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Master of Science in Management

“Corporate Social Responsibility in Greek SMEs: an empirical study”



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Abstract

Corporate Social Responsibility (hereafter CSR) has appeared as an emerging area of increased interest in the corporate world. CSR focuses on the long-term sustainability of business and the society. It penetrates to the core of how businesses operate and the way in which key stakeholders and society affect this operation. It can be applicable to businesses of all sizes. However, despite the construct's importance, relatively little is known about CSR among small and medium sized enterprises, and in particular about employees' perception with regard to the issue.

This study concentrates on employees' understanding of CSR policies and provides information with regard to emerging trends of CSR from the employees' point of view and the extent to which Greek companies implement CSR activities. For the purpose of the current research, 70 employees from various Greek SMEs were surveyed in order to find out whether employees are aware of the CSR concept, how they perceive it, which areas of CSR they consider most important, what obstacles effect the effective implementation of such activities among Greek SMEs and whether firms have a separate budget or an individual who is in charge of CSR programs in Greek SMEs. Interesting results regarding employees' perceptions of CSR in Greek SMEs provide us with useful insight in order to indicate a safer and more successful path for the application of the CSR in practice.

Key words: Corporate Social Responsibility, Greek SMEs, employees' perceptions, CSR dimensions.

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Definitions and Acronyms

CSR – Corporate Social Responsibility

SMEs – Small and Medium Enterprises

E. U. – European Union

NGO – Non-Governmental Organization

CSP – Corporate Social Performance

ILO core labor standards- International Labor Organization core labor standards

OECD guidelines for multinational enterprises – Organization for Economic Cooperation and Development for multinational enterprises

UN Global Compact Principles – United Nations Compact Principles

CSR Europe – Corporate Social Responsibility Europe

HNCSR – the Hellenic Network of Corporate Social Responsibility

1. Introduction

The term Corporate Social Responsibility (hereafter CSR) is becoming increasingly popular among several companies and industries, a fact that is attributed to several reasons. Such reasons might be summarized as, but are not limited to, a question of trust between companies, their stakeholders and their customers; the ongoing process of globalization and the intensified feeling of responsibility all over the world; the possibility to strengthen organizational identity through CSR policies and practices; or, in simple words, as a result of certain cultural heritage (Roberts, 2003; Leijon, 2006). As such, CSR appears to be extremely important nowadays and top management and employees within firms should be fully aware of the concept of CSR, what the company does for it, whether it cares about its stakeholders and the way in which it does so.

An increased number of companies tend to be involved in and undertake CSR initiatives and policies that provide firms with a competitive advantage. CSR can improve not only the firm's reputation with regard to the media and among its stakeholders, but can also prove a key source of profitability, at least in the long run (Cochran, 2007). As a result, adapting and implementing a CSR framework might aid firms to understand, anticipate and react to new legislation, which can provide them with an additional competitive advantage (Cochran, 2007).

Academic literature in CSR focusing on small and medium enterprises has been very limited. Although, the majority of firms realize that being involved in socially responsible actions will strengthen their reputation and form a key part of their strategy, limited research can be observed on exploring employees' opinion on CSR activities of SMEs. This lack of reliable findings undermines any efforts to define a consistent reference framework for CSR in order to support employees' involvement in it. Despite its importance, the effectiveness of CSR on internal stakeholders remains largely neglected (Larson, 2008). The existing literature suggests that CSR initiatives can be broadly understood from an employees' perspective (Rodrigo & Arenas, 2008).

Taking into consideration the above discussion, in our work we decided to concentrate our research on firms' employees, mainly attempting to understand how the latter perceive the CSR concept, since employees constitute an indispensable part of applying CSR related actions in practice. In addition, in our research we emphasize the importance of understanding the way in which SMEs are engaged in CSR and how they differ from multinational companies. In our opinion, contemporary researchers and

practitioners mostly concentrate on “the business case for CSR”, while they should pay more attention to reasons for SMEs’ involvement in CSR activities, considering other dimensions as well. In addition, research has focused mainly on managers’ perspective of CSR (Ostlund, 1977) disregarding employees view and participation in it.

We strongly agree that CSR actions should be voluntary and should not be provoked by any regulations and laws; they must target the community and its needs. Morsing & Perrini (2009) in their work titled “CSR in SMEs: do SMEs matter for CSR agenda?” state that socially-responsible ways of business and ethical behavior of business have attracted scientific attention for years, yet the research was conducted mainly in large corporations, whereas small and medium enterprises (SMEs) have not received much attention. In our research, we decided to fill this gap and to analyze the attitude towards CSR practices from the point of view of employees within small and medium sized enterprises.

To this end, the main objective of this study is to investigate the attitude and perceptions of SMEs’ employees towards CSR. In addition, in our study we are trying to figure out the extent to which SMEs in Greece practice CSR and on which areas of corporate responsibility they mostly focus. Using a combination of stakeholder and corporate social responsibility theories for the current study, employees of private small and medium enterprises were surveyed in an effort to obtain their insights regarding firms’ CSR activities.

Some of the areas we are aim at investigate are:

1. To determine whether SMEs employees are aware of CSR activities and practices and whether they consider them important and valuable for the company;
2. To determine to what extent Greek SMEs employ CSR practices and policies and to investigate the main benefits that can be derived from establishing CSR practices.
3. To determine the difficulties and obstacles that impede the implementation of CSR practices based on employees’ perceptions.

4. To provide recommendations regarding applications of CSR practices and its wider promotion among SMEs, that is which areas firms should concentrate on while setting up and implementing their CSR actions.

In order to fulfill our objectives, we conducted a survey, composed of questions regarding the existence of CSR activities and policies in Greek SMEs and how their employees perceive them. As we aimed to find out how these policies are generally promoted and implemented in firms from the employees' perspective, the survey was either distributed electronically or was conducted personally with the employees of various SMEs in Greece. A total of 70 questionnaires were returned and analyzed.

Some of our primary findings revealed that:

1. Unexpectedly, the majority of the respondents, despite of their young age, are aware of what CSR is, whether it is implemented or not in the companies they work for and why such kind of activities should be extensively promoted. Moreover, the employees of Greek SMEs are able to provide their own definition of CSR.
2. Somewhat surprisingly, employees of Greek SMEs view social and environmental categories as the most important in CSR, supporting opinion that it will bring value to the company and will enhance its reputation. In addition, respondents emphasize the importance of educational health areas of CSR that companies should implement.
3. Among the most important arguments and obstacles against CSR employee consider that managers lack skills and patience for solving social problems and will not do it if it is not profitable for the company.
4. As it was expected, most of the companies do not have separate budget for CSR activities and in the majority of cases nobody in such firms is responsible for CSR policies.

The results of this work would have implications on CSR practices of current and prospective SMEs. We hope that our study will add value to existing theories of CSR, address and examine more deeply the needs of a particular stakeholder group, that of employees, who are important contributors to the achievement of the strategic goals of both the enterprise and of CSR.

To sum up, we strongly believe that our findings will help to spread more CSR activities among SMEs, specifically Greek ones, by understanding how employees, as one of the most important stakeholder groups, view such activities. Finally, we truly hope that our work will help company managers to implement CSR widely and take care of its employees, which will add value to their activities and will help the companies to become socially responsible not only in theory, but also in practice.

The overall structure of the dissertation is the following. In the first section, we begin with the introduction, theoretical approach, in particular, reviewing the literature on CSR and next presenting the methodology used throughout this dissertation. In Section 2, we analyze the results obtained from the survey. We compare and contrast them with the outcomes mentioned in the articles from which we obtained questions for our questionnaire. Section 3 discusses actual applications of the results. All the outcomes are commented, summarized and discussed in this part together with our own further recommendations. Finally, we present limitations and future research directions together with conclusions drawn from the study.

2. Literature Review

2.1 The Evolution of the Concept of CSR

The notion of CSR started to be widely used just about 50 years ago- since the 1960s. Therefore, it constitutes a considerably new concept. But, in spite of the differences in society's mentality throughout the history, it is common that the majority of local communities have hoped at certain periods that companies would behave in a responsible way.

There is an impressive background associated with the development of the idea of Corporate Social Responsibility. The evolution of CSR definitions starts in the 1950s, which stigmatized the contemporary era of CSR. Specifically, CSR appeared in 1953, when Howard Bowen formally mentioned the term for the first time. He claimed that organizations must take up strategies and plans that contribute to the community not only from an economic, but also from a social point of view as well. The theory was further developed by Heald (1957) and Davis (1960). These first references to CSR pertained to the concept of corporate responsibility and continued spreading out during

the 1960s. In the 1960s, William Frederick pointed out that enterprises should not only carry out their economic processes.

It is an undoubted fact that from that time there has been significant progress in the field of CSR, since the term is mentioned increasingly, which indicates a progress between the economic and social prospect. Carroll (1979) adds to that clarifying that organizations' responsibilities should "*encompass the legal, ethical, and discretionary expectations that society has of organizations at a given point in time*" (Archie B. Carroll, 1979, p.500). He highlighted four key elements with regard to Corporate Social Responsibility practices. First is the economic part, where businesses have to yield positive and lucrative results, while satisfying their potential customers. Second, the work is obliged to be conducted by adding several rules and patterns, followed by the third aspect which emphasizes the moral criterion and the ethics set up by the society. The fourth dimension is related to the assistance to the members of the society, which contributes to its welfare.

In the next decades, the idea of CSR started expanding in a rapid way and therefore there was more empirical research, which led the field to a phase of maturity. The period from 1960's until nowadays could be characterized as the modern era, in which the concept of corporate social responsibility reached a point of broad acceptance and significance. In the beginning of its evolution, there was a raise in the awareness of social and ethical issues, and as time went by there was more interest in particular matters, such as employees' rights, moral behavior, environmental sustainability and global CSR. CSR started to relate to the company's attempt to change society in a positive way; actually, CSR could be described as an NGO in the society.

2.2 Definitions of CSR

There have been innumerable debates and different aspects in order to determine the concept of Corporate Social Responsibility (CSR) within firms. "*Corporate Social Responsibility is a concept whereby companies integrate social and environmental concerns in their business operations and their interaction with their stakeholders on a voluntary basis*".

Mainly, this definition places emphasize on several aspects associated with CSR, such as:

- Social and environmental issues;
- CSR should not be separated from business strategy and operations; it is about integrating social and environmental concerns in business strategy and operations;
- CSR is a voluntary concept;
- An important aspect of CSR is how the company cooperates with their internal and external stakeholders (employees, customers, public authorities, non-governmental organizations, etc). (Baseline study on CSR practices in the new EU member states and candidate countries, 2007, p.15).

Apart from this, one of the most popular conceptualizations of CSR argues that it reflects a company's concern for human rights, environmental sustainability and rights of labor (Hallstrom, 2006). However, it seems somewhat unclear what kind of activities are included in this vast concept, while generally among practitioners there is no single unified definition of CSR. Table 1 (see the Appendix) provides a list of CSR definitions, which in our opinion, most vividly explain and reflect the tasks and areas of CSR activity. The early definitions of CSR, in particular, produced by Davis (1973), Sethi (1975) and Davis and Blomstrom (1975) emphasize the combination of economic and social aspect in regard to socially responsible actions. These scholars underline those firms, in order to take responsibility before society should move beyond economic, legal and other requirements, but they still put an emphasis on the interests of organization and the economic gains that an enterprise may gain from applying CSR actions. In contrast, later attempts to define CSR, presented by Jones (1980), Carrol and Buchholtz (2003), Marsden and Andriof (2000) refer to the interests of stakeholders, recognizing such concepts as responsibility before the society, relationship between company and society, honesty in their actions, etc. In the later definitions of CSR, scholars state that companies should be socially responsible not because it will be convenient and profitable for them, but because they will satisfy the needs of the society and improve their reputation as well. Finally, present day definitions of CSR, in particular the one, stated by *European Commission*, highlights social, environmental and stakeholders concerns that should be taken into consideration by companies. In addition, they stress that all the social actions that an enterprise is involved in should be on a voluntary basis.

For the purposes of the current study, however, we employ Kotler & Lee (2005) definition of CSR, since we find it simple, clear and relative because the emphasis is not

on business activities stated by law; rather the author refers to a voluntary commitment a business makes by choosing and implementing these practices. “*Corporate social responsibility has been defined as a commitment to improve community well-being through discretionary business practices and contribution of corporate resources*” (Kotler & Lee, 2005, p.3).

