

# SOCIAL RESPONSIBILITY VALUES: A CROSS COUNTRY COMPARISON

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*This empirical study aims at finding out how similar and/or different are the future Romanian and Slovenian managers in assessing the importance of organization's social responsibility values. The assumption of the research is that most of most of students in engineering and business will hold middle management position in the near future. The sample consists of 727 undergraduate and graduate students' levels from Romania and Slovenia, two former socialist countries. The data has been collected between 2008 and 2009 in the framework of GLOBE student project<sup>39</sup>, using a section of GLOBE III questionnaire, about the importance of CSR related values in critical decisions. The findings concern the similarities and significant differences between: 1) whole Romanian and Slovenian samples; 2) Romanian and Slovenian students in engineering; 3) Romanian and Slovenian students in business. Our findings revealed a trend toward convergence in the importance given to decision's effect on contribution to the economic welfare of the nation and local community, as well as on employees' professional growth and development and on environment. The biggest difference between the groups concerns the decisions' effect on firm profitability (the Romanians considering this value as more important in critical decisions than the Slovenians). The students in engineering proved to be a more homogeneous group, showing convergence in assessing the importance of eight out of fifteen social responsibility values. The biggest difference concerns the decisions' effect on firm profitability (Romanians consider it as having higher importance in critical decisions than the Slovenians). Comparison of students in business revealed convergence in assessing the importance of employees' professional growth and development and decision's effect on environment. The biggest positive difference concerns the same value of decisions' effect on firm profitability. The Romanians are well behind Slovenians in realizing the importance of decisions' effect on relationships with important partners of the organization, ethical considerations and decision's effect on long term competitive ability of the organization.*

*Keywords: Social responsibility, Romania, Slovenia, students*

*JEL: M14*

## 1. Introduction

The research question the present study tries to answer concerns the convergence and divergence in Romanian and Slovenian students' opinion about the *organization's social responsibility values*.

The importance of the issue is emphasized by the actions taken by international and global decisional institutions, aiming at strengthening a more humane, ethical and more transparent business behavior. Among these actions, a critical importance has the *ISO 26000* which provides guidance to the organizations on how to understand, integrate and communicate the social responsibility, in order to improve its credibility and social image. It deals with definitions, principles, core subjects of social responsibility and guidelines on integrating the social

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<sup>39</sup> The project is co-ordinated by R. Lang from Chemnitz University of Technology. The data for Slovenia has been collected by D. Pucko and T. Cater (University of Ljubljana)

responsibility in the organization's management and behavior (Discovering ISO 26000). Our attempt offers a general view on the future managers understanding on how an organization should behave/decide while being socially responsible (*doing good for doing well*).

## 2. Literature review

When approaching the organizations duties and accountability for their global environment constituents, the researchers use a wide spectrum of *concepts* (corporate social responsibility, corporate social accountability, corporate societal responsibility, corporate citizenship, corporate sustainability, sustainable entrepreneurship, social performance, triple bottom line, business ethics etc.) and *theories* (shareholder, stakeholder, societal, philanthropic etc. theories). While at the beginning of the 7<sup>th</sup> decade, *Friedman* (1970) argued that the only one social responsibility of business is to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, other researchers contributed to defining the *new paradigm* of doing business (tuned with today's society expectations). For instance, *Carroll* (1999) asserts that corporate social responsibility involves the conduct of a business so that it is economically profitable, law abiding, ethical and socially supportive. *Moir*, a partizan of stakeholder theory, defines business social responsibility as its commitment towards ethical behavior, economic development and improvement in the quality of life of its workforce, their families, the local community and the society at large (*Moir* 2001). *Kotler & Lee* (2005) argue that "corporate social responsibility is a commitment to improve community well-being through discretionary business practices and contributions of corporate resources" (*Kotler, Lee, 2005, p.3*). They provide a matrix of six options for social responsible activities of a company: cause promotions; cause related marketing; corporate social marketing; corporate philanthropy; community volunteering and socially responsible business practices (*Ibid.*, p.23-24). There is also a recent view on the need to reframe corporate social responsibility (CSR) into corporate social responsibilities (CSRs), positioning "against the common academic practice of aggregating CSR behaviors into some overall umbrella construct such as CSR, corporate social performance (CSP), or business citizenship" (*Godfrey et al, p. 317*).

