

Žana Prutina, PhD

Lecturer
University Sarajevo
School of Science and Technology
E-mail: zana.prutina@ssst.edu.ba

Dževad Šehić, PhD

Professor
University of Sarajevo
Faculty of Economic and Business
E-mail: dzevad.sehic@efsa.unsa.ba

EMPLOYEES' PERCEPTIONS OF CORPORATE SOCIAL RESPONSIBILITY: A CASE STUDY OF AWARD RECIPIENT

UDK / UDC: 005.35(497.6)

JEL klasifikacija / JEL classification: M14

Pregledni rad / Review

Primljeno / Received: 12. veljače 2016. / February 12, 2016

Prihvaćeno za tisak / Accepted for publishing: 24. svibnja 2016. / May 24, 2016

Abstract

Employees' perceptions of organizational corporate social responsibility (CSR) are usually a mixture of personal experiences of internal CSR and actions that affect external stakeholders. Recent research points to numerous benefits from employees' positive view of company's CSR efforts, however, analyses of employees' perceptions and attitudes are still rare. The aim of this paper is to explore employees' perceptions of company's behaviour towards relevant stakeholders, and the extent to which such behaviours are seen as commendable, taking into consideration the company's reputation. Analysing CSR orientation through employees' perceptions can help distinguish between company's genuine CSR orientation and simple window dressing. Using a mixed method approach that combines questionnaire, interview and content analysis, this exploratory study focuses on the perceptions of employees in a company recognized for socially responsible behaviour in Bosnia and Herzegovina. The results suggest that employees perceive their company as socially responsible, but also that there are variations in perceptions depending on the stakeholder group and point out the importance of the national business system and culture in CSR evaluation. The empirical findings correspond to its public reputation and provide legitimacy for the awards received.

Key words: *corporate social responsibility, employees' perceptions, reputation, Bosnia and Herzegovina*

1. INTRODUCTION

The debate about corporate social responsibility has shifted from the early attempts to define the concept to understanding the role of stakeholders and determining the effect they have on organization in order to find the best way to integrate CSR in the existing, or even create new management models. With growing body of academic research and practical experience, there is more evidence of best practices and better understanding of the role that business should have in the society. The goal of a responsible company must be framed in terms of increasing value for all of its stakeholders, which, in turn, increases the value of that company. To be successful, approach to CSR must be “systemic” (Sanford, 2011) - accounting for the interconnectedness of all stakeholders - and strategic. Firms must reconsider and align their values, strategies and core business (Jonker & de Witte, 2006; Lazslo & Zhexembayeva, 2011). Shortly, it requires embedding CSR in the organization.

While good relationships with all stakeholders are equally important, employees are the ones who play a crucial role in advancing CSR within the organization. Taking part in generating ideas, planning, and participating in socially responsible programs in the long run result in norms and values that resonate those practices. With guidance from top management and support by organizational structures, employees are the makers, as well as keepers, of a responsible business. Once there exists a pervasive sense of responsibility, other stakeholders can become engaged to sustain responsible behaviour.

Until recently the focus of CSR studies has been more on external reputation than on internal values, beliefs and practices that are supposed to drive CSR from within. Bolton et al. (2011) point out that employees are most often “curiously absent” from CSR analyses, even though earlier theoretical discussions noted that employee buy-in is what determines whether CSR will permeate the culture or remain a PR gimmick. If employees are not engaged in CSR activities and perceive it simply as window dressing, they will not find CSR relevant for their work. In fact, companies can be branded as socially responsible as a result of public relations even without genuine commitment to CSR. Such genuine commitment is visible in employee perceptions, attitudes and behaviours. The main goal of this paper is to explore the extent to which employees experience CSR and evaluate treatment of different stakeholders in a company that has been externally recognized for its social responsibility. Such analysis of employee perceptions can aid top managers in “enabling and nurturing employee commitment to CSR so that the business develops an integrative CSR culture where social responsibility becomes a central plank in the collaborative search for the common good and sustainable future” (Collier, Esteban, 2007; p.30-31). Furthermore, the study aims to juxtapose the findings to company’s external reputation and evaluate whether such reputation is justified.

Researchers have brought to light the importance of employee perceptions and involvement in CSR as they proposed and discussed approaches

to employee engagement in CSR (Mirvis, 2012) and moderators of employee CSR perceptions (Rupp et al., 2006). A few available studies that place employee at the centre of the analysis show that employee perceptions of CSR have a significant impact on organizational outcomes such as organizational commitment (Brammer et al., 2007, Turker, 2009b) organizational citizenship behaviour and turnover intentions (Hansen et al., 2011), employee-company identification (Kim et al., 2010). Besides outcome-related research, CSR has been addressed a dynamic internal organizational process (Bolton et al., 2011), as well as through a study of CSR culture (Duarte 2010a, 2010b, 2011).

Understanding influences that shape employee perceptions and subsequently affect organizational outcomes is important for general understanding of employees' role in the internal process (see Lee et al., 2013) and for the purpose of replication; however, each individual case highlights specific issues that reflect macro environment as well as organizational culture. External influences, ranging from economic and political background to culture can affect understanding of the concept of social responsibility, expectations, and social performance (Matten and Moon, 2008). Producing a country-specific study can be viewed as a limitation for the purpose of replication elsewhere, but it should not be avoided because findings can be very relevant for that specific geographic or cultural region. The complexity of CSR research is best addressed using multiple research methods. While interviews can provide us with rich accounts of personal experiences and observations of CSR practices, survey gives us an opportunity to compare perceptions of CSR to different groups of stakeholders. Content analysis is used to give us insight into the information that the company provides to employees regarding everyday activities and evaluate how much talk there is about CSR. The purpose of this work is to contribute to CSR research that places employee at the centre, specifically exploring the legitimacy of the social responsibility award, as well as analyse employee views and experiences of CSR in Bosnia and Herzegovina.