Such type of commitment should be adopted and demonstrated in order for a company to be characterized as socially responsible and can be fulfilled through the adoption of new business practices, which can be either monetary or non-monetary.

2.3 Arguments For and Against CSR

In business terms CSR activities may constitute “*a source of opportunity, innovation, and competitive advantage*” (Michael & Kramer, 2005, p.1), providing the opportunity for the firm to contribute to sustainable development. If CSR is strategically and systematically integrated into their business, then it helps companies to better address the reputation risks, attract new investors, improve relations with stakeholders and become more competitive in the market (Titled “Baseline study on CSR practices in the new EU member states and candidate countries”, 2007). As a result, all the activities mentioned above may comprise two elements: acting as a responsible corporate citizen, attuned to the evolving social concerns of stakeholders, and mitigating existing or anticipate adverse effects from business activities (Michael & Kramer, 2006, p.15). However, CSR requires organizations to adhere to a broader range of responsibilities that includes not only stakeholders, but also many other participants as well, including employees, suppliers, customers, the local community, local and state governments, environmental groups and other interested groups.

In Table 2 (please see the Appendix), major arguments for and against CSR are presented.

One of the opinions in favor of CSR is that since companies create social problems, they should be willing to solve them. Those, defending such a view criticize the production, marketing, accounting and environmental functions of firms. Instead, they suggest that enterprises should do a better job of producing quality, safe products and conduct their operations in honest and open way (“Corporate Social Responsibility”, Encyclopedia of Business, 2nd edition).

The second argument in favor of CSR is that companies should look beyond the short-term, bottom-line perspective and understand that investing in society today will bring them benefits in the future. According to Carroll and Buchholtz (2003), the company's best interest is to be involved in socially responsible activities because the corporate world may anticipate government intervention in the form of new legislation and regulation.

Finally, some support the opinion that business should assume socially responsible actions because they are among few private entities that have the resources to do so, meaning that businesses should utilize some of their human and financial capital in order "to make the world better place" ("Corporate Social Responsibility", Encyclopedia of Business, 2nd edition).

The "economic" argument against CSR is closely associated with Milton Friedman, who in the 1970s wrote that "the one and only social responsibility of business is to increase profits for shareholders". According to this view, the fundamental task of management is to increase value for its shareholders and not one or all of the stakeholders. Thousands of accountants, lawyers and authors have been deployed to create business which is legal and profitable. But few in business or even society ask or answer a very important question: "is it right?" (Roger Steare, 2009 p.14).

The "competitive" argument supports the view that addressing social issues come at cost to business. Nowadays, to the extent that business internalizes the cost of socially responsible actions, they damage their competitive position relatively to other businesses. As Carroll and Bushholtz point out, since CSR is increasingly becoming a global concern, the differences in societal expectations all over the world can be expected to lessen in the next years.

Finally, "the capability" argument reveals that typically, managers are trained on how to deal with finance, management, operations, marketing, etc., but they are not aware of how to deal with complex societal problems. Thus, sometimes they do not have the necessary knowledge and skills to deal with corporate social responsibility issues. It is also suggested that corporations can best serve societal interests by adhering to what they can do best, which is providing quality goods and services and selling them at an affordable price to people who desire them.

2.4 Obstacles for Implementing CSR in SMEs

Although more and more SMEs around the world, including Greece, tend to be involved in CSR activities, there still exist a number of obstacles that prevent the implementation of good CSR practices in SMEs. These might be summarized as the following:

- *Lack of awareness.* Many SMEs seem to have some awareness of the notion but lack awareness of where to begin the process of implementing of CSR programs and what elements of CSR might be usefully initiated in their own workplace settings. SMEs seem to want to have the proof that CSR is really going to bring benefits for their business practices;
- *Inefficient management systems.* This might be related to a lack of qualified personnel or simply the lack of recognition about the benefits of having properly structured management system. Many management systems in SMEs are simply inefficient and unproductive. Lack of communication between departments and between management and staff only contribute to these inefficiencies (Welford, 2005).
- *Lack of sufficient budget.* CSR is often seen by SMEs as compliance issue. Managers and owners point out that they constantly face tighter margins with raising wages, material and energy costs in particular and simply do not have too much money to spend on CSR initiatives (Brennan, 2003). But what is missing is the understanding that they often can achieve things without spending huge amounts of money, although results may be significant.
- Many managers and owners admit that they simply cannot do profitable business if they fully adhere to CSR code of conducts. In this respect, there is a need for dialogue as to what can and cannot be achieved in a balance between supporting and encouraging business with SMEs and full adoption of SMEs code of conducts.

2.5 CSR aspects-of The Stakeholders' Theory

Although CRS is treated as a core concept, there have been more alternative facets, including corporate social performance (CSP), stakeholder theory, and business ethics theory. What links all these frameworks is the philosophy that corporations ought to respond to a wider range of obligations towards the local and international community

and in general contribute to the fulfillment of the social welfare. As a whole, social responsibility should play the role of achieving the state of equilibrium among three distinct sectors; economic accomplishment, ethical achievement and social performance. Furthermore, this action should be managed among the diverse stakeholders.

Over time, numerous opinions and notions referring to CSR have emerged. What is worth mentioning regarding this variance is a new approach that sheds light into the stakeholders' responsibility. According to it, enterprises must fulfill their responsibilities and duties towards their stakeholders. "Stakeholder theory extends the relationship between management and shareholders to include others in addition to shareholders, the latter group will include lenders, employees, government and society in general" (George Selim, 2010 p.16). This theory converts the CSR framework within a more pragmatic and more easily conceivable one. It is worth referring to the way in which Clarkson (1995) describes stakeholders, as "*persons or groups that have, or claim, ownerships, rights, or interests in a corporation and its activities, past, present or future*". As such, they consist of stockholders, consumers, investors, employees, suppliers, competitors and so on, which are groups of people that apply pressure on the enterprises.

Assuming that the main stakeholders have been identified, the next step for corporate managers is to develop strategies for dealing with them. This constitutes a challenge, because different stakeholder groups do have different goals and demands: shareholders and investors want optimum returns on their investments; **employees** want safe workplaces, competitive salaries and job security; customers want quality goods and services at fair prices; local communities want community investments; regulators want full compliance with applicable regulations(Wilson, 2003).

Taking into consideration the fact that employees constitute an inalienable part and one of the most important members of stakeholder theory, it is clear that employees' performance is greatly affected by the working environment and fair labor considerations. As a result, the best way to accomplish employee participation is to educate employees about the values and benefits of a sustainable approach. In many cases, employees are perhaps already enthusiastic about a better future of the company but are constrained by corporate performance drivers and incentive schemes (Hawkins, 2006).

Furthermore, the term corporate social initiatives is used to describe major efforts under the corporate social responsibility umbrella. As Kotler and Lee (2005, p.4) argue, *Corporate Social Initiatives are major activities undertaken by a corporation to support social causes and to fulfill commitments to corporate social responsibility.* Causes most often supported through these initiatives are those that contribute to the well-being of the community, safety, education and employment, environment, development, etc. The company by itself (by the person who is responsible for it) chooses the areas of CSR, in which it will focus – education schemes, donation to welfare institutions, culture or heritage donation schemes, employment of handicapped individuals, various sponsorships, health and safety programs, assistance in overcoming problems related to drug-abuse and alcoholism, environment protection schemes, etc.

In our opinion, except from the reason mentioned earlier that involvement in CSR provides firms with competitive advantages, the other equally important reason refers to the establishment of positive relationships with the company's stakeholders. As mentioned before, the stakeholder's approach plays a significant role, since it enables a firm to know the interests of every party involved in its operation and find out the ways to satisfy their needs. The stakeholder theory (Hawkins, p. 143) promotes the approach that a business company engages into relationships with a number of parties that include stockholders, consumers, employees, society, suppliers, customers, etc. Taking into consideration these key constructs, this work attempts to identify and evaluate the socially responsible expectations of a firm through the eyes of another company stakeholder – firm employees.

2.6 Small and Medium Sized Enterprises

Since in our research we focus on CSR practices in SMEs, general definition and statistical data about SMEs will be presented further in this section.

When referring to CSR in the area of business, people often think of large multinational companies. However, the environmental and social role of SMEs is equally important since both at the national (Greek) and European level they account for more than 90% of the total business activity. Moreover, there is a need to promote and encourage socially-responsible business practices among 90 per cent or more of the world's business that are classified as small and medium-sized enterprises (Worthington, 2006). There is also evidence that stakeholder theory may provide a framework in which CSR in SMEs can be understood. It requires management of the companies to balance ethical

interests and to consider the consequences of their decisions for the well-being of all affected groups, which are stakeholders (Mariano, 2009).

Since our study takes place within SMEs, in the following part we provide a short analysis of SMEs context. The European Commission defines SMEs as “any entity engaged in an economic activity, regardless of its legal form which employ fewer than 250 people and which have an annual turnover not exceeding 50 million EUR and/or not annual balance sheet total not exceeding 43 million EUR”.

“Within the SME category, a *small enterprise* is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet does not exceed 10 million EUR” (Commission Recommendation C (2003) 1422, May 2003).

“Within the SME category, a *micro enterprise* is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet does not exceed 10 million EUR” (Commission Recommendation C (2003) 1422, May 2003).

The importance of SMEs for the development of corporate social responsibility that matters on a global scale cannot be overemphasized. It is hard to disagree that big company and corporations have a large impact on and that they are engaged or disengage in CSR activities. But it should be pointed out that the “smallness” of the individual SME is not proportional to the collective “grandness” of SMEs (Morsing & Perrini, 2009). The contribution of small business to social and economic coherence in the European economy should be stressed. In particular,

- 99% of all companies in Europe are SMEs (European Commission, 2001). In some industries, such as textile, construction and furniture SMEs provide around 80% of the jobs (Spence & Rutherford, 2003);
- SMEs have more labor-intensive production processes than larger companies. SMEs have great influence on the labor market. SMEs provide around 76 million jobs in the EU;
- Countries with a high percentage of SMEs have simultaneously a relatively equal distribution of income and promote high social stability (Leutkenhorst, 2004);
- SMEs are a significant resource for innovation in niche markets that demand high flexibility and customized products;

- SMEs serve as “growth labs” for innovation and risks-oriented product development. SMEs are a foundation for long-term growth dynamics and for development of larger companies (Leutkenhorst, 2004).

2.7 Reasons of Applying CSR in SMEs

SMEs adopt CSR activities gradually. They set up new activities only if it is financially feasible, when time allows them to do so or when there is consumer or society demand for a company to address social and environmental issues. SMEs rarely involve its stakeholders in the development and implementation of their CSR initiatives. This happens not because of lack of time, but because of lack time to identify and engage their stakeholders (Princic, 2003). In some cases, its stakeholders may self-identify and approach SMEs with specific complaints or suggestions.

So far, the topic of CSR in SMEs has not attracted enough systematic research. There exist a few myths among practitioners and scholars about SMEs characterized as “little big companies” (Tilley 2000), saying that there is no need to pay attention to SMEs engagement in CSR. Nevertheless, CSR practices are mainly discussed in the context of large corporations; it is also a strategic tool to enhance the competitiveness of enterprises. In most cases, it cannot be immediately expressed in hard facts or figures and it make take some time until they might be manifested. This may be partially explained by the fact that many SMEs do not identify their CSR activities as such and do not report on them and large companies do (by publishing CSR reports and using it for their PR campaigns). As a result, many SMEs rely on informal dissemination channels for their CSR activities (Madhavi Bhatt, www.responsiblepractice.com).

Generally, CSR may positively influence SMEs’ activities and competitiveness in the following ways (Project “CSR and Competitiveness European SMEs’ Good Practices”, Austrian Institute for SME research):

- Improved products and processes production, which results in better customer satisfaction and loyalty;
- Higher motivation and loyalty of employees, resulting in higher creativity and dedication to the work;
- Better publicity due to the award of prizes and instanced word-of-mouth;

- Better position at the labor market and better cooperation with business partners, authorities, community, including easier access to public funds due to better company reputation;
- Cost savings and increased profitability due to better deployment of human and production resources;
- Increased sales and turnovers due to all the mentioned above.

