

Mapping the attitudes of S.M.Es owners towards Corporate Social Responsibility in Northern parts of Greece.

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Abstract

The interest in corporate social responsibility (CSR), sustainable business practice, corporate governance, business ethics, and integrity and compliance management has grown remarkably in the past decade. It is not only stakeholders who expect companies to pay greater attention to norms, values and principles; companies themselves are acknowledging the importance of a socially coherent business practice.

Purpose –This paper seeks to examine the findings that emerged from a preliminary study concerning the attitude of S.M.Es owners in Northern parts of Greece towards corporate social responsibility

Design/methodology/approach – A structured questionnaire was developed based on past studies. A total of 14 attitudinal statements on CSR were asked to indicate the level on which they agree, using a 5-point Likert scale. The questions on determinants of CSR have been distributed in 81 companies in Northern parts of Greece.

Research limitations/ implications – The sample of the research is relative small. Hence the research can be conducted again with a larger sample this time with more focus in one type of industry, for example retailing.

Originality / Value – The paper reports findings from Greek SMEs owners towards CSR and contributes to the emerging research agenda of issues about the Social Responsibility and Corporate Governance.

Introduction

This research effort constitute the first step of a larger project undergone in Higher Technological Educational Institute of Serres and the European Business Innovation Centre of Serres on educating entrepreneurs about Corporate Social Responsibility (CSR). The main concern is how to create the people with the skills, competencies and commitment to realize the Corporate Social Responsibility (CSR) agenda. Most specifically, the task of the group is to carry out a process with the following objectives.

- Map and the attitudes of Northern Greek entrepreneurs towards social responsibility
- Examine how to implement CSR practices in to several assessments and qualifications of entrepreneurs

Hence the major scope is to determine whether the introduction of some form of CSR seminars would be a worthwhile educational tool for the development of CSR in Northern parts of Greece.

There is a relatively little discussion of possible backgrounds of attitudes towards Corporate Social Responsibility in Small and medium sized companies. This gap asks for a deeper theoretical explanation. That is why this paper aims at examining the attitudes of owners of SMEs from Northern parts of Greece. It starts with a reflection of some literature concerning the recent trends in Corporate Social Responsibility agenda and also describes some benefits from adopting a Corporate Social Responsibility strategy in a company. Then a follows the part analyzing the methodology used for this research. The results from this particular effort are mentioned in the next section and the paper ends with some further discussion issues concerning the matter examined.

Recent Trends towards CSR

In recent years various changes have taken place in the businesses view of corporate social responsibility. A significant and increasing number of leading companies have acknowledged the legitimate and crucial role of companies for social and environmental development, the importance of other stakeholders as well as a business case for Corporate Social Responsibility. The trends outlined below are receiving increased coverage.

- **Changing Expectations of Stakeholders:** The vast majority of different stakeholders have come to expect more of the companies. There is an increase from what they are looking from the private sector to help with myriad complex and pressing social and economic issues. At the same time there is a growing ability and sophistication of activist groups to target corporations they perceive as not being socially responsible, through actions such as public demonstrations, shareholder resolutions, and even "denial of

service" attacks on company websites. These efforts emphasize the issue of accountability to stakeholders when doing business.

- **The changing Role of Government:** There is a growing trend among national and local governments towards a more hands-off approach to regulating business. As a result, companies are relying less on government for guidance, instead adopting their own policies to govern such matters as environmental performance, working conditions and ethical marketing practices.

- **More interest shown by customers:** There is seems to be an increase in the interest towards CSR both from business-to-business customers as well as consumers. In the former, we can identify a change by many companies, governments, universities and other institutions towards the alignment of their decisions with more social criteria, particularly those related to companies' environmental and human rights performance. In the latter, we can see a clear move of more and more consumers of avoiding products based on social criteria, such as a company's environmental performance, labor practices or community-involvement record. At the same time, there are organizations and institutions that help consumers, and businesses with their purchasing decisions by rating companies and products.

- **Supplier Responsibility:** Based on the previous argument of stakeholders showing a growing interest in companies' corporate social responsibility we can see that interest moving along the supply chain. Many companies are finding that they are responsible not only for their own CSR performance, but for a company's suppliers as well as its customers and even its customers' customers. Thus, we can see that companies are starting imposing codes of conduct on both their suppliers and customers in order to ensure that other companies' policies or practices do not reflect unfavorably on their operations. This has a cascading effect along the entire supply chain, encouraging suppliers to adopt socially responsible business practices.