The significance of this study is twofold: because it employs both qualitative and quantitative techniques, results obtained using a validated scale (Turker, 2009a) can be used for comparison of employee perceptions across companies to evaluate the results of CSR efforts and activities; also, organizational research in Bosnia and Herzegovina is scarce as it is difficult to gain full access to employees, and this study gives insights into employee views and attitudes about their organization and CSR as well.

2. CSR EVOLUTION AND THE ROLE OF INTERNAL STAKEHOLDERS

The most significant early works that address the obligations of a business other than profit-making include Carroll's definition of corporate social responsibility (CSR) (1979, p.500) and Freeman's (1984) stakeholder theory.

Carroll explained CSR as “the social responsibility of business (that) encompasses the economic, legal, ethical and discretionary expectations that society has of an organization at a given point in time”, and Freeman's stakeholder theory stated that managers should tailor their policies to satisfy stakeholders such as workers, customers, suppliers, and community organizations, in addition to satisfying their shareholders. Academic and corporate research started gaining popularity in the mid-1990s, when the researchers further stressed the moral and ethical dimensions of stakeholder theory, and that such behaviour of trust and cooperation is beneficial to the firm (Donaldson & Preston 1995). Social responsibility, or the role and responsibility that business has toward society and environment, has additionally been explored through stakeholder theory (Mitchell, Agle and Wood, 1997; Freedman and Miles 2002), value maximization (McWilliams and Siegel, 2001; Jensen, 2002), resource-based perspectives and competitive advantage (Hart, 1995; McWilliams, Van Fleet and Cory 2002; Branco and Rodrigues, 2006; Porter and Kramer, 2006, 2011), corporate citizenship (Matten, Crane and Chapple, 2003; Hahn, 2005) and sustainability (Gladwin, Kennelly and Krause, 1995; Van Marrewijk and Were, 2003).

The most relevant and appropriate theoretical background for the discussion of stakeholders is the stakeholder theory. The normative aspect of the stakeholder theory rests on the prepositions that stakeholders are identified by their interest in the corporation, and that their interests have intrinsic value and not just to further the interests of shareholders (Donaldson, Preston, 1995). Stakeholders are most often classified as primary or secondary, depending on their importance to the company. Attention is increasingly being paid to the role of primary stakeholders and their impact on other organizationally relevant outcomes. Employees are primary internal stakeholders who not only benefit from socially responsible practices, they can also greatly affect implementation and success of CSR programmes. As stakeholders, employees are more likely to positively experience CSR when they are personally involved in the process (Van Buren III, 2005). Lee, Park and Lee (2013) found that employees' perception of CSR activities depends on the perceived fit between corporate culture and CSR activities, as well as on perceived CSR capability. Their results showed that employees' perceptions are affected both by the external image and reputation of their organization and by internal CSR.¹ The more positive the perception of CSR activities, the greater the attachment to the company. Employees' positive experience of CSR can lead to integration of socially responsible values and practices into organizational culture, and also to desired outcomes, such as increased organizational commitment (Turker, 2009b; Brammer et al., 2007), increased engagement and creativity (Glavas and Piderit, 2009), job satisfaction (Vlachos, Panagopoluos and Rapp, 2013) and lower turnover intentions (Hansen

¹ While reputation and image are often used interchangeably, it should be noted that most often reputation refers to the way that others see the company whereas the image represents our own perception of company.

et al., 2011). Researchers have also found that socially responsible companies are more attractive to job seekers, and can therefore capitalize on attracting top performers (Turban and Greening, 1996).

CSR can be (and usually is) measured through various indices and reports, which supports the externally oriented view. This approach is seen to “neglect the differentiated access to the necessary resources that enable stakeholder groups to have a ‘voice’” (Bolton et al, 2011, p.63). Fenwick and Bierma (2008) found that human development professionals often judged CSR to be the responsibility of marketing or public relations department rather than their concern. It was only recently that practitioners began to understand how they can gain insight through employees’ view of CSR, and the extent to which they can be beneficial to the company in evaluating the effect of different CSR practices and activities on stakeholders. According to Hansen et al. (2011), “stakeholder perceptions about CSR may be more important than the CSR activities themselves since these perceptions are what constitute the reality upon which stakeholders base their decisions, opinions, and attitudes” (p.31).

Employees’ perceptions of organizational CSR efforts are usually a mixture of personal experiences of internal CSR and actions that affect external stakeholders, such as consideration and treatment of consumers, natural environment, other stakeholders and engagement in philanthropy. In this paper, employees’ perceptions are measured using the adapted scale (Turker, 2009) that measures the responsibilities of a business to different stakeholders, namely customers, employees, and social and non-social stakeholders (which includes responsibility to society at large and natural environment). CSR to employees therefore measures personal experiences of internal CSR, while CSR to customers and CSR to social and non-social stakeholders measures employees’ perceptions of CSR that affects external stakeholders.

Research has shown that employees’ perceptions are also influenced by media and public reputation of the company (Herrbach and Mignonac, 2004). Brammer et al. (2007) have identified damage to the natural environment and inappropriate behaviour towards customers to have the most negative effects on employee perception, while philanthropy and support of social causes positively influenced their perception of the company. Kim et al. (2010) have also found that the perceived external prestige - the way in which employees believe outsiders see their organization - has a positive relationship with employee company identification.