The majority of SMEs are in the process of developing new tools and approaches to manage social, environmental, economic, employee, etc issues in the scope of their strategic and competitive activities (Spence 1999). Managerial practices show that corporate performance depends on various kinds of intangible assets such as knowledge and the capability to innovate, the consensus and trust of stakeholders, reputation and the availability to contribute to the community well-being (Castalso & Perrini, 2004). Although many studies are still analyzing the possible connection of CSR with financial performance, a rising number of companies are adopting socially responsible actions (Mc Williams & Siegel, 2001; Margolis & Walsh, 2003).

“The immediate benefits of CSR involvement for the SME itself may even surprise SME, such as for instance, financial savings (e.g. reduction in water, electricity and raw material consumption), environmental improvements (e.g. reduction in solid waste generation and improvement in waste water quantity/quality), social improvements (e.g. risk reduction, improvement in working/health conditions), and product improvements (e.g. better quality, increased yield, reduced rejects) in the participating companies”(Mette Morrison, Francesco Perrini, 2009, p.4).

2.8 A Framework for CSR in European SMEs

The main purpose of the company is to make as much profit as possible in order to satisfy its owners' requests and demands or is it possible to see the company in the larger perspective in the society. In contrast, besides making pure profit, the responsibility of a company, can, for instance be connected with fair treatment of employees, using sustainable, environmental friendly methods and participating actively in discussions about ethical social dilemmas (Lohman & Steinholz, 2003; Philipson, 2204).

It is common to talk about three values when CSR is being described. As a result, the three main aspects of CSR that the majority of SMEs resort to are: **the social,**

environmental and economic one. Working actively with CSR by taking actions in favor in order to maintain the balance between these three values is not regulated by laws; it is a voluntary initiative (William Young, 2005). As a result, CSR means that companies integrate social and environmental concerns in their business related operations and their interaction with business relevant groups on a voluntary basis.

To be more specific, CSR is generally characterized by the following aspects:

- Responsible entrepreneurship;
- Voluntary initiatives that are separated from legislative frames and contractual obligations;
- Activities to bring benefit for employees, society as such, and the environment;
- Positive contribution to the individual target, while minimizing negative effects on others (society, environment, etc);
- Regular activities rather than on-time events.

Based on the figure below (Figure1) European SMEs are involved in the following areas of CSR:

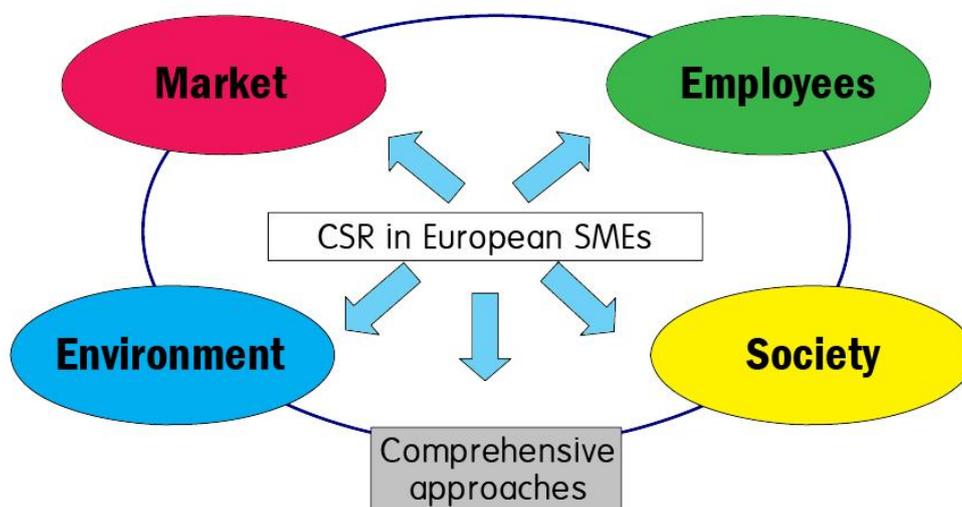


Figure 1: Areas of CSR involvement in European SMEs

Source: Austrian Institute for SME Research

As the figure above demonstrates, despite the importance of market, environment and society issues, one of the main focus of companies, including SMEs, should be *employees'* interests. SMEs should support activities in the field of human resources development, integration of disadvantaged groups in the labor market, employees'

participation in the company decisions, etc. Especially with regard to SMEs, this constitutes an important CSR area for an employer to gain the reputation of being responsible. In addition, such positive activity helps companies to attract qualified and competitive workforce. Table 3 (see Appendix) provides examples that illustrate the work-force oriented CSR activities in different European companies.

In particular, in our study we decided to concentrate on employees' perspectives regarding CSR. We agree that the other three areas are equally important; but in our opinion without employees' clear understanding of CSR actions and how and why they should be accomplished by companies, it is impossible to make them work effectively for public wealth. Employees are the main source of effective application of CSR policies and they are further able to make market, environmental and social areas work productively.

In general, the focus on employees includes (Project "CSR and Competitiveness European SMEs' Good Practices", Austrian Institute for SME research):

- Improvement of working conditions and job satisfaction;
- Work and life balance;
- Guarantee of equal opportunities and diversity;
- Constant training and staff development;
- Participation of employees in company decision making;
- Remuneration and financial support of employees (pension systems, interest-free loans, bonuses, etc).

2.9 European CSR Practices for SMEs

Corporate Social Responsibility is a trend that emerged in the western business practices with the aim to integrate businesses into the society as a responsible and ethical citizen. European countries are witnessing a change in the private sector with growing number of firms committing themselves to creation a private sector that takes into consideration environmental and social aspects of their activities and organization as well. The EU approach to CSR is reflected in various international initiatives related to trade and development cooperation, such as ILO core labor standards, OECD guidelines for multinational enterprises, RIO declaration on Environment and Development, Johannesburg Declaration and its Action Plan for Implementation, the UN Global Compact Principles and others.

European SMEs are already actively addressing economic, social and environmental issues on a daily basis. In contrast to large corporations, SMEs do not publicize or label such activities as CSR. The present and future challenge here lies in finding ways in which to strengthen, help and support SMEs in their current CSR policies.

There exist a comparably wide range of networks in the field of CSR that are trying to assist SMES in their daily activities of being socially responsible. Few of them may be presented here:

- *The European Alliance on CSR*, a political organization on new or existing CSR initiatives by large companies, SMEs and shareholders. It is aimed to give a new impulse to make Europe a pole of excellence of CSR. It should lead to new partnerships and new opportunities for all stakeholders to widely promote CSR.
- *CSR Europe* is the leading European business network for corporate social responsibility. CSR Europe constantly develops actions to support SMEs and makes sure that the business community values such activities. The organization already developed several tools for supporting SMEs in their CSR activities: the host website of CSR Europe – www.smekey.org provides SMEs with the insight into the business case for involving social, environmental and economic activities in the center of their strategies. In addition, SMEs can use SME Key, an on-line guide that was developed in a couple of languages – English, French, Italian, Finnish, Dutch, Greek and Spanish. It helps SMEs to analyze their current activities and better plan their future actions.
- *The European Environment and Sustainable Development Advisory Councils (EEAC)* presents a unique collaboration between the advisory councils for environmental policy and sustainable development. It sets the aim to provide independent, scientifically based consultancy regarding the environmental and sustainable development.
- *Different networks, such as European Business Ethics Network (EBEN), Social Venture Network (SBN), European Social Investment Forum* concentrates on promoting business ethics, including societal and environmental issues.

Furthermore, CSR Europe intends to boost CSR related actions through series of strategic alliances with key players in SMEs sector and in the field of responsible business at European and national level in order to promote the scope of activities by including training and awareness rising and contributing to further research into SMEs.

Nevertheless, the implementation and strategic integration of CSR by European enterprises should be further improved. Moreover, the role of employees, their representatives and trade unions in the development and implementation of CSR should be further enhanced. Internal and external stakeholders, including NGOs, consumers, investors, etc, should play more vivid role in encouraging responsible business conduct. Raising awareness, exchange of good practices and support measures, facilitating dialogue with stakeholders are all vital components of in order to enhance the role of SMEs in embedding responsible business practices in businesses of all sizes (Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee, Brussels, 2006).

2.10 CSR in SMEs in the Greek Context

Nowadays, the Greek citizen-consumers recognize that firms should display socially responsible practices. They also accept that there exist some reliable and responsible products they trust. However, the socially responsible actions of the companies do not automatically acclaim them as such in the citizen-consumer consciousness. Profit, as the sole motivator, overshadows the impact of corporate social contribution, especially when it is combined with an intense publicity program. In such cases, the publicity of socially responsible activity is perceived as a form of advertising and not as information (Tsakarestou, 2008). In a few years, it is expected that such a perception will step back and give its way to a new mindset, according to which the consistent corporate social activity and its results will become the most powerful evaluation criteria of CSR practices.

In contrast to Europe, which has various networks in field of CSR with the aim to support SMEs in implementing CSR activities, the major organization in Greece that deals with initiating and implementing CSR policies and practices among Greek companies, in particular SMEs is the ***Hellenic Network for Corporate Social Responsibility***. Since its establishment in 2000, the Network has set a primary goal to inform and raise awareness within the Greek business community on the importance of Corporate Social Responsibility in the strategic evolution and operation of modern business in the new, internationalized environment of the market. Hellenic Network for Corporate Social Responsibility has its own webpage- www.csrhellas.org ; it is specially designed for companies that want to take on CSR activities and become a member of the organization. The page has a special option of “self-diagnosis” tool, with

the help of which an enterprise may identify if it can become a main member, simple member or associate member. Among the main members of Hellenic Network for SCR one may find such well-known Greek companies as Alumil, Titan, Comate, Coca-Cola Hellas, British American Tobacco Hellas, National Bank of Greece, Hellenic Petroleum, Chamber of Commerce and Industry Thessaloniki, Marfin Egnatia Bank, Multirama and many other Greek companies. The website provides information about CSR and sustainable development, best CSR solutions, CSR tools, etc.

The website of Hellenic Network of CSR contains information about CSR and SMEs in Greece. It provides its users about survey on Corporate Social responsibility in Small and Medium-sized Enterprises that was conducted in Athens in 2006, and initiated by Hellenic Network for CSR. In contrast to European practices, where CSR practices are thorough and directed on all the stakeholders, CSR activities undertaken by SMEs in Greece are aimed exclusively at intra-company issues, specifically at employees. As Mr. Nikolaos Analytis, chairman of HNCSR and board member of TITAN Cement Company explains that” this is understandable, because of direct relationships between owner and employees. The Hellenic Network of CSR plans, through a series of activities, to further inform, sensitize and show to Greek SMEs the benefits of embedding CSR in their everyday activities.

3. Methodology

3.1 Research Setting

Against this background, this study conducts an empirical investigation based on measuring perceptions of employees towards CSR policies and activities and to what extent they are implemented in Greek SMEs. The opinion of employees is considered crucial as they represent the perception of future companies’ success for tomorrow’s business world. The indispensable part of such success is an effective understanding and implementation of CSR activities. Given the apparent influence of individuals, in particular employees’ stereotypes on CSR, research was required in order to examine their awareness and understanding of the concept of CSR.

3.2 Survey Instrument

Our survey questionnaire asks respondents to provide general information about their age, sex, occupation and current position in the company. These data will help us to identify a possible correlation between age of the employees, gender, the current position they possess in the company and their attitude towards CSR activities in their firms, in the case the former of course implemented. Furthermore, in the first part of our survey we asked respondents to provide their own definition of CSR. In addition, using a five-point Likert scale (1="not important at all"; 5="very important"), respondents were asked to rank the most important CSR categories and provide definitions of CSR.

The second part of the survey relates to the reasons behind the involvement in CSR practices. Using a five-point Likert scale (1="strongly disagree"; 5="strongly agree"), employees indicated why, in their opinion, companies are in favor of CSR policies. Another question in this part of the questionnaire also requested to identify the most important CSR areas for Greek SMEs employees, using one the previously mentioned five-point scales. This portion of the survey also requested an evaluation of the CSR dimensions and macro-environmental factors influencing CSR activities; the importance of attitudes regarding the impact of CSR practices.

As we hope to examine the general attitude of employees towards CSR, in the third section of the survey, we asked for details with regard to the importance of arguments in favor of CSR, proposed in the questionnaire and arguments against CSR policies and practices, using the same five-point scales. In addition, respondents evaluated obstacles regarding the implementation of CSR policies in their companies.

Finally, the last questions of the survey investigate whether the organizations, in which the respondents work, have a specific department devoted to CSR issues and who in their companies is responsible for CSR programs.

