easement for the company’s decision makers, as the emerging countries whose survey’s results are compared to the average outputs are considered to understand and behave differently the core values of the company.

I have grouped the region as following: WW and CEE, WW and EEM and WW and Romania, for each two variables I interpreted the regression equation, obtained using the method of ordinary least squares.

1. WW and CEE

$$\text{Estimated Equation: } WW = 0.7194048877 * CEE + 0.1412786017$$

(0.0000) (0.0743)

The F-Statistic value (61.5981517327) is big with a very low p (0.0000) and R-squared value (0.594587361864) is significant; therefore the above equation estimates well the model. Moreover, as t-Statistic (7.848449) with a probability of 0.0000 demonstrates that the results in CEE consistently influence the world wide values.

2. WW and EEM

$$\text{Estimated Equation: } WW = 0.4921150189 * EEM + 0.3339219377$$

(0.0000) (0.0000)

3. Spencer, D. G (1986) "Employee Voice and Employee Retention", Academy of Management Journal, Vol. 29, No. 3, pp 488-502.
4. Zeitoun, H. and Osterloh, M. (2008) "Firm Governance and the Role of Top Management", working paper, University of Zurich - Institute for Organization and Administrative Science, Zurich, 23 Aprilie