- **Demands for more reports and company information:** In almost every interested party of the business operations, such as environmental activists, regulators, investors, customers, community groups, trading partners and others are asking from companies for more and more detailed information about their social performance. In response, we can see that a lot of companies – mainly the leading one's- are responding by publishing a variety of reports and/or social audits that describe and disclose their social performance on one or several fronts. As part of this move toward greater disclosure, many companies are putting increasingly detailed information about their social and environmental performance - even when it may be negative - onto their publicly accessible websites.

Based on the above and drawn from recent literature we can

identify that the areas mentioned as the most important for addressing the subject of Corporate Social Responsibility are the followings:

- how to influence a company's suppliers in issues related to corporate social responsibility (Orlitzky, M., EL. Schmidt and S.L. Rynes, 2003)
- how organisations will benefit from practicing corporate social responsibility and conducting open dialogue with their stakeholders (Gelb and Strawser 2001).
- appropriate governance structures to ensure that social and environmental impacts and concerns of key stakeholder groups are address in corporate decision-making (Friedman, A.L., and S. Miles, S., 2001)
- how to make the stakeholder dialogue robust and remove the power differential between the organisation and key stakeholder groups (Anand, V., 2002)
- making sure corporate values are embedded in organisations and that this is reflected in their reports (Adams 2002)

Benefits of CSR

Recent years have seen a growth in the breadth of topics consider under the "corporate social responsibility" umbrella as we analyzed in the previous section of the paper. However, the implementation of social responsible can lead to various advantages for the company that will try them. According to Kok et al (2001) businesses now acknowledge that it is in their interests to consult their stakeholders and also that by demonstrating social responsibility gain specific benefits, although not all can be quantified in a direct measurable way. More specifically, Adams C. and Zutshi A. (2004) based on a review of the literature points out the following benefits:

- Better recruitment and retention of employees

Acting responsibly and being accountable for social and environmental impacts assists organisations in attracting and retaining the most talented people (Simms 2002).

- Improved internal decision-making and cost-savings

Organisations that produce social and environmental reports develop better internal control systems and better decision-making and cost-savings, resulting in continuous improvements (Adams 2002). Improved operational and process efficiency results in reduced risks and improved safety at work (King 2002, Simms 2002).

- Improved corporate image and relations with stakeholders

Evidence of organizations benefiting by practicing corporate social responsibility and reporting can be seen in a study of 10 entrepreneurs who had developed successful new ventures (Joyner et al 2002). The study found that all 10 organisations and their entrepreneurs went beyond the requirements of the law with respect to corporate social responsibility and in their interactions with their stakeholders. The organizations benefited by growing in size and establishing their presence in the community.

- Improved financial returns

Joyner and Payne (2002) identified a positive link between firm's value, business ethics, corporate social responsibility and financial performance, indicating that investors may be making money through SRI as well as adhering to their own values.

Methodology

The study follows the recent example of Rasid Zabid Abdul & Saadiatul Ibrahim (2002). Their study examined the attitudes of Malaysian managers and executives towards social responsibility and was heavily based on past studies (Ford and MacLaughlin 1984, Holmes 1976, Teoh and Gregory Thong 1986, Gilles and Leinbach, 1983). Accordingly, a structured questionnaire was developed divided in three parts. The first part had questions concerned the company such as the industry type, years of operation, number of employees and the place of operation. The second part had questions about the entrepreneur such as, age, gender, level of education and years of professional experience. The third part, had a total of 14 attitudinal statements on CSR and were asked on a five –point likert scale which ranged from strongly disagree (1) to strongly agree (5).