Employee perceptions and experience of CSR can be used to validate company’s reputation in this area, and determine whether CSR is “built in” or “bolted on” (Dowling and Moran, 2012). Even more importantly, understanding employees’ emotions, attitudes and behaviours related to CSR in general, as well as to CSR specific targeted at stakeholder groups, and adjusting the process can help ensure that CSR results in numerous positive outcomes in the long term. Potential benefits of employee participation in CSR are both increased

engagement and dedication to the company and the responsible way of doing business, which can give meaning to their everyday tasks, and better reputation of the company that will attract new talent with similar values and further help embed CSR into organizational culture.

3. CSR IN BOSNIA AND HERZEGOVINA

Implementation, as well as stakeholder experience, can to a great extent depend on the national context. One study conducted in eight European countries revealed differences between attitudes and perceptions of CSR when comparing Western European to Central and Eastern European countries. In Western Europe, social responsibility was found to be more important, while in Central and Eastern European countries results varied (Furer at al., 2010). CSR can also differ in countries of origin and in subsidiaries, especially those in developing countries where evidence points to great discrepancies in CSR importance and practices (Jamali, 2010).

CSR in Bosnia and Herzegovina (B-H) is generally very vaguely measured, with conclusions that local and foreign firms exercise “some” CSR activities, but that “more” should be done (“Investment Climate Statement”, 2013). While there is evidence of sporadic philanthropic support of numerous causes (see Mesanovic, 2005, and “DOBRO za filantropiju”), very little scientific research and analysis has been conducted regarding the level and impact of CSR in Bosnia and Herzegovina. A study from 2005 shows that B-H citizens greatly differed in their understanding of CSR, and that almost 30% of respondents did not consider companies in B-H to be responsible (Mesanovic, 2005). Based on this research, author concluded that companies in B-H are “not performing CSR strategies in advanced fashion”, and that CSR record did not affect buying preferences for B-H customers (p.66). A more recent research also addressed the question of understanding of CSR by managers and MBA students in B-H finding that the concept, as well as expectations, was differently understood by the two groups (Babic-Hodovic, Mehic, & Kramo, 2010). It is noted that, while company managers largely considered ethical behaviour to mean obeying laws (74% of respondents), only 15% of students agreed with such a meaning.

The two studies mainly deal with perceptions of CSR in B-H. Those perceptions, however, reflect the intensity of CSR efforts, which can be characterized as weak. While there are several initiatives that promote CSR in Bosnia, they come from international organizations (UN Global Compact, UNIDO, USAID) or NGOs (DOBRO by Mozaik foundation). Contrary to the new institutionalism approach to CSR in Europe, where explicit CSR is largely government driven, Bosnia does not have governmental institutions that give framework and support to CSR development.

Taking into consideration the heritage of the previous economic system and current obstacles, weak civil society and market institutions, corruption and

lack of vision, it can be concluded that, at its best, CSR in Bosnia and Herzegovina exists at its bare minimum. MNCs that operate in the country follow the B-H labour laws which have many social elements to it- health and safety, number of hours worked, pay and taxes- and therefore can be considered to have implicit CSR. MNCs and some larger local companies give support to social, humanitarian, sports and cultural events. Some, albeit completely voluntary (without pressure from stakeholders), explicit CSR is present as well. On the other hand, many accounts of SMEs not obeying employment law are available, as tax rates on labour are high, and employers often avoid paying the full sum for taxes and benefits. Without fulfilment of legal responsibilities, it can hardly be expected that these SMEs address ethical and philanthropic responsibilities. Therefore, while larger companies may engage in CSR at some level, SMEs are more likely to be characterized as irresponsible.

Although the picture of CSR in Bosnia and Herzegovina looks fairly grim, there are companies recognized from social responsibility in their home countries and in Bosnia. However, public reputation of the company cannot be used as a sole evidence of company's responsibility—as noted earlier, it can be influenced by marketing and PR activities more than by actual responsible behaviour. For example, "The most desirable employer award" is given to companies which voters consider to have made most investment in human resource management and company branding, and it is based on voters' perceptions of company's reputation (<http://www.poslodavac.ba/o-projekt/>). We wanted to juxtapose the reputation of the company with internal stakeholder perceptions, so we chose one company recognized for socially responsible behaviour and a multiple recipient of the "Most Desirable Employer" and CSR awards in Bosnia and Herzegovina. Our goal was to explore employee views of company's behaviour towards themselves, as well as to other relevant stakeholders, and the extent to which such behaviours are as commendable as they are expected to be, taking into consideration the company's reputation.

4. METHODOLOGY

Companies often build their reputation of social responsibility based on various indices and reports, as well as public relations efforts. Such an external orientation is susceptible to manipulation, and for this reason we focus on evaluating CSR efforts based on employee perceptions, attitudes and behaviours, which, if positive, represent companies' genuine commitment to CSR. The goal of this study is to explore employees' evaluation of relationships with different stakeholders using different methods, compare the findings and identify issues for further research. We also aim to compare employees' views to company's CSR reputation and address any discrepancies that we may discover.

Initially, six companies that were considered for this study were selected from the pool of DOBRO award winners who were also often recognized as most desired employers in B-H. DOBRO awards were initiated by the Mozaik

Foundation in 2008 with the goal of recognizing socially responsible behaviour and good governance (“Historijat nagrade dobro”, 2014), which, coincidentally, were also often recognized as most desirable employers. After the initial contacts with company representatives, two companies gave approval to conduct research within their workforce. Only one gave unrestricted access to survey any of their employees, and it was therefore selected for this research project.