Before the questionnaire was distributed to the respondents, we performed a pilot test with ten academics and researchers from relevant spheres who helped us to improve the questions of the survey and make it more understandable. However, no significant problems were detected with regard to the questions' content and basic understanding. These ten questionnaires were excluded from the study.

The present research involved a mixed approach of quantitative and qualitative strategy of investigation based on a survey. We adapted most of the items from already existing

relevant studies on the topic, namely *Ettenbotough and Shyne, 2003; Thanika Devi and Hemant, 2009; Ostlund, 1977*. We finalized the survey questionnaire which is composed mostly of open-ended questions regarding the existence of CSR policies and programs in the companies of our respondents. Some open ended questions were also asked in order to allow respondents to express pertinent issues, which may be important from the individual respondent's point of view.

3.3 Sample and Data Collection

This survey questionnaire was distributed randomly either personally or through e-mail to middle level employees of Greek SMEs. Before distributing the survey form, in every case we assured our respondents that anonymity and confidentiality would be maintained. Taking into consideration the detailed questions of the survey, the response lasted from 15-25 minutes, depending on how knowledgeable and relevant in the topic the respondent was. Also, a prenotification letter was sent to respondents to inform them about the study's purposed objective. The completed survey form, in turn, was obtained by the authors through direct contact or e-mail. A total of 70 out of 120 questionnaires sent were returned to the authors, thus having obtained a response rate of 58%. The sample comprised of 58% women and 42% men. The respondents' age ranged from 21 to 43 years. Respondents held positions in different hierarchical levels. In this way we aimed to gain deeper knowledge as to their perception of CSR and acquire a more spherical insight based on the diversity of job positions and, thus, the experiences, knowledge and perceptions they might hold.

4. Data Analysis

In this part, we analyze the results of the questionnaires we gathered. It appears to be essential in providing a comprehensive look into the involvement, attitudes and barriers of SMEs in relation to the responsibility towards the CSR in Greece. The objective besides from exploring the degree of knowledge that employees have about CSR, was also to involve Greek employees filling in the questionnaire in order to increase awareness of the social impact linked to social activities.

As a whole we tried to collect data and analyze it in order to identify SMEs' employees knowledge on CSR, SMEs' employees attitude towards CSR, existing CSR levels of SME involvement on CSR and practices followed, the main characteristics that define

SMEs activities, the driving keys behind the SMEs' involvement on CSR, the main advantages, disadvantages and obstacles, identified by employees from these activities and the most important barriers that employees identify when they become involved on CSR.

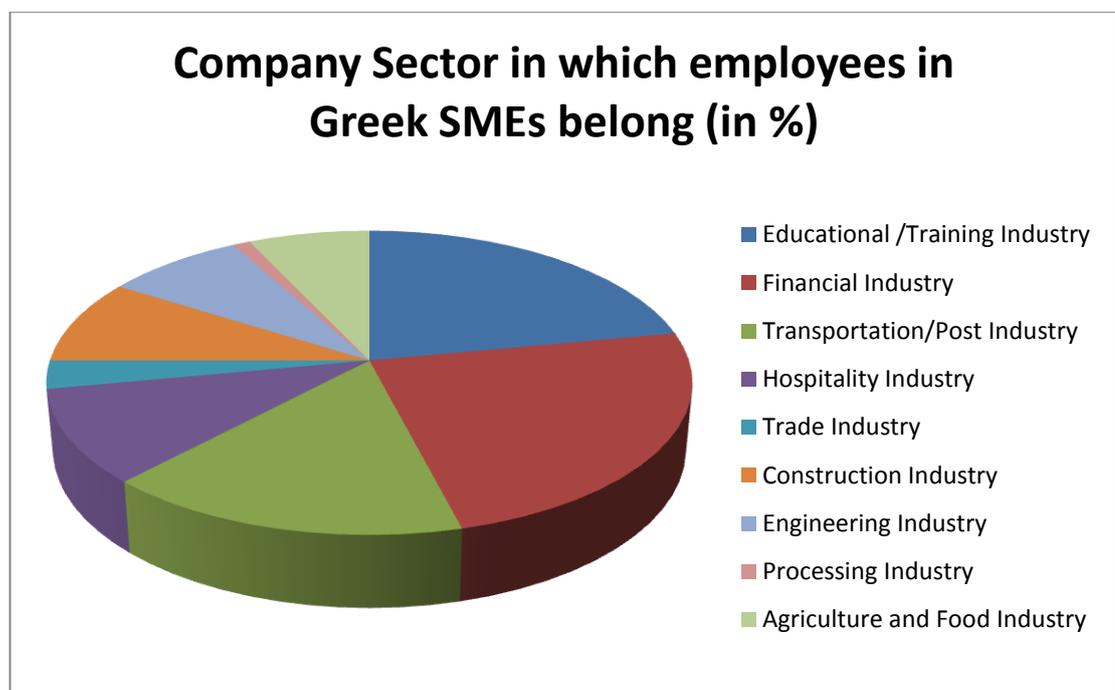
4.1 Information Regarding the Sample

In the first part of our questionnaire we have gathered demographic information in order to gain knowledge about the gender, the age, the occupation, and the current position of the employees in the company. In a few words, we realized that the vast majority of our sample fall into categories of youngsters or middle-aged people, mostly women, with high education level, who are currently working in fields such as educational/training industry, as well as financial, transportation and hospitality one. Table 4 (see Appendix) demonstrates in which company sectors work our respondents.

Furthermore, 78% of the respondents are female, and have obtained a university degree and many of them already about to obtain a Masters degree.

The demographic profile of the 70 employees that work in Greek SMEs, who responded to the questionnaires is depicted in the figure below (Figure 2):

Figure 2



As we can see in figure 2, the highest percentages concerning the company sector of the respondents are among the financial (24%), the educational (22%) and the transportation/post industry (16%).

Judging from the above information, it can be concluded that most of our respondents are well-educated, comparatively young people, who obtained a diploma in the Greek university. Moreover, as the high percentage of the respondents work in financial sector, it may be assumed that they have an economic background. This shows a positive tendency and means that Greek SMEs tend to employ knowledgeable and professional people in the sphere.

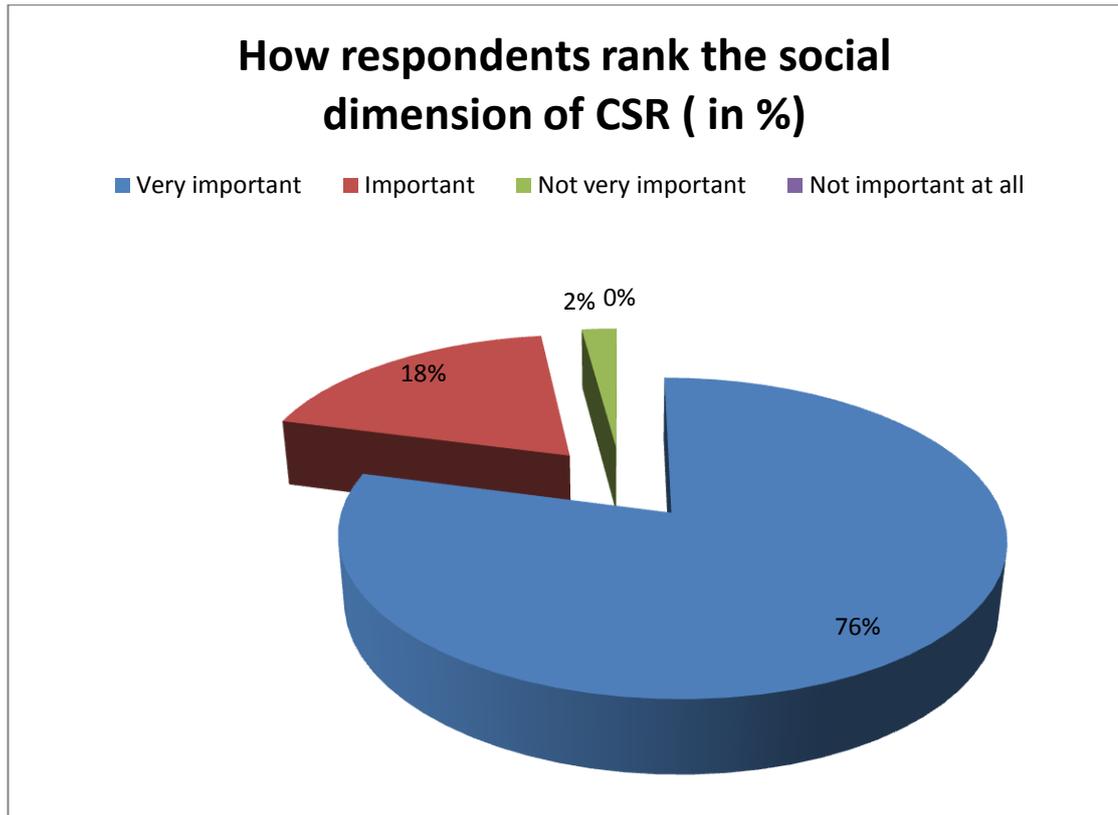
4.2 Description of CSR in Respondents' Own Words

A crucial element of the question on how the questioned employees in SMEs could define CSR is that the most employees in the Greek SMEs are aware of the notion of CSR. Most of them seemed able to describe even in simple words what CSR means. On the other hand, we cannot neglect the fact that some of our respondents (12%) were ignorant or could not explain to a satisfactory extent what CSR really means in a detailed written form. Although there has been a great deal of progress in the field, the subject still remains pretty unfamiliar to a large part of the respondents. Taking into consideration a young age of our respondents, it is a very positive fact that most of the employees are aware of what CSR is, understands its purpose in the company and are able to describe it in their own words without consulting a literature.

4.3 Categories of CSR

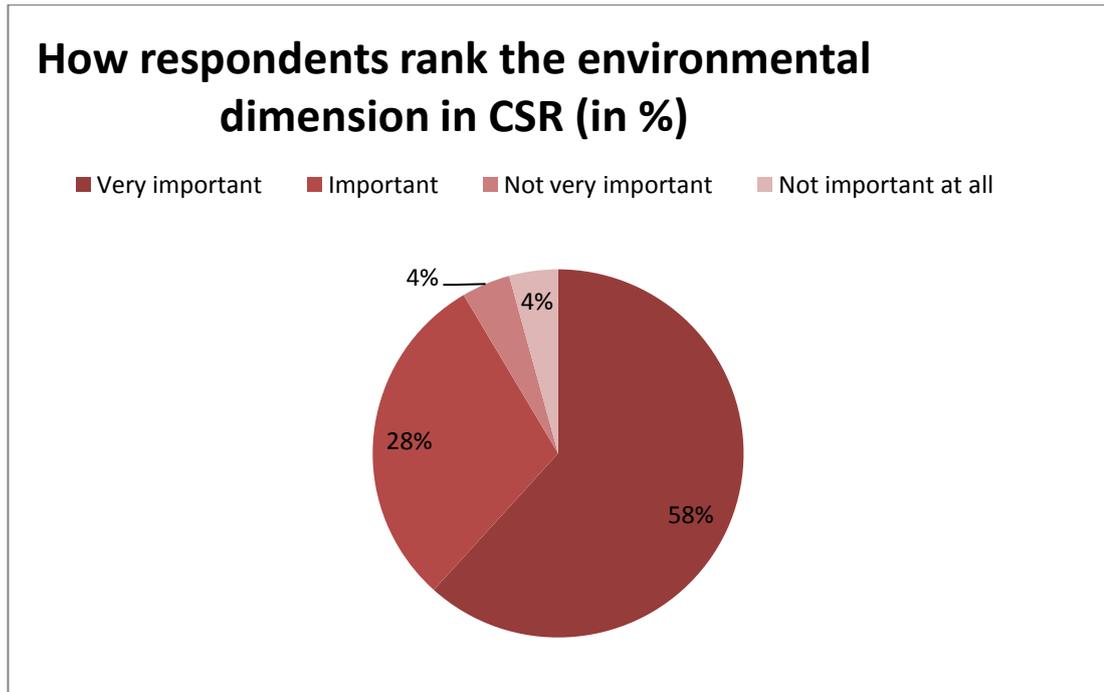
In Question 2, our respondents were asked to rank the four major categories of CSR in descending order of importance according to their perceptions. Table 5(see Appendix) presents the answers of the respondents in percentages. The obtained results may be described in the following way: 76% of the respondents rated social category of CSR as very important, whereas 18% graded it as important. Therefore in Figure 3 below, it is observed that the majority of the employees in Greek SMEs agree that the social aspect of CSR is very significant. It may be assumed that employees believe that taking responsibility for the impact on society means first and foremost that an organization must account for its actions.