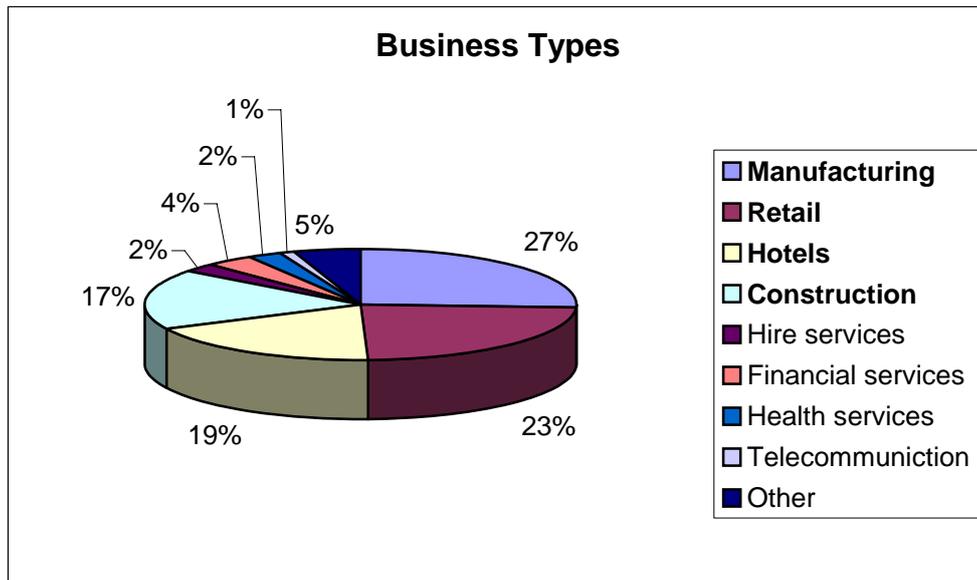
The enumerators in various parts of Northern Greece randomly distributed the questionnaire. A total of 81 entrepreneurs were used for analysis for this study. The Cronbach alpha was 0,814.

Sample

In the sample 61 of the entrepreneurs were male, a number that constitute a 75 per cent of the total sample. The profile of the companies operations are shown in the table below.

As we can see four types of business can be separated, first manufacturing with 21 SMEs owners, retail with 19 SMEs owners, hotels with 15 SMEs owners and constructions with 14 SMEs owners. These four types of business consist the 86 per cent of the total sample. Also all of the SMEs asked have between to 10 and 99 employees in their operations. More specifically, 87,5 per cent are between 10-49 employees and only 12,5 per cent between 50 and 99 employees.

Figure 1 Sample-Business Types



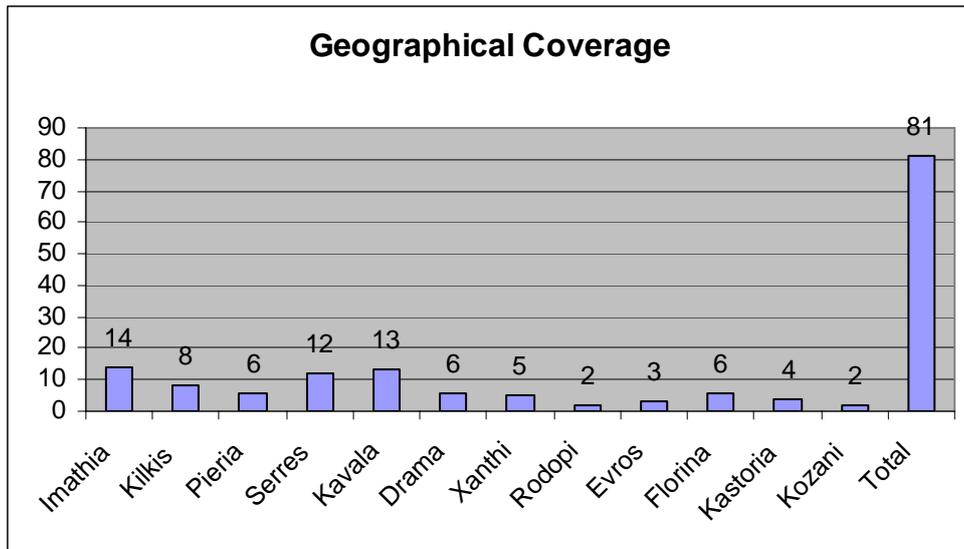
The following chart shows the duration of the establishment of the companies in the sample. As we can see most of the companies run by the SMEs owners questioned are between to 6 and 40 years of establishment.

Figure 2 Sample- Establishment



In the chart below the information mentioned, describes the geographical coverage of the SMEs owners that participated in the research.