Obviously, there is no one definition of what *it takes* to be a responsible organization (corporation). The key is to have a rigorous process for *identifying* those responsibilities and fulfilling them (*Blyth* 2005, p. 30). This is why, in our approach we do not aim to build a special *construct* ("umbrella") of organizational social responsibilities, or to empirically discover the socially responsible *practices* of the organizations, but rather focus on the *importance* should be given to social *responsibility values* in managerial decision making.

## 3. Methodology

The students' involvement in the research is based upon the assumption that most of them will hold middle management position in the near future. The sample consists of 727 subjects, structured based upon: *field and level of study* (43.47% business/economics; 56.53 % engineering; 68.2 % Bachelor; 31.8 % Master); *gender* (49% female, 51% male), *age groups* (% 18-22 years; % 23-27 years; %  $\geq 28$  years), *interest in management career* (59.6% yes), and *interest in founding a business venture* (65.2%% yes). The Romanian sample consists of 427 students (52.7% male, 47.3% female), while the Slovenian sample has 300 subjects (60.3% male, 39.7% female). The surveys were carried out in either 2008 or the first half of 2009.

The data has been collected using a part of GLOBE III questionnaire (about CSR). The subjects were asked to show the *importance* each item should have in making critical decisions, using a seven points scale (1 = no importance; 2 = of minor importance; 3 = some importance, but limited; 4= moderate importance/the item should be frequently considered as important; 5 = high

importance/almost always the item should be considered important; 6= very high importance/the item should always be considered important; 7 = the highest importance/the item should be considered the most important one). Data processing has been performed in SPSS 17. The scale reliability shows a *Cronbach Alpha* coefficient of .827 if two items are deleted from the original 17 scale items (Pleasing, respecting, not offending a Devine being and, respectively, Effects on supernatural forces such as auspicious days, forecast by truth sayers). In testing the *statistical significance* of the differences between the different groups, the *independent samples test* was employed, using the *0.05 significance threshold* (equal variances assumed for *Levene's* test).

#### 4. Findings

*Table 1* displays the rank of social responsibility values in critical decisions in students' opinion. Similar rankings are seen for *customer satisfaction* (first place in both samples) and employees' professional growth and development (fifth place). The decision's effect on local community and national welfare, as well as on minority and female employees are considered to be least important in both samples. An important difference concerns the second important social responsibility value: while the Romanians consider it should be the decision's effect on profitability and product quality, the Slovenians see the organization's long term competitive ability as the second important in critical decisions.

**Table 1 Importance of social responsibility values**

ROMANIA			SLOVENIA		
SR dimension	Mean	Rank	SR dimension	Mean	Rank
<b>Customer satisfaction</b>	<b>6.18</b>	<b>1</b>	<b>Customer satisfaction</b>	<b>5.55</b>	<b>1</b>
Effect on firm profitability;	5.76	2	Effect on the long-term	5.52	2
Effect on product quality	5.76	2	competitive ability of the		
			organization		
Effect on sales volume	5.59	3	Effect on product quality	5.47	3
Employee rel. issues (employee	5.58	4	Effect on rel. with other org. with	5.39	4
well-being, safety, working			which you do serious business		
conditions)			(suppliers, government		
			agencies, partners in strategic		
			alliances)		
<b>Employee professional growth</b>	<b>5.41</b>	<b>5</b>	<b>Employee professional growth</b>	<b>5.28</b>	<b>5</b>
<b>and development</b>			<b>and development</b>		
Effects on the environment	5.37	6	Employee rel. issues (employee	5.26	6
			well-being, safety, working		
			conditions)		
Cost control	5.15	7	Effects on the environment	5.21	7
Effect on the long-term	5.10	8	Ethnical considerations	5.18	8
competitive ability of the					
organization					
Effect on rel. with other org. with	5.05	9	Effect on firm profitability	4.89	9
which you do serious business					
(suppliers, government agencies,					
partners in strategic alliances)					
Ethnical considerations	4.88	10	Effect on sales volume	4.85	10
Welfare of the local community	4.86	11	Cost control	4.82	11
Contribution to the economic	4.69	12	Welfare of the local community	4.69	12
welfare of the nation					
Effect on minority employees;	4.40	13	Contribution to the economic	4.57	13
Effect on female employees	4.40	13	welfare of the nation		
			Effect on female employees	4.00	14
			Effect on minority employees	3.82	15