Figure 3



Furthermore, Figure 4 demonstrates that 58% of the respondents rated the environmental dimension of CSR as very important, and respectively 28% as important. Only a low percentage of 4% responded that it was not important and not important at all. As a result, from the results, presented above, one may describe young employees of Greek SMEs as socially responsible and as such that care for the environment. Moreover, our respondents place social and environmental factors of CSR above economic and philanthropic.

Figure 4



Respectively, Figure 5 below presents the rating of two other CSR categories, in particular economic and philanthropic. The ordering of the other two categories, which are the economic and philanthropic ones, is made in the following ways: 38% of the employees consider the economic category as very important, while 30% consider it important, and 18% and 10% respectively regard it as not important and not important at all accordingly.

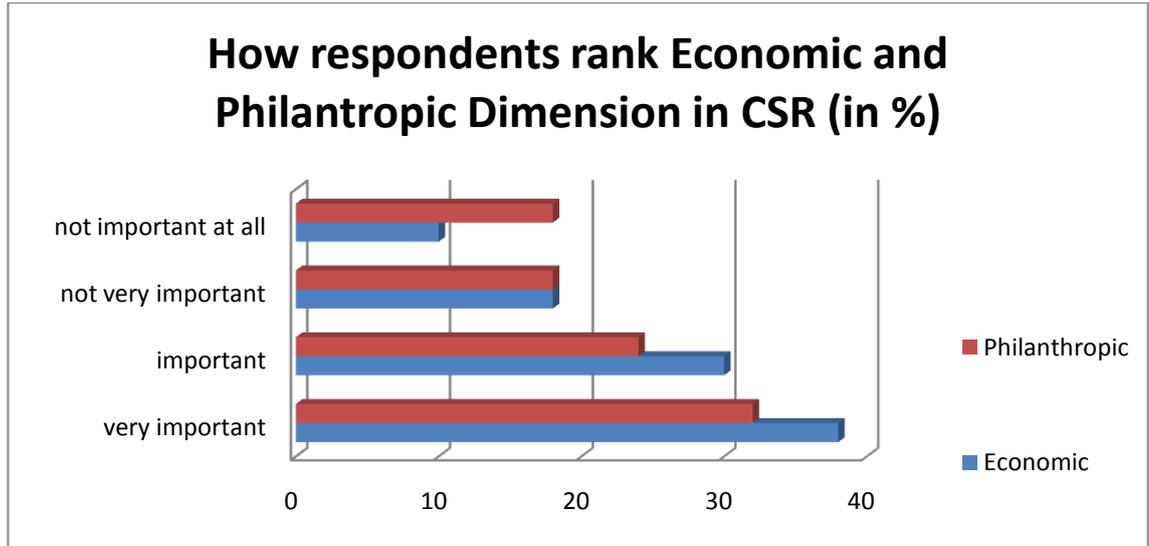
We notice that the results are distributed in a more balanced way, hence there are different opinions on whether and how important the economic aspect of CSR is.

The same remarks about philanthropic category can be made, since 32% rated it as very important, 24% as important, and 18% each for both not important and not important at all.

The highest percentages of respondents rated the economic and philanthropic aspect as less important or not important at all. 18 per cent of them regards philanthropic category, while 10 per cent ranks the economic one as not important at all.

From the obtained results, it becomes evident that the respondents pay more attention to the social and environmental categories of CSR, than to economic and philanthropic ones. The results demonstrate that employees are aware of the benefits of four CSR categories for the company and do not fully disregard any of them.

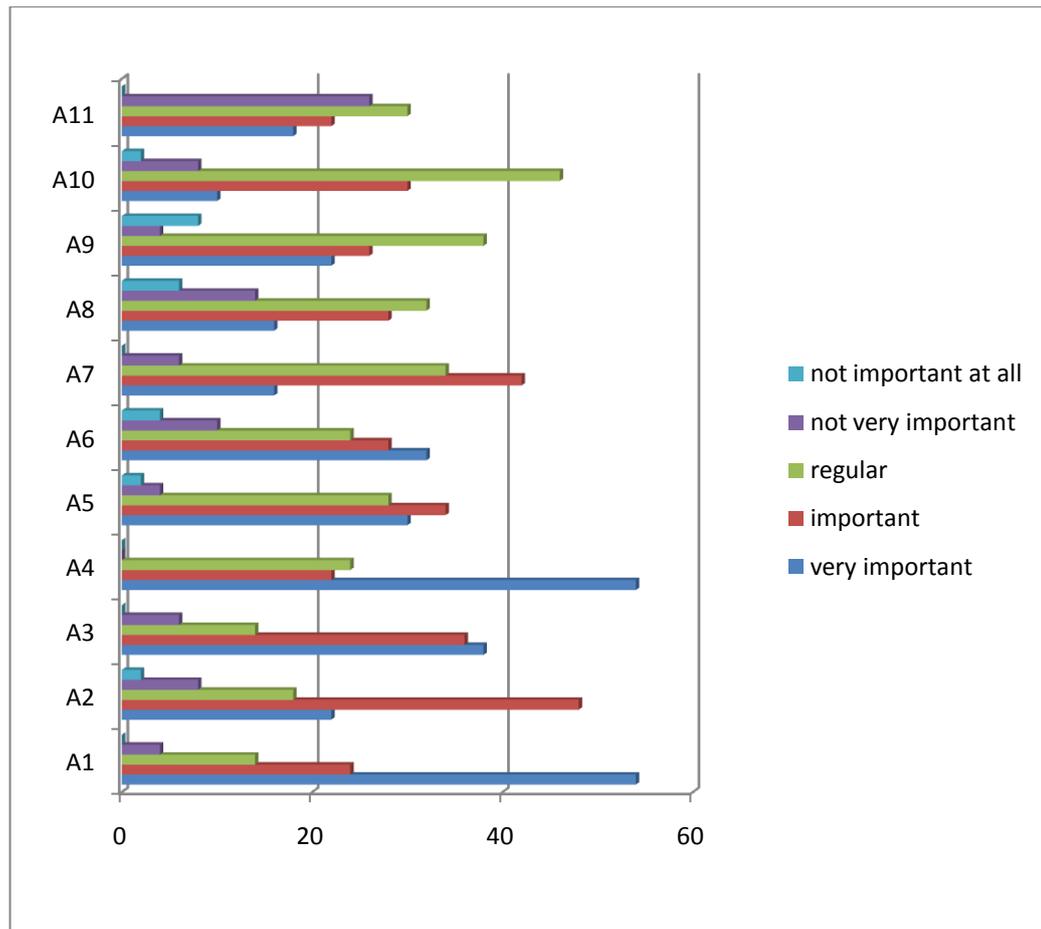
Figure 5



4.4 Definitions of CSR

In Question 3 we examined how the respondents rank the proposed definitions of CSR. Table 6 (see Appendix) presents the results of the ranking in percentages. The results obtained suggest that employees of Greek SMEs rate *“Helping/contributing to the welfare of society (people/children in need) and “Ensuring business ethics”* as the most important definitions of CSR. This confirms one more time that the respondents feel responsibility before society and want the firms they work for to put social and ethical issues in the first place of their activities. Figure 6 presents other highly rated CSR definitions, precisely the following: *“Ensuring employees benefits”, “Support social and environmental causes”* and *“Contribution to economic development and development of society as a whole”*. It may be added that under the concept of CSR employees of SMEs understand not only being socially and environmentally responsible but also ensuring and taking care of them, as an important stakeholder group as well. Furthermore, one may notice based on Figure 6 that some part of employees associate CSR with the notions of *“business practice/obligation/policy”, “company image”* and *“business requirements regarding marketing practices”*. It reflects a positive trend among employees to care about company, in which they work and its activities as well.

Figure 6



4.5 Opinion of the respondents as to why companies are involved in CSR activities.

In Question 4 we asked the respondents about their opinion concerning the involvement of their companies in CSR activities. As a result, the highest rated reasons are the following:

- “CSR forms a part of my company’s policy” (28% strongly agree and 50% agree)
- “CSR enables my company to be good corporate citizen” (36% strongly agree and 40% strongly disagree)
- “CSR enhances company’s corporate image” (34% strongly agree and 50% agree)
- “CSR improves employee morale and commitment to organization” (24% strongly agree and 48% agree)

As can be seen from the results, the first and second statements confirm that employees agree that CSR is an indispensable part of companies’ strategy and enhances firm’s

reputation of being socially responsible, following by respondents opinion that CSR adds value to company's image in the eyes of people. In connection with this, significant percentage of employees state that CSR activities of a company should be directed also on its workforce and entities must involve in CSR practices in order to get better feedback and commitment from its employees.

In contrast, as it can be observed from Table 7 (see Appendix) that respondents have been highly neutral to *"CSR is a governmental /business obligation"* and *"CSR contributes to welfare of employees"*. Although employees believe that CSR enhances their commitment to the company, negative fact is that they are not eager to believe that companies' practices of CSR contribute to the welfare of employees.

4.6 CSR Areas

In Question 5 we examined how respondents rank CSR areas. Table 8 presents the results of rating in percentages. As it is seen from the table, the highest rated CSR areas in which Greek SMEs should be involved, according to employees' opinion, are:

- "Environment Protection schemes" (54%)
- "Employment of handicapped individuals" (40%) and "Health and safety programs (e.g. health alertness campaigns etc.) (40%).

As it may be noticed, more than half of the employees believe that their companies should be involved in CSR areas connected with environmental programs, targeted at society's safety and health. This also confirms second the most rated statement that companies should hire and facilitate the work of handicapped people. These results confirm once more that SMEs' employees want to see their companies socially responsible to a large extent and concentrate not only on making profit but also of societal and environmental issues.

The second group of the most rated CSR areas follows:

- Contribution to educational institutions (34%)
- Assistance in overcoming problems related to drug-abuse and alcoholism/AIDS, etc (34%)
- Educational schemes (e.g. research grants, scholarships or bursary to students etc.) (32%)
- Donation to welfare organizations (28%)

In addition, except supported social and environmental responsibility factors, employees see their companies being involved in the educational area, as confirmed by statements one and three. This fact should not be neglected, as employees care about their present and future education and want to be able to have access to it by receiving support from their companies. Furthermore, the rating of the fourth statement confirms that employees want their companies to be engaged in donating.

Not surprisingly, the statement “contribution to public amenities (e.g. bus stop shades) received the lowest percentage from respondents. It may be assumed that, according to employees’ opinion, these activities belong to responsibility of government.

4.7 Macro-Environmental Factors, influencing CSR

In Question 6 we asked respondents to rate macro-environmental factors, influencing attitudes towards CSR practices. The obtained results can be seen in the table that follows:

Macro–Environmental factors	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
<i>Company values, culture, policies</i>	58	34	8	2	0
<i>Social programs</i>	28	60	10	0	0
<i>Top management awareness of social involvement</i>	42	46	8	0	0
<i>Emergence of customer relationship management concept</i>	24	48	22	0	2
<i>Improved standards of living</i>	34	44	20	0	0

It can be observed from the table above that the majority of employees of Greek SMEs agree that all the above macro-environmental factors influence attitudes towards CSR practices. However, it is obvious that the most important attention employees dedicated to such factors as “*company values, culture and policies*”, “*top management awareness*

of social involvement” and *“improved standards of living*”. If a company has a stable position in the market, an internally developed culture and values, is engaged in the programs that assist societal development and welfare, and management of the understands the purpose of such involvement, then employees tend to view CSR practices positively and agree that they positively influence CSR perception.

In addition, the statements *“social programs*” and *“emergence of customer relationship management concept*” received high rating as well. It may be seen that employees view social programs and customer relationships incorporated in company’s policies and values. The vast percentage of respondents agrees that company authority should understand the reasons of companies’ involvement in social programs, which, as a result, would in turn improve employees’ standards of living.

4.8 Importance of Attitudes Regarding the Impact of CSR Practices

In Question 7 we aimed to investigate the attitude of employees of SMEs regarding the impact of CSR practices on the operation of SMEs. The percentages of respondents who believe that practices of CSR activities do have an impact on their organization are as follows in descending order (see also Table 9 in Appendix):

- Value and philosophy of management in your company (42%- “very important”, 44% - “important”);
- Personnel recruitment and training procedures (40% “very important”, 32% - “not very important”);
- Product development and service delivery (38%-“very important”, 28% - “important”);
- Promotional activities of the company (32% “very important”, 28% - “important”);
- Planning and information systems (26% - “very important”, 38% - “important”);
- Distribution channels (18% “very important”, 36% - “important”).