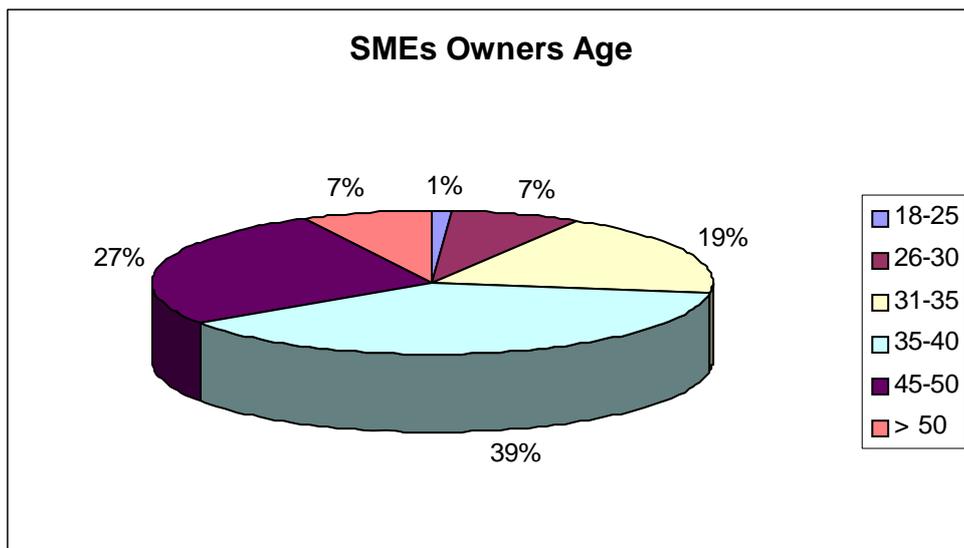
Figure 3 Sample – Geographical Coverage



The following information concern the personal data of the SMEs owners that participated in the research, such as age, highest degree of education that they possess and also the total experience they have.

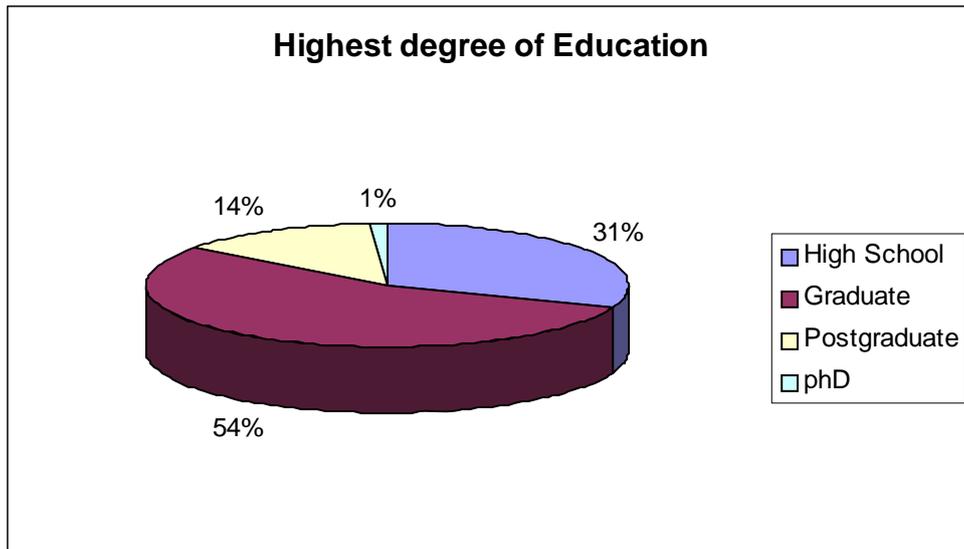
Hence, starting from the data concern the age of the SMEs owners questioned we can see that the majority of them are between 31 years old and 50 years old. However, there is an 8% of them which made an early start in the business world and are between 18 years old and 30 years old.