The organization studied is a European FMCG company that has stores in 11 European countries. For the purpose of this study the company will be referred to as “Eurocomp”. The company has been present in B-H since 2006, and since then has opened 53 stores and has over 430 employees. The vast majority of employees are sales people, with a small number of distributors, managers and office staff. Eurocomp enjoys a good image among its workforce, 85% of which, according to internal surveys, are satisfied with Eurocomp as its employer. Additionally, 9 out of 10 employees are proud to work for the company.²

The initial contact with the company was through the HR Department which offered to help explain the purpose of the study to employees and motivate them to participate. After the initial response rate to online questionnaires was low, the researchers requested and were given permission to visit Eurocomp stores to distribute questionnaires and conduct interviews.

The research was conducted during the period from March to December 2014 as a part of a larger study. The data was collected through multiple sources of evidence that included a survey, semi-structured interviews with employees, and review of internal magazine for employees. The primary data collection technique was survey. It was used to obtain enough responses to be able to discuss collective perception of the importance of CSR to different stakeholders in the organization. Structured interviews were used to allow employees to reflect more deeply on their experiences. Additionally, content analysis of the employee magazine was conducted to determine the extent to which it addressed CSR to different stakeholders, and therefore potentially the influence it has on employees’ perceptions.

4.1. Survey results

The research was conducted in stores throughout Bosnia and Herzegovina, including the headquarters office in Sarajevo. A total of 230 questionnaires were distributed, and 202 responses were collected. The researchers first approached the store manager, presenting the approval to conduct research, and left the exact number of surveys to be filled out and envelopes to secure anonymity, agreeing on collection time and date. Office staff with headquarters in Sarajevo was surveyed in the same way. Participation in the

² Source: company website

survey, as well as in the interviews, was voluntary. The response rate in surveys was 88%. Of 202 responses, missing data reduced the number to 196 responses used for the analysis.

The scale used to measure employee perceptions of CSR was a 5-point Likert type scale adapted from Turker (2009a), and it measured employee perceptions of three stakeholder groups - employees, customers and a larger group of social and non-social stakeholders.

The vast majority of the respondents were female (88.3%); 5.1% were males, and 6.6% omitted this question. The majority (56.9%) of respondents were aged 26-35, 9.4% were aged 18-25, 27.6% were aged 36-45, 5% were aged 46-55, and 1% were aged 56-65. In terms of education, 88.3% had high school education, 11% had a university diploma, and 0.5% had a master's degree. In terms of tenure, 23.5% were with the company for 2 years or less, 41.8% were with the company for 2-5 years, and 16.3% for 6-10 years. 18.6% did not answer this question. Only about 67% of respondents gave information about the position they held in the company. Of those, 63.2% were employed in the store (48.9% salespersons, 5.6% store managers, and 8.7% of assistants to store managers), 1% of headquarters managers, 2.5% of headquarters staff, and 0.5% distribution personnel.

For the purpose of this study we were particularly interested in frequency analysis which can show us employee responses to questions within each construct and therefore help us identify which conditions and behaviours they evaluate as most or least responsible ones. Summary or responses for each question is presented below.

Table 1.

CSR to employees

Question	SD	D	NS	A	SA
Our company encourages its employees to participate in voluntary activities	0	2	12	51	131
The managerial decisions relating to employees are usually fair	1	1	35	77	81
The management of our company is primarily concerned with employees' needs and wants	2	10	39	83	62
Our company implements flexible policies to provide a good work & life balance for its employees	9	23	46	76	42
Our company supports employees who want to acquire additional education	1	7	20	67	101
Our company policies encourage the employees to develop their skills and careers	0	11	15	84	86

Note: SA- strongly agree; D- disagree; NS- not sure; A- agree; SA- strongly agree.

Source: *Own research.*

Table 2.

CSR to customers

Question	SD	D	NS	A	SA
Our company protects consumer rights beyond the legal requirements.	0	0	9	45	142
Our company provides full and accurate information about its products to customers	0	0	5	56	135
Customer satisfaction is highly important to our company	0	0	1	49	146

Note: SA- strongly agree; D- disagree; NS- not sure; A- agree; SA- strongly agree.

Source: Own research

Table 3.

CSR to social and non-social stakeholders

Question	SD	D	NS	A	SA
Our company contributes to campaigns and projects that promote the well- being of the society	0	2	9	49	135
Our company implements special programs to minimize its negative impact on the natural environment	1	2	11	14	137
Our company aims to protect and improve the quality of natural environment	1	4	8	34	149
Our company makes investment to create a better life for future generations	1	8	15	54	118
Our company targets a sustainable growth which considers future generations	0	1	22	55	118

Note: SA- strongly agree; D- disagree; NS- not sure; A- agree; SA- strongly agree.

Source: Own research.

In surveys, employees had an opportunity to additionally comment on this research, only four (all salespeople) actually did so. The following are the statements written by those employees:

“If every company in B-H tried half as hard like our company does, we would have more employment and people would be happier and more satisfied.”

“I love working for this company.”

“Greater synchronization is needed between work and private life. Overtime hours worked are not paid. Greater protection of us workers in relation to customers (who often insult and present untruths).”

“I am appreciated here.”

4.2. Explanation through interviews

Nine interviews that were obtained from company employees were on voluntary basis. As employees could not leave their workplace, interviews were conducted in stores and were fairly short. Nevertheless, they provided insight into employee understanding of CSR and their company’s CSR orientation.