As was mentioned earlier, the majority of respondents would like to see the management of the company knowledgeable and responsible for social programs, with established values and philosophy. It is positive indicator that employees would like to see improved personnel recruitment and training procedure as a part of CSR activities in their companies. Respondent’s attitudes on CSR are also influenced by product

development and service delivery together with promotional activities of the company. The last two statements did not receive much attention from employees as they hardly can be classified as such that fall in the category of CSR activities.

4.9 Arguments For and Against Corporate Social Responsibility Involvement

In Questions 8 and 9 we observe the extent to which commonly recited arguments for and against corporate social responsibility involvement are or are not embraced by employees of Greek SMEs. Examining first of all arguments in favor of CSR involvement, as evaluated by employees, one notes that the most rated answers are:

- *it is better to start now and thereby prevent further social problems* (34% - “very important”, 42% - “important”);
- *corporate social action programs create a favorable public image for the corporation* (32% - “very important”; 46% - “important”);
- *making at least a token effort on social policies is wiser than holding out on principle* (28%- “very important”, 38% - “important”);
- *solving social problems can be profitable* (24% - “very important”, 48% - “important”);
- *corporate social action program will help preserve business as a viable institution in society* (24% - “very important”, 44% - “important”).

Answers that got the least percentages from respondents are the following:

- *business has the necessary money and talent to engage in social action programs* (14% - “very important”, 36%- “important”);
- *corporate social action programs help avoid more government regulation* (10% - “very important”, 34% - “important”).

For the statements against CSR, the respondents mostly used the rate “important” or “regular”. Precisely, they rated almost all the arguments against CSR as regular. The most frequently rated arguments against CSR are :

1. *if society wants to get corporations involved in solving its ills, the government should use tax incentives or subsidies to make it happen* (36% - “important”, 28% - “regular”);
2. *society is better advised to ask only that corporations maximize their efficiency and profits* (28% - “important”, 40% - “regular”);

3. *corporate executives lack the perceptions, skills, and patience for solving societies problems* (32% - “important”, 36% - “regular”);
4. *the costs of involvement in social problems will drive marginal forms out of business* (30% - “important”, 40% - “regular”);
5. *money and time on social problems will drive up costs and hurt export* (26% - “important”, 20% - regular”);
6. *Since there is considerable disagreement among the public as to what should be done, corporations will be criticized no matter what is attempt* (22% - “important”, 36% - “regular”).

In general, as results demonstrate, the arguments against corporate social responsibility involvement are considered less important than the arguments for such involvement. The majority of respondents were somewhat neutral to the statements that do not support CSR. It is also noteworthy that most of the statements against CSR supported by employees of CSR are pragmatic in character and coincide with those proclaimed by opponents of CSR. Furthermore, the highest rated arguments against firms’ CSR have mostly economic. In addition, the second and six statement, *“society is better advised to ask only that corporations maximize their efficiency and profits”*, *“Since there is considerable disagreement among the public as to what should be done, corporations will be criticized no matter what is attempt”* are viewed as very important arguments against CSR, rated by employees of Greek SMEs.

4.10 Obstacles for the Implementation of CSR Policies

In Question 10, we asked our respondents to rank obstacles to implementation of corporate social responsibility policies. The rating of this question, performed by employees of SMEs is presented in the Table 12 (see Appendix).

As can be concluded from the Table 12, three most rated obstacles on implementing CSR, namely *“you can’t expect manager to implement social responsibility programs if it will adversely affect his profit performance”*, *“Unless the reward and punishment system forces it, managers are not going to pursue social objectives on their own”* and *“in difficult economic items, companies are compelled to cut back on corporate social responsibility policies”* are connected with the ability and wish of company managers to do so. Employees view CSR as something that “should be done” and not something that is a part of company’s strategy and that it should be an indispensable part of its activity. The majority of employees stick to the opinion that companies first of all pursue the

target of achieving profit, and only if it is convenient for their activity and maximizes their productivity, the top executive is going to consider CSR practices. The statement that *“you can’t expect a manager to implement social responsibility programs if it will adversely affect his profit performance”* confirms the above notion.

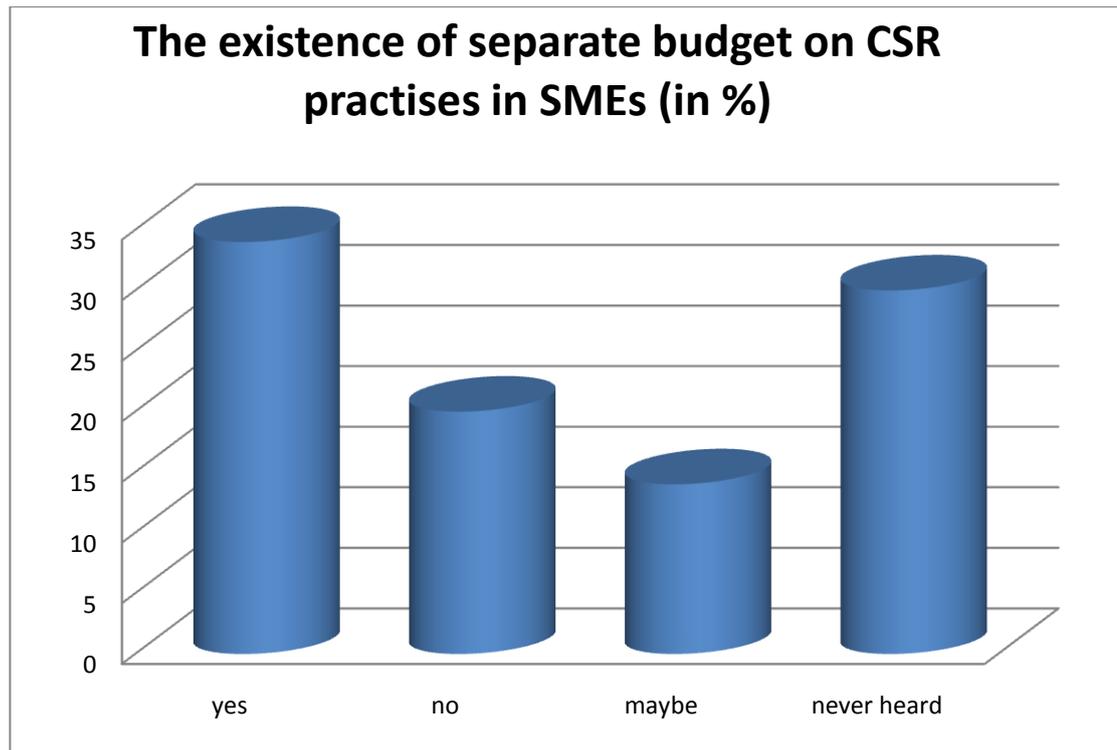
The other two also highly rated statements *“Most managers are simply too busy to worry about social objectives”* and *“If manager knows he will be moving on to another position soon, he is unlikely to make expenditures toward long term social goals”* are considered important obstacles for CSR implementation as well. This might be related to a lack of qualified personnel or lack of recognition with regard to the benefits of moving towards a properly structured management system.

It should be paid attention to the fact that 26%t of our respondents disagree that only one top manager in a company should be in charge of CSR, as happens in most of the companies. In addition, 30% of employees disagreed with the statement that when applying CSR actions, a company measures only costs associated with it..CSR practices are directed to satisfy the societies’ and mankind’s requests in general and may bring effective benefits to them.

4.11 Separate Budget for CSR

In Question 11 we examined whether companies, in which our respondents work for, have a separate budget for CSR activities. The results that we obtained are presented in Figure 7 below:

Figure 7



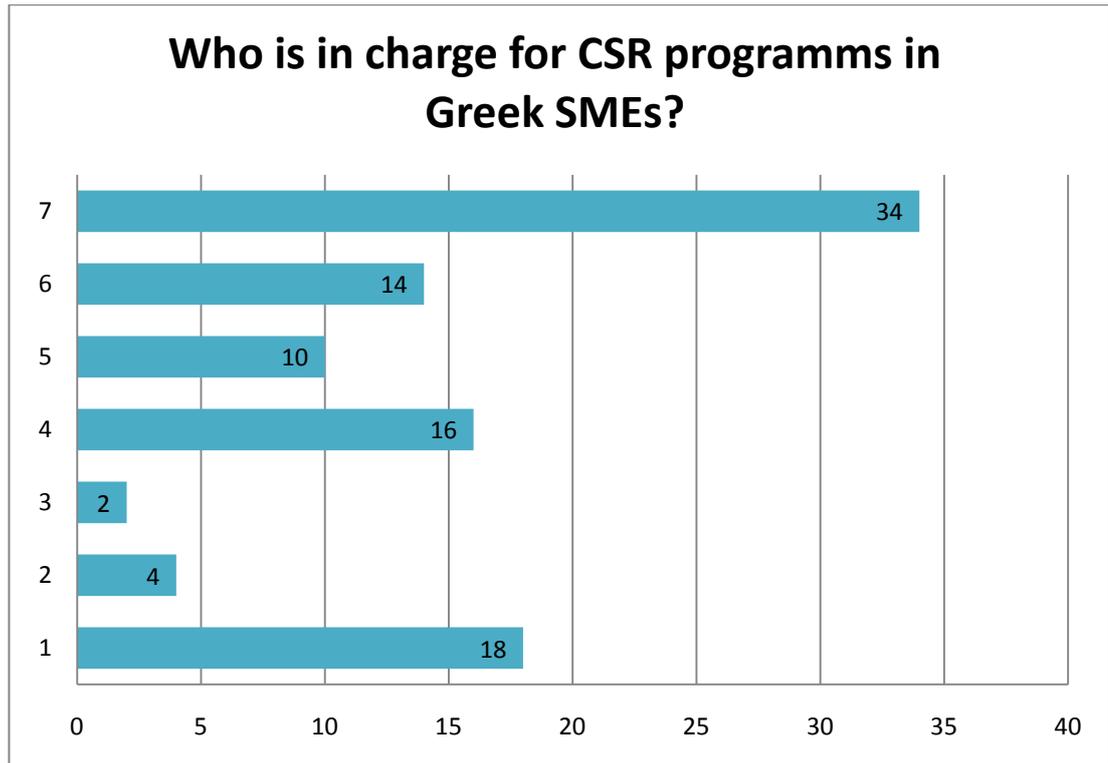
Judging from the obtained results, surprisingly, a big percentage of employees (34%) of Greek SMEs answered that the companies they work for have a separate budget for CSR. However, half of the respondents answered that they have never heard of a separate CSR budget (30%) , their companies do not delegate part of their budget to CSR (20%) and are not sure whether their companies have such a budget (14%).

The results confirm that despite all the difficulties, arguments against and obstacles related to CSR implementation, Greek SMEs tend to be involved in and try to implement CSR policies by having a separate budget for it.

4.12 Who is in Charge of CSR Programs in Greek SMEs?

In the last Question 12 we tried to find out who personally is in charge for CSR programs at Greek SMEs. The results we obtained are depicted in the following Figure.

Figure 8



The diagram shows that the majority of employees of Greek SMEs answered that there is no specific person who is responsible for CSR in their company. However, those who have a separate person for such activities, delegate it to CEO (18%) or by General Manager (16%). In the rest of cases, PR or Human Resource Manager (10%) may take responsibility for it. It should be noted that quite a big percentage (14%) of respondents convinced that someone other than mentioned above is in charge for CSR programs in their companies.

5. Discussion

5.1 CSR Dimensions

The fact that the majority of the respondents were able to express what CSR means is an indication of the raising effect CSR has nowadays. This is an illustration of the realization on how significant corporate social responsibility has become, taken the economic crisis Greece is facing. A relatively big effort has been noticed in order to support CSR amongst SMEs. “Responsible care is the path to sustainable business success. SMEs are not less responsible than large corporate entities, but they do appreciate help and guidance on these issues” remarks Mr. Hubert Mandery (2010), the Director General of the Cefic (European Chemical Industry Council). With the

association and aid of the European Commission, trade unions and national organizations, many international corporate entities have commenced, including Greece, in their CSR training, workshops and practices. CSR in general contributes to increasing employees' confidence and productivity and as a result aids in expanding the chances of SMEs to improve their standards and level of work. For example, SMEs have begun to care about and manage in a more efficient way matters such as product and transport safety, health at work, chemicals management, energy sparing etc. (The 'Responsible Care toolbox for SMEs, 2010).