Table 2 depicts the significant differences in the mean scores given by the two groups ( $p \leq .005$ ). *T*-test failed to reveal significant reliable differences between the two samples for the following social responsibility values: decision's effect on contribution to the economic welfare of the nation (sig 2-tailed = .243) and local community (sig 2-tailed = .105), as well as on employees' professional growth and development (sig 2-tailed = .152) and on environment (sig 2-tailed = .144). Thus, it could be assumed there is a trend toward convergence in the importance given to these social responsibility values. The biggest difference ( $t = 9.117$ ) concerns the decisions' effect on firm profitability, the Romanians considering this value should be more important in critical decisions than the Slovenians (Romanians mean score = 5.76, Slovenians mean score = 4.89). The negative gaps are recorded for decision's effect on relationships with other organizations with which the company has serious business (-4.674), on long term competitive ability of the organization (- 4.672) and the ethical considerations (- 2.907; equal variances assumed). These gaps show that the Romanians give lower scores for the mentioned social responsibility values than the Slovenians.

**Table 2 Importance of organizational social responsibility values: testing the significant differences between Romanian and Slovenian students**

<i>Social responsibility values</i>	Mean diff	<i>t</i>	Sig(2-tailed)
Cost control	.33	3.631	.000
Customer satisfaction	.63	7.269	.000
Employee rel. issues (employee well-being, safety, working conditions)	.32	3.428	.001
Contribution to the economic welfare of the nation	.12	1.169	.243
Welfare of the local community	.17	1.624	.105
Employee professional growth and development	.13	1.435	.152
Effects on the environment	.16	1.462	.144
Ethical considerations	-.30	-2.868*	.004
Effect on the long-term competitive ability of the organization	-.42	-4.672	.000
Effect on rel. with other org. with which you do serious business (suppliers, gov. ag., partners in strategic alliances)	-.34	-4.674	.000
Effect on firm profitability	.87	9.117	.000
Effect on minority employees	.58	4.564	.000
Effect on female employees	.40	3.112	.002
Effect on product quality	.29	3.175	.002
Effect on sales volume	.74	7.638	.000

95%confidence interval; Levene's test for equality of variances; \* equal variances assumed

Table 3 displays the significant differences between *students in engineering* (Romanian sample: 261; Slovenian sample: 150).

**Table 3 Importance of organizational social responsibility values: testing the significant differences between students in engineering**

<i>Social responsibility values</i>	Mean differ.	<i>t</i>	Sig (2-tailed)
Cost control	.16	1.414*	.158
Customer satisfaction	.60	5.230	.000
Employees relations issues	.27	2.243	.026
Contribution to the economic welfare of the nation	-.06	-.377	.707
The welfare of the local community	0	.010	.992
Employee professional growth and development	.16	1.223	.223
Effects on the environment	.18	1.173	.242
Ethical considerations	-.17	-1.217*	.224
Effect on the long term competitive ability of the organization	-.50	-4.178	.000
Effect on relationships with other organizations with which you do serious business	-.16	-1.575*	.116
Effect on firm profitability	.80	6.362	.000
Effect on of minority employees	.43	2.441	.015
Effect on female employees	.26	1.426	.155
Effects on product quality	.28	2.316	.021
Effects on sales volume	.58	4.559	.000