4.2.1. CSR to employees

All interviewed employees agreed that their company provided employees with continuous education opportunities for acquisition of new skills and for career development. One employee stated: “We have regular seminar-based education. We are often sent to Austria for additional seminars and courses, and the company pays all expenses. All employees have an opportunity for advancement, regardless whether they work as sales people or management.” Another employee gave a personal example: “In my case it was two years ago when I was named Assistant Manager after three years as a sales person. Specialization continues.” One employee commented on her willingness to remain with the company long term for “its values and opportunities that the company offers. Every employee and every employees’ work is equally appreciated and I am very happy to work for this firm.”

Interviewees agreed that their company has a code of conduct, noting that the most prominent value in the code of conduct is “valuing worker as a human being”. Other values that interviewees brought up are honesty and sincerity, kindness, flexibility, complaisance and accessibility. “They are visible in our relationship with customers and our colleagues”, one employee said. Another noted that “every employee should stick to the code of conduct if [he or she] wants to succeed. One of the things valued is social responsibility that we are talking about”.

4.2.2. CSR to customers

CSR to customers was acknowledged in interviewees’ understanding of social responsibility, as customers were often referred to as important stakeholders. Company values that interviewees listed also showed the importance that was given to customers. One interviewee noted that the company had different education programs which educate employees for their own growth but also for the benefit of serving the customer better: “For example, last year we had a program organized for advancing our knowledge relating to the goods that

we sell. Each employee received education for special selection of goods. These seminars help us serve our customers better.“

4.2.3. CSR to social and non-social stakeholders

While interviewees were somewhat reserved in discussing company policies and effects on employees, they were very knowledgeable and willing to share details of different programs aimed at social and non-social stakeholders. All agreed that employees have an opportunity to suggest socially responsible projects, and majority of interviewees participated in them. All interviewees also considered their company to be socially responsible, and gave numerous examples of activities and projects that benefited society and environment—campaigns that resulted in donations for buying medical equipment in local health centres, building recreation areas in public spaces, and donations made to children with special needs, and activities such as cleaning river beds and volunteering in kindergartens and soup kitchens. In the words of one interviewee: “Results that my company achieves in the field of social responsibility are strong motivation for my greater efforts and work in the company, because we prove that it is not only important to work and conduct business, but do something for others.”

4.3. Analysis of employee magazine

The analysis of employee publication served to explore the type of information offered to employees through the magazine, since that information can also affect their perceptions of CSR to different stakeholders. The magazine, as well as the interviews, was analysed through attention paid to three stakeholder groups.

4.3.1. CSR to social and non-social stakeholders

The topic of the magazine issue was focused on volunteering, especially to help in the clean up after the floods in the spring of 2014. The company has a volunteering program where each employee can spend one paid working day in the voluntary action of their choice. After the floods, employees have initiated the project to help the flood stricken areas. The majority went to the areas to help with the cleaning while some remained in the distribution centre as well as in the Red Cross to help sort products for donation and pack humanitarian packages. Employees also made personal donations to the cause. About 40% of the humanitarian packages were distributed to those employees affected by the flood, while the rest went to other individuals in need. Besides the crisis response, other voluntary actions by employees included volunteering in centre for children with special needs, visits to kindergarten, river cleaning, and garage sale when employees sold things not needed anymore and donated money to humanitarian causes. The company also supported a voluntary blood drive, with 34 employees

participating and company supporting the cause by donating packages of products to blood transfusion centre.

Other established campaigns and programs of social involvement are also presented in the magazine, summarizing reasons for these programs and results achieved, specifically noting the stakeholders who benefitted from projects and details of service provided or donation made.

4.3.2. CSR to customers

Of the three aspects of CSR, CSR to customers is the one least highlighted in the magazine. Presented is the current project related to customer relationship management and new products offered in the stores. Education section, however, indirectly addresses customers, as it presents educational activities in which employees participated. These seminars cover topic such as motivation and understanding of work processes which, when applied in the workplace, can ensure quality and customer satisfaction.

4.3.3. CSR to employees

The magazine largely emphasizes the importance of company's employees, and other two aspects of CSR are presented through employee involvement in these activities. It is full of employee pictures with quotations for each section, presenting achievements in the workplace as well news from personal life. Each issue features an interview with one employee about his or her interests. There is also advice section, which, in this particular issue, explained life balance.

5. DISCUSSION

This research studied employees' perceptions of their company's CSR to three different groups of stakeholders: employees, customers, and social and non-social stakeholders. The findings in general showed employees' positive perceptions of CSR to all stakeholder groups, however, survey results were especially useful in delineating variations in perceptions by CSR dimension. In their evaluation, respondents showed most disagreement when it comes to CSR to employees. The greatest difference in perceptions was noted in response to the question that asked about work-life balance, where 16.3 % of respondents strongly disagreed or disagreed, 23.5 % were not sure, and 60.2% agreed or strongly agreed (38.8 and 21.4, respectively). The need for better work-life balance was also noted in one of the surveys, but it did not come up in interviews. There's a possibility that management is aware of this issue, as the employee magazine specifically addressed life balance in one of the columns. Its' content also incorporates work-related achievements and personal information, such as personal backgrounds of selected employees and information on births and weddings.

It is important to note that HRD policies and practices aimed at achieving responsible behaviour are not universal. Each company must tailor them to own needs, taking into consideration the history of HRD and support for its activities, the size of an organization, as well as its institutional context (Garavan, McGuire, 2010). While various trainings offered by HRM are focused mainly on increasing value for other stakeholders, programs such as those for work-life balance directly relate to employees. It can therefore be suggested that responsible companies explore the variety of options available (i.e. compressed scheduling, telecommuting, and job sharing) and implement the option that best suits that particular workplace.