Nevertheless, we cannot neglect the fact that some of our respondents were ignorant or could not explain to a satisfactory extent what CSR really is about. Although there has been a great deal of progress in the field, the subject still remains pretty unfamiliar to a large part of employees. An important fact is also that SMEs already behave and act in socially aware way, although they haven't completely realized it (N.A.S.C.O. Project, 2002).

Concerning the social dimension, it is observed that the majority of the employees in Greek SMEs recognize its significance. Moreover, they think that taking responsibility for the impact on society means first and foremost that an organization must account for its actions. The social category refers to the connection of social effects of a company's economic actions to several interest groups within society and to the society at large, is thus a significant component of CSR.

In the study titled "Corporate Social Responsibility, Public Policy and the Oil Industry in Angola in (2003) by Ettenborough & Shyne social aspects were ranked first, which was expected, given the poorness and the inadequate development of Angola to an extended degree in general, converting social importance into a matter of high power and influence. In contrast, in Greek SMEs the involvement of employees with social matters related to CSR is relatively small so far, this is proven by the lack of bibliography in the field, in comparison with other European countries, such as Holland, yet satisfactory to Angola. Furthermore, there are positive signs and actions taken up by organizations taking care of the local society in order to achieve sustainability. For example, Piraeus Bank has been "*designing and implementing social responsibility projects and committing itself voluntarily to exceeding the obligations imposed by law*". In that way, "*the Bank strives to raise its standards for social development, cultural*

heritage promotion and safeguarding, environmental protection and respect for fundamental rights.”(CSR Report, 2005).

Moving on to environmental issues, respondents hold the opinion that environment is the next significant dimension of CSR. Therefore, it becomes more widespread as time goes by that employees are involved in environmental awareness and innovation practices in order to lead the firm to environmentally friendly measures and alternative ways of producing energy and so on. One characteristic example is that of BBC's practices towards environmental responsibility. BBC regards the effects it causes on the environment in a very serious way. BBC attempts to focus on procurement. The firm has the target of making completely sure to measure and bear in mind all the length of the supply chain, including sourcing and disposal, and they use patterns and schemes to create a more sustainable world.

As a conclusion, nowadays more and more SMEs put their effort in making a positive impact on the society and the environment through their operations, products or services. Based on our findings, we can see that this effort has started to be demonstrated already, since there is a high percentage of people that regard the social as well as the environmental aspect of CSR to be extremely important.

The way in which employees perceived the economic and philanthropic category is similar. We notice that employees almost have the same perspective as to how important these two categories are and there are widespread opinions on whether they are important or not. That might be explained by the capitalization of our society, which has different effects on employees. It has been remarked here that top management members rated the economic aspect as more important than lower ranked employees.

According to the survey by Edmondson & Carroll (1999), the economic component was rated as most important, which differs in our study, where it appears to be the third higher component ranked, after the social and environmental category. According to the survey of Edmondson & Carroll, the differential between philanthropic and economic responsibilities was relatively small, which also was the case in our study.

The fact that employees marked the economic and philanthropic category of little importance is not surprising. Since the first business organizations started existing, they functioned as economic entities created to provide products and services to the local community. As such, its principal role was to gain a considerably high profit. In our days however it is converted into a concept of maximization of profits. The rest of the corporate responsibilities are based on the economic responsibility of the firm, because

without it the others would have no legal significance. Moreover, numerous studies have been conducted into this matter in recent years. In their majority (68%), results revealed a positive correlation between corporate social performance and financial performance (Margolis & Walsh, 2001). Researchers have reached the conclusion that there is, as a whole, a positive correlation and minimal negative correlation between the two, but this doesn't mean that in all the cases they work to the benefit of employees.

In addition, CSR already plays a major role in attracting and employing skilled and talented employees. Employees primarily seek for high wages and positive prospects – increasingly, however, they desire to feel proud of the entity they work for, as well. According to a study carried out in 2001 by the Cherson group, 78% of the respondents would rather work for a business that has an outstanding value and public esteem and pays employees a satisfactory wage that meets their expectations. Only 17 % responded that they would work for a corporation with high wages, but a negative reputation.

One notable reason for making the distinction between philanthropic and social responsibilities is that some firms believe they are being socially responsible if they are just good citizens in the community. CSR includes philanthropic contributions but is not limited to them. In fact, it would be argued here that philanthropy is highly desired and prized but actually less important than the other three categories of social responsibility. In a sense, philanthropy is just complementary, but not the most vital part in the pyramid of CSR. Also Friedman argued that management is "to make as much money as possible while conforming to the basic rules of society, both those embodied in the law and those embodied in ethical custom" (Friedman 1970). It seems clear from this statement that social, environmental, and economic activities consist three components of the CSR pyramid. But according to Friedman's view the philanthropic side is left out. Although it may be appropriate for an economist to affirm this opinion, it is not easy nowadays to trace many company executives who omit philanthropic activities from their firms' purposes.

5.2 CSR Definition

The vast majority of the employees in the questionnaire rank the "Helping/contributing to the welfare of society (people/children in need)" as well as the "Ensuring business ethics" aspect of CSR as the most important of all the rest. The first aspect is in

agreement with the former study of “CSR Perspectives of Small and Medium Enterprises (SMEs)- A Case Study of Mauritius”(2009), but the second aspect is in contrast with it. In our study “Helping/contributing to the welfare of society (people/children in need)” received the same attention as did “Ensuring business ethics from the employees”, while in the case study of Mauritius it gained only 7%. We can reckon that the people hired at SMEs in Greece are interested in the welfare of the local community, since there is such evidence from the current bibliography. As in their book “Greece: A Comparative Study of CSR Reports” Panayiotou, Aravossis and Moschou (2009) explain in the democracies of the West an increment of the CSR awareness on behalf of corporations has been observed in the last few decades. They move into various measures and actions, in order to exhibit their interest and care about the local society and the environment they operate in. Moreover, respondents have been highly neutral to “CSR is a governmental /business obligation” and “CSR contributes to welfare of employees”. The result of the Case Study of Mauritius was the same for “CSR being a governmental/business obligation”.

Concerning the contribution to the welfare of employees, we can use the example of the telecommunication company CYTA, one of whose employees filled in our questionnaire, which “offers its personnel far more than is prescribed in the relevant legislation. It takes care of the health and welfare of its employees and their families through the Medical Fund, the CYTA Staff Welfare Fund, by holding seminars on medical and social issues (e.g. stopping smoking, work-related stress, etc.), implementing an advice and support programme by employing the services of a social worker, providing financial assistance to needy employees, pensioners, employees’ widows and orphans, providing low-interest student and housing loans and more.”(2010).

The article from the study of “CSR Perspectives of Small and Medium Enterprises (SMEs)- A Case Study of Mauritius”(2009) present the areas of CSR that employees ranked as very important. Regular, not very important and not important at all, expressed for Mauritian companies. We can conclude that although Mauritian SMEs believe that the sponsoring of non- governmental organizations constitutes a significant stakeholder, Greek ones rate it only with 24%, which depicts the lack of NGO action in Greece. This can be explained by the delayed and insufficient development of NGOs’ development, which have negatively been influenced by three particular elements: the role of the family, the role and character of state intervention and the boundaries of

voluntary action. Extended family tradition was strong until recently (Mousourou and Stratigaki, et. al, 2004).

Environmental protection schemes gathered a lot of attention and the highest rate in our survey, while in the Mauritian SMEs was third in ranking with a low percentage as mentioned before. This lies in the fact that there has been a great progress on investment in environmental infrastructure, which is a major feature of Greek environmental policy since the mid-1990s. Also, “Health and safety programs (e.g. health alertness campaigns etc.)” have got the least ratings, when it comes to the areas that employees find not important or not important at all. This indicates that people value the spectrum of legislation that is related with laws on CSR issues such as laws on health and safety, human rights, equal opportunities and the right of collective agreement. In order to realize how important matter it has become lately, it is worth said that the environmental issue is mentioned in every conference and so on for example in the Confederation in Switzerland, which has developed a sustainability strategy with an action plan for 2008-2011 was divided in 11 main topics, some of the most significant were climate change, energy, transport development, public health and so on (Country Insights by CSR Europe’s National Partner Organizations, 2009).

Regarding healthcare in Greece, due to the fact that the government’s GDP allocation to healthcare is quite low and due to the limited availability of public hospitals, Greeks perceive that they have healthcare of low quality, despite the fact that hospitals in the metropolitan areas are of excellent standards. That is why they appreciate more this field as employees and in general citizens of the local society.

5.3 Macro-Environmental Factors, Influencing Attitudes Towards CSR Practices.

Based on existing theories and empirical data, previous studies explain the relationships between CSR initiatives and employees’ attitudes and offer valuable insights of CSR performance for the purpose of human resource management. CSR initiatives enhance the performance of employees (Larson, 2008), employees commitment to the organization (Brammer, 2007) and their identification with the company (Rodrigo & Arenas, 2008).

In addition, a high percentage of the respondents agreed that improved standard of living influences their attitude towards CSR. It may be explained by the fact that if employees are satisfied with the salary they get for their job and they are aware that

company cares and values them, they are ready to support and spread its CSR initiatives and practices. Moreover, the position of an employee in a company may also influence his/her attitude towards such practices. “The higher you are in the organization, the more committed you are in general and the more positive you are about the organization’s CSR efforts” (Stawiski, Deal & Gentry, 2010, p. 5).

The results of this question are in agreement with previous studies. Furthermore, they are similar to the results, mentioned in the article, from which we adopted a particular question for the survey. However, it should be pointed out, that the survey described in *Devi and Hemant (2009)* study was conducted among executive managers. As a result, it means that top managers and employees have the same view on macro-environmental factors that influence CSR attitudes.

5.4 Importance of Attitudes Regarding the Impact of CSR Practices

It may be concluded, that the employees of Greek SMEs appreciate most value and philosophy of management in their companies and personal recruitment and training procedures. On the employees opinion, CSR practices should constitute a part of company values and be embedded in the management philosophy. It means that employees, defining the main task of a company go beyond the receiving profit as the main factor. They want to see their companies socially responsible to all the stakeholders. Corporate norms and values play critical roles as prerequisites for any company to actively embark on CSR. This implies that, in order to ensure its continuity, a CSR initiative must in turn align with the values, norms and mission of the company. (D’Amato, Henderson, Florence, 2009).

Furthermore, employees of Greek SMEs want their firms to provide them constant training and secure their personal growth. In the Project “CSR and Competitiveness European SMEs’ Good Practices” by Austrian Institute for SME research one of the main focus of SMEs regarding employees should be “constant training and staff development”. For SMEs this constitutes an important CSR area by being know as “responsible employer” the often prevalent problems of attracting qualified employees may be overcome.

The least rated attitudes regarding the impact of CSR practice are planning and information systems and distribution channels. In our opinion, employees do not associate the spheres of planning and information systems and distribution channels as

such that fall into CSR area of practices. That is why they rated it as the least important attitude regarding the impact of CSR.

Logically, the previous study by *Thanika Devi and Hemant, 2009*, from where we examined the impact of CSR, contradicts our results. The majority of executive managers believe that CSR practices do not have an impact or strong impact on the SMEs. In contrast, they value most “product development and service delivery”, “promotional activities of the company” and “distribution channels”. This is in agreement with Milton Friedman “economic argument” against CSR. According to this view, the only task of a company is to increase profits for its shareholders and not for all the stakeholders. It may be seen, that company managers are in favor of such a statement, in contrast to employees, who support the initiatives of CSR.

5.5 Arguments For and Against Corporate Social Responsibility Involvement

It is illuminating to observe the extent to which commonly recited arguments for and against corporate social responsibility involvement are or are not embraced by employees of Greek SMEs. Examining first of all arguments in favor of CSR involvement, as evaluated by employees, one notes that the majority of statements “for” CSR are supported by respondents – employees. They support the opinion that CSR activities are beneficial for a company; it creates favorable image good reputation for the company in the eyes of society. Employee’s opinion coincides with the arguments’ in favor of CSR, mentioned in literature review part. It states that the company should look beyond its short-term actions and understand that caring about society now will bring valuable results in future.