95%confidence interval; Levene's test for equality of variances; \* equal variance assumed

As seen, *t*-test failed to reveal significant reliable differences between the two samples for the following social responsibility values: cost control (sig 2-tailed = .158), contribution to the welfare of the nation (sig 2-tailed = .707) and local community (sig 2-tailed = .992), employees professional growth and development (sig 2-tailed = .223), decision's effect on environment (sig 2-tailed = .242), ethical considerations (sig 2-tailed = .224), decision effect on relationships with other organizations (sig 2-tailed = .116) and on female employees (sig 2-tailed = .155). The biggest positive difference ( $t = 6.362$ ) concerns the decisions' effect on firm profitability, the Romanian students this value should be more important in critical decisions than the Slovenians (Romanians mean score = 5.82, Slovenian students mean score = 5.02). The only one negative gap (-4.178) concerns the decisions' effect on long time competitive ability of the organization, with the Slovenian group of engineering students considering this value as being more important than the Romanian group (Slovenian mean score = 5.59; Romanian mean score = 5.09).

Table 4 shows the significant differences between Romanian and Slovenian students attending *business studies* (Romanian sample: 166 Slovenian sample: 150).

**Table 4 Importance of organizational social responsibility values: testing the significant differences between students in business**

<i>Social responsibility values</i>	Mean differ.	<i>t</i>	Sig. (2-tailed)
Cost control	.49	3.621	.000
Customer satisfaction	.66	4.921	.000
Employees relations issues	.39	2.836	.005
Contribution to the economic welfare of the nation	.39	2.651	.008
The welfare of the local community	.39	2.632	.009
Employee professional growth and development	.12	.892	.373
Effects on the environment	.13	.893	.373
Ethical considerations	-.40	-2.671	.008
Effect on the long term competitive ability of the organization	-.32	-2.401	.017
Effect on relationships with other organizations with which you do serious business	-.49	-4.892*	.000
Effect on firm profitability	.91	6.288	.000
Effect on of minority employees	.84	4.632	.000
Effect on female employees	.65	3.528	.001
Effects on product quality	.27	2.018	.045
Effects on sales volume	.84	5.907	.000

95%confidence interval; Levene's test for equality of variances; \* equal variances assumed

*T-test* failed to reveal significant reliable differences between the two samples for the following social responsibility values: employees' professional growth and development (sig 2-tailed = .373) and decision's effect on environment (sig 2-tailed = .373). The biggest positive difference ( $t = 6.288$ ) concerns the decisions' effect on firm profitability, Romanians considering this value should be more important in critical decisions than the Slovenians (Romanians mean score = 5.66, Slovenians mean score = 4.75). The smallest positive gap (favoring the Romanian group) is recorded for decisions' effect on product quality (2018), with 5.70 mean score for Romanians and 5.43 for Slovenians business students' group. Negative gaps are recorded for the following dimensions: decisions' effect on relationships with important partners of the organization (-4.887- the highest gap), ethical considerations (-2.671) and decision's effect on long term competitive ability of the organization (-2.401). For these dimensions, the Slovenian business students gave higher importance than their Romanian counterpart (Slovenians mean scores for mentioned dimensions = 5.61; 5.35 and, respectively, 5.44; the Romanians mean score = 5.12; 4.95 and 5.12 respectively).

## 5. Conclusions

Our findings show that the new generation of managers share the (average) opinion that decision's effect on *customer satisfaction* comes first, while on local and national welfare, on female and minority employees the least. These might be taken as signs of convergence in the future managers' attitude in decisional process. The most significant differences between Romanians and Slovenians (at all levels of comparison) is recorded for decision's effect on

*profitability*, long term competitive ability of the organization and on serious business partners. Romanians tend to be interested more in money related issues and short term effects of their decisions, while Slovenians have a more strategic vision. Perhaps these significant differences have *cultural* explanations (for instance, future orientation, in group collectivism, institutional collectivism, human orientation, gender equality etc.), thus, it seems rational to direct our future research towards such topics.

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