Other questions that relate to CSR to employees had a greater rate of agreement, but the percentage of those who answered “not sure” was also significant when compared to answers that relate to CSR to customers and CSR to social and non-social stakeholders. One possibility is that, even though survey was anonymous, respondents did not want give answers that may be perceived as their negative opinion of the company or its practices. This may have more to do with cultural perception of the workplace in general rather than perception and experiences of CSR, but it certainly deserves deeper exploration in future studies.

The tone of the interviews was overly positive. While they provided accounts of some CSR related experiences and practices, none of the interviewees reflected on need for improvement in any of the three segments. Two factors must be considered here; one is that interviews were conducted face-to-face, when people are less likely to discuss internal issues or problems with external researcher, and the other is that, even though survey responses varied more in the area of CSR to employees compared to other two, there was still a high rate of agreement (the lowest was for work-life balance, 60.5% and highest for skills and career development, 86.8%), so it is likely that employees who agreed to participate in interviews have stronger positive beliefs about the company and its CSR efforts.

There was a very high level of agreement to statements that related to CSR to customers, where 95% or more respondents agreed or strongly agreed that their company is responsible to its customers. Good treatment of customers was also noted in interviews as highly important, as employees are expected to rely on company values (honesty and sincerity, kindness, flexibility, complaisance and accessibility) in their daily contacts. Participant in the survey agreed or strongly agreed (99.5% in total) that customer satisfaction was of great importance for the company. The company magazine addressed this importance mostly through employee education and specialization that is intended for both employee growth and customer satisfaction.

CSR to social and non-social stakeholders was well recognized by survey participants and interviewees, and promoted in employee magazine. In the survey, the highest agreement was on the item that addresses contribution of the company to the campaigns and projects that promote societal well-being, 94.3%),

while for other items there was 82% agreement or higher. It is noticeable that in this section, like in CSR to employees, respondents opted for “not sure” option more often. The greatest percentage of such answers was for the question that relates to company’s investment in creating better life for future generations, 11.2 %. Interviews showed high praise for company’s efforts to help the society and environment, and none of the interviewees identified any problems in company’s approach. The magazine clearly presented CSR to social and non-social stakeholders as employees’ achievement, featuring pictures and quotations from employees who participated in these programmes and activities.

6. CONCLUSION

CSR can be measured in different ways. Over time standards have been established, but it is not uncommon to still judge companies’ social responsibility based mostly on its philanthropy. Philanthropy, on its own, is insufficient measure – it is debatable whether it should even be considered a responsibility. To fully understand the extent of companies’ commitment to CSR, it is necessary to examine their relationships with different stakeholders. The aim of this study was to evaluate one company’s social responsibility by analysing employees’ perceptions of the company’s efforts and actions. Employees were asked about behaviours, specific actions and extent of devotion to CSR in their company, and based on their responses, we can conclude that internal stakeholders consider their company to be socially responsible in all three dimensions of CSR, and that the award for social responsibility was justified.

Employee perceptions of CSR have been gathered through survey and interviews, and compared and contrasted with information in company magazine for employees. A multi-method approach was deemed desirable because we expected it to enhance the validity of the study and provide a more complete view of social responsibility within the company. Such an approach can also provide a foundation to studying CSR culture in organizations.

The survey indicated that CSR to employees needs some improvement, and revealed that CSR to social and non-social stakeholders was quite good while CSR to customers was judged to be outstanding. As earlier research points to high correlation between CSR to employees and organizational commitment, we suggest that venues for improvement in the area of CSR to employees should be further explored by top management of the company, especially focusing on work-life balance.

The interviews gave valuable insight into relationships and practices within the organization, but referred only to positive aspects of working for this company. Also, many survey respondents highly agreed with all of the statements. While we cannot ascertain whether such perception is genuine, we consider it to be the limitation that can be traced to the context of national business system and culture, which should be considered in future studies.

Employment in Bosnia and Herzegovina is hard to find, and often, asking for anything more than regular pay seems to be idealistic. It would be useful to expand the study to company's subsidiaries in other European countries and compare employee perceptions on CSR to those obtained from stores in Bosnia and Herzegovina. Another obvious limitation is that research was conducted in only one company. As difficult as it is to gain unrestricted access to enter an organization, we would suggest finding other companies who received similar awards to explore employees' perceptions of CSR for the purpose of comparison. Finally, the sample in our study was quite homogenous in terms of gender and level of education, but in future studies we would suggest using correlation analysis that can tell us more about perceptions of different groups of employees.

This study contributed to the much needed research of CSR in a Bosnia and Herzegovina. It also showed that deeper understanding of CSR can be obtained by studying employee perceptions, and findings can further be useful in addressing the areas perceived to need improvement. Such an approach can show employees they are an integral part of CSR, encourage values and practices that reflect CSR ideology, and realize long-term benefits for the company and its stakeholders.

REFERENCES

- Babic-Hodovic, V., Mehic, E., Kramo, A. (2010). Corporate responsibility–Marketing or Legal issues for Transitional countries–case of Bosnia and Herzegovina–*Journal of Studies in Economics and Society*, 1 (2), 7-18.
- Bolton, S.C., Kim, R.C., and O’Gorman, K.D. (2011). Corporate Social Responsibility as a Dynamic Internal Organization Process: A Case Study. *Journal of Business Ethics*, 101, 61-74.
- Brammer, S., Millington, A., & Rayton, B. (2007). The contribution of corporate social responsibility to organizational commitment. *The International Journal of Human Resource Management*, 18, 1701-1719.
- Branco, M.C. & Rodrigues, L.L. (2006). Corporate Social Responsibility and Resource-Based Perspectives. *Journal of Business Ethics*, 69, 111-132.
- Carroll, A. B. (1979). A Three-Dimensional Model of Corporate Social Responsibility. *Academy of Management Review*, 4, 497-505.
- Collier, J. and Esteban, R. (2007). Corporate social responsibility and employee commitment. *Business Ethics: A European Review*, 16, 19-33.
- Dowling, G. And Moran, P. (2012). 'Corporate Reputations: Built in or Bolted on?', *California Management Review*, 54 (2), 25-42.