Figure 4. Sample – SMEs Owners Age



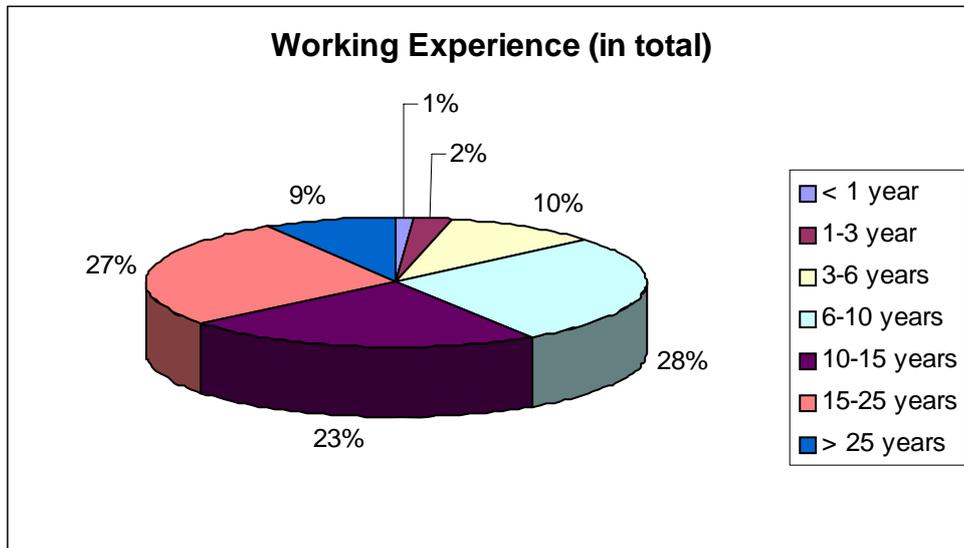
At the same time the half of the SMEs owners that participated in the research seems to have at least a university degree, while almost more than 30% are high school graduates and an interesting 14% have already obtained a post graduate degree.

Figure 5. Sample-SMEs Owners Education



The last information concerning the description of the sample shows the years of working experience (in total) the SMEs owners posses. As it is shown in the following chart

Figure 6. Sample-SMEs Owners Working Experience



Findings

Table 1 shows the results of the survey. Out of the 14 statements posed, six statements had more than 50% percent agreement by the SMEs owners in Northern parts of Greece.

Table 1. Attitudes of SMEs Owners towards CSR

	Agree	Disagree
Involvement by business in improving its community's quality of life will also improve long run profitability	68,4%	31,6%
A business that wishes to capture a favorable public image will have to show that it is socially responsible	78,5%	21,5%
Socially responsible corporate behaviour can be in the best economic interest of the shareholders	60,8%	39,2%
The idea of social responsibility is needed to balance company's power and discourage irresponsible behaviour	77,2%	22,8%
Corporations are social institutions and as such must live up to society's standards	72,2%	27,8%
Efficient production of goods and services is no longer the only thing society expects from business	70,5%	29,5%
Involvement in socially responsible activities threatens business by diverting time money and money away from its primary business purpose	25,3%	74,7%
If business is more socially responsible, it will discourage additional regulation of the economic system by goverment	23,4%	76,6%
A company that ignores social responsibility can obtain a competitive advantage over a company that does not	26,6%	73,4%
It is unwise to allow business to participate in social activities where there is no direct way to hold it accountable for its actions	35,5%	64,5%
Social responsibility, when it reduces shareholders' equity, amounts to theft. Managers are appropriating and then giving away money which belongs to shareholders	15,6%	84,4%
Business leaders are trained to manage economic institutions (companies) and not to work effectively on social issues	35,4%	64,6%
Consumers and generally public will bear the costs of business social involvement because businesses will pass these costs along through their pricing structure	44,3%	55,7%
Business already has too much social power and should not engage in social activities that might give it more	32,1%	67,9%

Of the SMEs owners responded 68,4% percent agreed with the statement that “Involvement by business in improving its community’s quality of life will also improve long run profitability”. About 78,5% of the SMEs owners questioned agreed with the statement “a business that wishes to capture a favorable public image will have to show that it is socially responsible”. Nearly 61% percent of the SMEs owners responded in the survey also agreed “Socially responsible corporate behaviour can be in the best economic interest of the shareholders”. There was also high agreement among SMEs owners on the statement “the idea of social responsibility is needed to balance company’s power and discourage irresponsible behaviour” (77,2% percent) and that “corporations are social institutions and as such must live up to society’s standards” (72,2%). Nearly, 71% percent also agreed that being efficient in the production of goods and services is no longer the only thing society expects from business organizations.

On the other hand, the results also showed that the respondents disagreed considerably on the eight negative statements. For example, 84,4% of the respondents disagreed with the statement that “ social responsibility, when it reduces shareholders’ equity, amounts to theft. Managers are appropriating and then giving away money which belongs to shareholders”. Also second in the rank of disagreement among the respondent came the statement that “if business is more socially responsible, it will discourage additional regulation of the economic system by government” (76,6% percent). Also a very high disagreement rate among the SMEs owners responses were in the following two statements “nvolvement in socially responsible activities threatens business by diverting time money and money away from its primary business purpose” (74,7%) and “a company that ignores social responsibility can obtain a competitive advantage over a company that does not” (73,4% percent). Almost 68% percent of the respondents disagreed that business should pass the social costs through the pricing structure and that business already has too much social power and should not engage in social activities that might give it more. Finally, 65% of the SMEs owners responded that It is not wise to allow business to participate in social activities where there is no direct way to hold it accountable for its actions and that business leaders are trained to manage economic institutions (companies) and not to work effectively on social issues.