DOBRO za filantropiju. Historijat nagrade Dobro. <http://dobro.mozaik.ba>, Retrieved October 15th, 2014, from <http://dobro.mozaik.ba/vijesti/item/211-historijat-nagrade-dobro>

Donaldson, T. and Preston, L. (1995). The stakeholder theory of the corporation: concepts, evidence, and implications. *Academy of Management Review*, 20, 65–91.

Duarte, F. (2010a). Social Responsibility as Organizational Culture in a Brazilian Mining Company: A Three –Perspectival Narrative. *Journal of Organizational Culture, Communications and Conflict*, 14, 13-31.

Duarte, F. (2010b). Working with Corporate Social Responsibility in Brazilian Companies: The Role of Managers' Values in the Maintenance of CSR Cultures. *Journal of Business Ethics*, 96, 355-368.

Duarte, F. (2011). What Does a Culture of Corporate Social Responsibility “Look” Like? A Glimpse into a Brazilian Mining Company. *International Journal of Business Anthropology*, 2, 106-122.

Embassy of the United States in Bosnia and Herzegovina. Bosnia and Herzegovina 2013 Investment Climate Statement. www.sarajevo.usembassy.gov, Retrieved October 15th, 2014 from <http://sarajevo.usembassy.gov/bih-2013-investment-climate-statement.html>

Fenwick, T. & Bierema, L. (2008). Corporate social responsibility: issues for human resource development professionals. *International Journal of Training & Development*, 12, 24-35.

Freeman, E.R. (1984). *Strategic Management: A Stakeholder Approach*. Marshfield, MA: Pitman Publishing.

Friedman, A.L. & Miles, S. (2002). Developing Stakeholder Theory. *Journal of Management Studies*, 39 (1), 1-21.

Furer, O., Egri, C., Ralston, D., Danis, W., Reynaud, E., Naoumova, I., Molteni, M., Starkus, A., Dardel, F.L., Dabic, M., & Furrer-Perrinjaquet, A. (2010). Attitudes toward Corporate Responsibilities in Western Europe and in Central and East Europe. *Management International Review*, 50, 379-398.

Garavan, T. N., & McGuire, D. (2010). Human resource development and society: Human resource development's role in embedding corporate social responsibility, sustainability, and ethics in organizations. *Advances in Developing Human Resources*, 12(5), 487-507.

Gladwin, T.N., Kennely, J.J., & Krause, T. (1995). Shifting Paradigms for Sustainable Development: Implications for Management Theory and Research. *Academy of Management Review*, 22 (4), 874-907.

Glavas, A. & Piderit S.K. (2009). How Does Doing Good Matter?: Effects of Corporate Citizenship on Employees. *Journal of Corporate Citizenship*, 36, 51-70.

Hahn, R. (2009). The Ethical Rational of Business for the Poor-Integrating the Concepts Bottom of the Pyramid, Sustainable Development, and Corporate Citizenship. *Journal of Business Ethics*, 84 (3), 313-324.

Hansen, S.D., Dunford, B.B., Boss, A.D., Boss, R.W., & Angermeier, I. (2011). Corporate Social Responsibility and the Benefits of Employee Trust: A Cross-Disciplinary Perspective. *Journal of Business Ethics*, 102, 29-45.

Hart, S.L. (1995). A Natural-Resource-Based View of the Firm. *Academy of Management Review*, 20 (4), 986-1014.

Herrbach, O., and Mignonac, K. (2004). How organisational image affects employee attitudes. *Human Resource Management Journal*, 14 (4), 76-88.

Jamali, D. (2010). The CSR of MNC Subsidiaries in Developing Countries: Global, Local, Substantive or Diluted? *Journal of Business Ethics*, 93, Supplement 2, 181-200.

Jensen, M.C. (2002). Value Maximization, Stakeholder Theory, and the Corporate Objective Function. *Business Ethics Quarterly*, 12 (2), 235-256.

Jonker, J. & de Witte, M. (Eds.). (2006). *Management Models for Corporate Social Responsibility*. Springer.

Kim, H., Lee, M., Lee, H. & Kim, N. (2010). Corporate Social Responsibility and Employee-Company Identification. *Journal of Business Ethics*, 95, 557-569.

Lazslo, C. & Zhexembayeva, N. (2011). *Embedded Sustainability: The Next Big Competitive Advantage*. Stanford, CA: Stanford University Press.

Lee, E.M., Park, S., & Lee, H.J. (2013). Employee perception of CSR activities: Its antecedents and consequences. *Journal of Business Research*, 66, 1716-1724.

Lloyd, T., Heinfeldt, J., & Wolf, F. (2008). Corporate social responsibility from the employees' perspective: an empirical organizational analysis. *Review of Business Research*, 8, 17-24.

MacLagan, P. (1999). Corporate social responsibility as a participative process. *Business Ethics: A European Review*, 8, 43-49.

Matten, D., Crane, A., & Chapple, W. (2003). Behind the Mask: Revealing the True Face of Corporate Citizenship. *Journal of Business Ethics*, 45 (1-2), 109-120.

Matten, D., & Moon, J. (2008). "Implicit" and "Explicit" CSR: A Conceptual Framework for a Comparative Understanding of Corporate Social Responsibility. *Academy of Management Review*, 33 (2), 404-424.

McWilliams, A., & Siegel, D. (2001). Corporate Social Responsibility: A Theory of the Firm Perspective. *The Academy of Management Review*, 26 (1), 117-127.

McWilliams, A., Van Fleet, D. D., & Cory, K. D. (2002). Raising Rivals' Costs Through Political Strategy: An Extension of Resource-based Theory. *Journal of Management Studies*, 39(5), 707-724.

Mesanovic, E. (2005). *Corporate Social Responsibility: Leading aspects of CSR concept in Bosnia and Herzegovina*. (Unpublished Master Thesis, University of Sarajevo).

Mirvis, P.(2012). Employee Engagement and CSR: Transactional, Relational and Developmental Approaches. *California Management Review*, 54 (4), 93-117.

Najpozeljniji poslodavac 2015. <http://www.poslodavac.ba/o-projekt/> , accessed October 27, 2015.

Porter, M.E., & Kramer, M.R. (2006). Strategy and Society: The Link between Competitive Advantage and Corporate Social Responsibility. *Harvard Business Review* (Dec). Retrieved from <http://hbr.org/2006/12/strategy-and-society-the-link-between-competitive-advantage-and-corporate-social-responsibility/ar/pr>

Porter, M. E., & Kramer, M.R. (2011). Creating Shared Value. *Harvard Business Review*, (Jan/Feb). Retrieved from <http://hbr.org/2011/01/the-big-idea-creating-shared-value/ar/pr>

Prutina, Z. (2015). *Corporate Social Responsibility Culture and its Effects on Employees*. Unpublished Doctoral Dissertation, School of Economics and Business, University of Sarajevo.

Sanford, C. (2011). *The Responsible Business: Reimagining Sustainability and Success*. San Francisco, CA: Jossey Bass.

Rupp, D.E, Ganapathy, J., Aguilera R.V., & Williams, C.A. (2006). Employee reactions to corporate social responsibility: an organizational justice framework. *Journal of Organizational Behaviour*, 27, 537-543.

Turban, G.D., & Greening, D. (1996). Corporate Social Performance and Organizational Attractiveness to Prospective Employees. *Academy of Management Journal*, 40, 658-672.

Turker, D. (2009a). Measuring Corporate Social Responsibility: A Scale Development Study. *Journal of Business Ethics*, 85, 411-427.

Turker, D. (2009b). How Corporate Social Responsibility Influences Organizational Commitment. *Journal of Business Ethics*, 89, 189-204.

Van Buren III, H.J. (2005). An Employee-Centered Model of Corporate Social Performance. *Business Ethics Quarterly*, 15, 687-709.

Van Marrewijk, M., & Werre, M. (2003). Multiple Levels of Corporate Sustainability. *Journal of Business Ethics*, 44, 107-119.

Vlachos, P. A., Panagopoulos, N. G., & Rapp, A. A. (2013). Feeling good by doing good: Employee CSR-induced attributions, job satisfaction, and the role of charismatic leadership. *Journal of Business Ethics*, 118(3), 577-588.

Dr. sc. Žana Prutina

Predavačica
Sveučilište u Sarajevu
Sarajevska škola za znanost i tehnologiju
E-mail: zana.prutina@ssst.edu.ba

Dr. sc. Dževad Šehić

Profesor
Sveučilište u Sarajevu
Ekonomski fakultet
E-mail: dzevad.sehic@efsa.unsa.ba

**PERCEPCIJA DRUŠTVENE ODGOVORNOSTI PODUZEĆA
OD STRANE ZAPOSLENIKA: PRIMJER NAGRAĐENOG
PODUZEĆA*****Sažetak***

Percepcija društvene odgovornosti poduzeća (DOP) od strane zaposlenika je obično mješavina osobnih iskustava internog DOP i aktivnosti koje utječu na eksterne interesno-utjecajne skupine. Skorašnja istraživanja ukazuju na brojne koristi koje poduzeća imaju kada zaposlenici pozitivno gledaju na DOP aktivnosti poduzeća, ali su istovremeno analize same percepcije i stavova još veoma rijetke. Cilj ovog rada je istražiti percepcije zaposlenika o ponašanju njihove kompanije prema interesno-utjecajnim skupinama, kao i u kojoj mjeri takvo poslovanje smatraju hvalevrijednim, uzimajući u obzir reputaciju kompanije. Korištenje percepcije zaposlenika u analizi društvene odgovornosti poduzeća može pomoći u razlikovanju istinske DOP orijentacije od jednostavnog pretvaranja. Koristeći miješani metod istraživanja koji kombinira anketu, intervju i analizu sadržaja, ovaj rad se bavi percepcijom zaposlenika u kompaniji koja je u Bosni i Hercegovini priznata kao društveno odgovorna. Rezultati sugeriraju da zaposlenici doživljavaju njihovu kompaniju kao društveno odgovornu, ali također i da postoje razlike u percepciji koje ovise o grupi interesno-utjecajnih skupina. Rezultati dodatno ukazuju na značaj nacionalnog sistema poslovanja i kulture u poimanju i ocjenjivanju DOP-a. Empirijske saznanja iz ovog rada potvrđuju reputaciju i daju legitimitet primljenoj nagradi.

Ključne riječi: društvena odgovornost poduzeća, percepcije zaposlenika, reputacija, Bosna i Hercegovina.

JEL klasifikacija: M14