The above results show the owners of SMEs in the northern parts of Greece had a positive attitude towards Corporate Social Responsibility.

The one – way analysis of variance showed (see table 2) that there were significant differences on three of the fourteen statements on the attitudes towards CSR by the respondent from the different industries/services (Construction, manufacturing, retail, and hotels). These three statements that showed significance were:

- Corporations are social institutions and as such must live up to society’s standards
- Involvement in socially responsible activities threatens business by diverting time money and money away from its primary business purpose

- It is unwise to allow business to participate in social activities where there is no direct way to hold it accountable for its actions

Also the results showed that SMEs owners from the service sectors had higher rates in the positive answers and also lower rates in the negative answers.

Table 2. Differences on attitudes towards CSR by sector

	Manufacturing	Retail	Hotels	Construction	F	Sig.
Involvement by business in improving its community's quality of life will also improve long run profitability	3,50	4,00	4,25	3,92	1,977	,128
A business that wishes to capture a favorable public image will have to show that it is socially responsible	3,88	4,26	4,42	4,00	1,549	,212
Socially responsible corporate behaviour can be in the best economic interest of the shareholders	3,38	3,74	4,17	3,42	2,384	,079
The idea of social responsibility is needed to balance company's power and discourage irresponsible behaviour	3,88	4,11	3,83	3,83	,450	,718
Corporations are social institutions and as such must live up to society's standards	3,94	4,00	4,25	3,25	3,926	,013*
Efficient production of goods and services is no longer the only thing society expects from business	3,50	4,21	4,08	3,91	2,082	,113
Involvement in socially responsible activities threatens business by diverting time money and money away from its primary business purpose	3,19	2,42	2,33	3,25	3,723	,016*
If business is more socially responsible, it will discourage additional regulation of the economic system by government	3,06	2,74	3,10	2,83	,410	,747
A company that ignores social responsibility can obtain a competitive advantage over a company that does not	3,13	2,26	2,50	3,00	2,297	,088
It is unwise to allow business to participate in social activities where there is no direct way to hold it accountable for its actions	3,38	2,44	2,20	2,83	3,330	,026*
Social responsibility, when it reduces shareholders' equity, amounts to theft. Managers are appropriating and then giving away money which belongs to shareholders	2,69	2,21	2,25	2,50	,709	,551
Business leaders are trained to manage economic institutions (companies) and not to work effectively on social issues	3,06	3,05	2,83	2,83	,237	,870
Consumers and generally public will bear the costs of business social involvement because businesses will pass these costs along through their pricing structure	3,38	3,00	2,92	3,58	1,266	,295
Business already has too much social power and should not engage in social activities that might give it more	3,13	2,50	2,67	3,42	2,620	,060

Conclusion / Recommendations

Based on the research undergone until this point we can say the owners of SMEs in the northern parts of Greece had a positive attitude towards Corporate Social Responsibility. However, further research should also be conducted with a wider sample with more geographical coverage and also to examine whether CSR policies and strategies are implemented in the decision making process of SMEs.

Owners of SMEs needs to broaden the factors used to take into account when making management decisions. A wide range of criteria based on financial, social and environmental implications has to be incorporated into day to day business functions.

Our recommendation is to alter the entrepreneur beliefs by promoting CSR competencies first in to business schools and educational bodies and also in to the process of training and specialization of personnel. In this way, young students as future managers as well as current employees and managers will act as change agents in the business environment that they will operate.

Following the example of other European countries we must change or even better improve the processes and the material offered in business schools and training and specializations providers. The focus has to be in creating, developing and implement a framework for integrating CSR into business practices. In this context, future research should examine whether the provision of management training and qualifications of Greek employees is adequate to encourage greater understating, development and embedding of CSR.

Also, more effort should be made in informing the SMEs owners about the benefits of integrating CSR practices in to their business operations. Thus, future research efforts should alsoo focus in defining the competencies and skills required to underpin these practices in order to ensure that they will become part of the education and training of all managers at all level of Northern Greek enterprises.

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