Attention should also be paid to the statement “solving social problems can be profitable”, obtained high percentage of respondents’ response. Employees might think that together with being active in CSR sphere and trying to raise peoples’ welfare, company might also receive profit. The money donated to communities will obviously provide organizations with money to carry out their activities. Moreover, it confirms that such kind of activities is good for company publicity. As a result, it creates value for an enterprise, promotes it on the market and enhances employee morale.

In contrast, the other two least rated statements by employees confirm that in order to be engaged in CSR practices, firms should have trained and creative people to do so. In addition, a company should have a stable profit and necessary money in order to

implement socially responsible actions. Moreover, employees believe that involving in CSR actions may help their company to avoid government regulations. The institutional theory offers a framework for CSR analysis which produces a clearer vision of CSR role in institutional setups of modern societies. CSR is thus treated as a private institutional alternative to government regulation, and the choice between these two options depends on their costs and benefits. Eventually, employees of SMEs agreed that CSR maybe an effective tool of avoiding legal obligations and the costs justifies the means.

Based on our literature review, the article Ostlund (1977) titled “Attitudes of Managers towards CSR, California Management Review” presents the view on the arguments in favor of CSR, expressed by two top management groups, in particular top managers and operation managers of various companies. The results point out that show that the managers, in contrast to employees of our survey, were not very enthusiastic about CSR actions. According to the authors of the article, questions tent to reflect a belief that business had better get involved in corporate social responsibility issues merely to protect its own long-run interests and assure stable societal environment. For the statements against CSR, the respondents mostly used the rate “important” or “regular”. Precisely, they rated almost all the arguments against CSR as regular.

In general, as results show, the arguments against corporate social responsibility involvement are considered less important than arguments for such involvement. The majority of respondents were somewhat neutral to the statements that do not support CSR. It is also noteworthy that most of the statements against CSR supported by employees of CSR are pragmatic in character and coincide with those proclaimed by opponents of CSR.

To sum up, the responses mostly reflect Milton Friedman’s argument against corporate social responsibility. The scholar states that only individuals can have responsibilities, not businesses and people who are hired by business owners have responsibilities primarily towards their employers, to meet their desires, which in most cases are profits. As it was expected, executive and operation managers in the study, conducted by Ostlund (1977) opposed to CSR practices as well.

5.6 Obstacles to the Implementation of CSR Policies

SMEs tend to perceive that they cannot devote too much of their management time to CSR issues. One of the problems here is that management styles in many SMEs are more oriented about problem solving than building of good systems and procedures. In an organization, that operates in most of the time, in crises mode, CSR is not high on agenda.

We concluded that employees support the view that companies cannot run profitable business if they fully adhere to CSR codes of conduct. In other words, they have to “cut corners” to stay in business. In this respect, in our opinion, there should be some sort of dialogue as to what can and cannot be achieved in a balance between supporting and encouraging business with SMEs and the full adoption of CSR code of conduct.

From our point of view, employees agree that the chief problem is that top executives realize that they are not obliged to be engaged in CSR actions by law that is why in many cases tend to ignore the initiatives. The reality is that often SMEs lack a systematic approach to management. This might be related to a lack of qualified personnel or lack of recognition about the benefits of moving towards a properly structured management system. In addition, many managers see CSR as simply one more thing to do. They complain that they already have to deal with quality issues and doing even more than they are doing is considered unfeasible.

If to compare the results on the same question from top managers, it, surprisingly confirms, that they are not prone to accept obstacles in exchange for implementation achievements of corporate social responsibility policies.

5.7 Existence of Separate Budget for CSR and Individuals who are Responsible for CSR Programs in SMEs

The majority of SMEs have started to realize that creating a separate CSR budget can help them to ensure that they have a clear idea about the funds that will be devoted to the realization. This helps in ensuring that unnecessary expenditures will be avoided to a large extent (Poitevin, 2010).

Nevertheless such positive tendency, most Greek SMEs are still launching CSR activities at slow pace. The problem is that SMEs probably do not have too much money to spend on CSR initiatives, but what is lacking is the awareness that they can

often achieve things without spending huge sums of money and that the returns can be quite significant (Mburugu, 2009). .

It may be presumed that many of Greek SMEs still are not involved in CSR that and as a result, nobody is responsible for such an activity there. However, under CEO or General Manager of an enterprise they may understand the owner of SMEs that is why the proposed answers CEO and General Manager received big percentages of their answers. The employees may have answered that the CEO or General Manager is responsible for CSR programs in their companies because, as it often happens in SMEs the owner sets the policies and direction in such enterprises, and as a result, employees associated the proposed options of CEO and General Manager with the owner of the company.

In this particular part, after analyzing the data we have collected from the questionnaires, that depict how employees perceive the concept of CSR in the Greek SMEs, we proceed with our ideas on what could be the steps that Greek SMEs could improve, based on the results we have reached in the data analysis.

5.8 Recommendations

In this particular part, after having analyzed the data we have collected from the questionnaires, that depict how employees perceive the concept of CSR in the Greek SMEs, we proceed with our ideas on what could be the steps that Greek SMEs could improve, based on the results we have reached in the data analysis.

In the society of our times, where globalization and rapid technological, societal and economical moves are being realized, SMEs have to adapt to the new scenery and the new facts and alterations that happen simultaneously. It is undoubted that SMEs come up against a great deal of problems and obstacles in their endeavor to engage in CSR practices. There are, however, a lot of chances to use CSR applications, in order to encourage their situation in the market and even expand in new target markets. Taking into consideration the high numbers of SMEs (99% of all enterprises in the EU and the vast diversity in targets, capacities, resources and so on) leads us to ways of supporting CSR in SMEs that take into account not only the customers, but the employees as well.

Many SMEs target to integrate CSR because of the personal aspirations and values of the owner, managers and employees. This is most common in social enterprises where the leading purpose of the business could be a social target, but it is also valid in the case of many other SMEs too.

The recommendations we propose to owner/ managers are the following:

- Attract, keep and train flexible, motivated and committed employees, given the fast technological and market modifications that Greek SMEs face
- Obtain and retain customers, since the economic crisis leads SMEs to expand in new markets or find alternative paths of making profit
- Alter the point of view that employees/consumers perceive the role of business into a more socially and environmentally oriented dimension, with the contribution of education, media and stakeholders' initiatives
- Boost the company's image with the assistance of stakeholders
- Cost savings and alternative ways of producing and providing goods and services that are friendly towards the environment
- Product innovation, differentiation, and competitive edge; the alternatives of more means of creativity and innovation in business can create competitive advantage, either by the low technological cost or the introduction of differentiated products and services that can attract customers.

Some critical key factors for employees in general are:

- Enthusiastic engagement of each employee/ managing from top to the bottom their business based on CSR
- Incorporation into management/operational strategy with CSR schemes
- Shift from shorter-term benefits that SMEs manage to the concept of long-term sustainability
- Networking chances for SMEs to learn from each other

Overall, there are tools containing a number of management principles allowing companies to introduce and manage the efficiency, productivity, employee involvement and motivation concerning CSR improvements. Furthermore, CSR is well linked with benefits it ends up to (financial, organizational, legal, employee morale and so on) the quality and quantity of which depends on the management and CSR systems an entity follows. Current practice however proves that traditional approaches promoting environmental and social sustainability cannot be applied widely in SMEs, and there is therefore a need for alternative methods and instruments specially formed to the needs of each company. This holds true in the case of Greek SMEs, especially when these companies are operating in Regions such as the North Aegean, registered as one of the most underdeveloped regions of the EU. All the businesses in the region are classified

as SMEs and there are significant challenges in terms of production and transportation costs, a lack of expertise and difficulties in the integration of innovative strategies. (Commission of the European Communities, Brussels, 2006).

The development and implementation of an effective strategy involves the foundation of Networks and the operation of economic partnerships among businesses, applying knowledge and expertise from the Hellenic Network for CSR in collaboration with government authorities and NGOs. These recommendations can facilitate the introduction and the growth of new CSR

management systems , specially formulated to fulfill the needs of SMEs. It is indispensable that these systems are wide in scope, including the management of areas such as: environment, quality, health and safety, innovation. Moreover, they should be oriented to the circumstances of SMEs. The Hellenic Network for CSR could be the guarantor of this approach. Such a tool promoting innovation should include the successful development and application of new ideas, business practices, skills, and technologies, to build and promote greater value for employees and customers. In this manner, it will lead to stronger competitiveness, better productivity, more intense growth, and a high customer satisfaction. Overall such a management system can be seen as an essential part of wealth creation not only for SMEs, but for Greece and Europe as a whole.

6. Theoretical Contributions and Managerial Implications

A firm's success is the result of the level of satisfaction of the enterprises' stakeholders, including not only the owners, but also employees, customers, suppliers or the local community. Companies begin to understand that in order to be successful, they need to operate in a complex network society, and also that employees', social and environmental issues are part of that complexity and constitute part of sustainable success. Nevertheless, SMEs are rather aware of CSR activities and often their CSR initiatives are focused on employees, many SMEs traditionally take up their social responsibility, even though these activities are not explicitly communicated to the community, and especially even inside the company (Taipalines; Toivion, 2004). Taking into consideration the fact, that the views of employees on CSR generally and especially in Greek context has not been fully researched yet, with our study we tried to fill this gap and investigate real attitude of Greek SMEs employees towards CSR practices.

This study extends the existing research stream on employee's reaction to CSR. Firstly, this is one of the first studies that examine CSR perceptions from the point of view of Greek employees as few studies have done it in the past or have mainly focused on manager's perspective. As literature suggests, CSR seems to be an issue primarily at the executive, top-management level. The focus of CSR seems to be mainly outside the borders of the company (Hallin & Gustavsson, 2009). Moreover, the important relevant survey on CSR in Small and medium enterprises, initiated by the Hellenic Network for CSR concentrated mainly on application of CSR practices in Greek SMEs and disregarded employees opinion about it. That is why our research adds value to the existing literature by revealing employees' opinion on CSR definitions,

Secondly, as such our study contributes to advancing knowledge in the field of CSR, which is still under investigated. For instance, Ullmann (1985) discusses the lack of theoretical and operational framework underlying CSR literature. Unfortunately, very little is known of the attitudes and activities of SMEs regarding CSR involvement. Furthermore, while the level of corporate social responsibility behavior has been widely explored in the context of Northern European industry, the theoretical level surrounding the level of CSR in Greece is underdeveloped (Bichta, 2003). As a result, concentrating on employees' perspective on socially responsible activities, our work provides a theoretical background not only for CSR area, but also for the part of stakeholders' theory that focuses on employees.

At the theoretical level, the contribution of our study is that it includes aggregate data about CSR concept in general and the views on it from the point of view of SMEs' employees in particular. There is also information and statistical data about CSR activities of SMEs in Greek context, obtained on the basis of the employees' answers on survey. Furthermore, the research contains the information to which extent Greek SMEs initiate and apply CSR policies and to what extent employees are aware about them. In addition, it contains the description of CSR activities in Europe and Greece. Finally, the analysis of the survey will help to draw conclusions about application of CSR in Greek companies.

Our study has also **managerial implications**. In order for an enterprise to correctly and effectively implement CSR, the character of its activities, the peculiarities of both its business sector and the socio-economical environment into which it operates should be taken into account, among other things. Following this, the enterprise needs to define

the sectors and the stakeholders it will prioritize to address to and select accordingly its practices. Our research provides practical advice on which CSR practices are the best for implementation in SMEs, in Greek context as they are prioritized by immediate participators of such initiatives, in particular, employees. Taking into consideration the information provided in the literature review of this study and confirmed by our survey regarding lack of knowledge and initiative of SMEs managers and owners to initiate CSR activities in SMEs, the findings of our work will facilitate their job by helping to make CSR one of the core elements of their strategy. In particular, on the basis of our study, managers and owners of Greek SME would be able to decide which exactly CSR activities and areas are suitable for the Greek business context. In addition, they would be able to access the arguments in favor and against of CSR application and prevent the future obstacles for its implementation.

At the managerial level, the interest of this work is major for all the companies who intend to implement CSR or already do so. Moreover, it is of special interest for SMEs and especially for the Greek business environment as it may demonstrate the most widely used CSR practices in particular context and serve as a guideline on CSR implementation. It contextualizes this kind of activities SMEs in Greek context and provides latest updated information on CSR in general.

7. Limitations and Directions for Future Research

Through our research we attempted to give a general view on CSR practices in Greek SMEs and add to the existing knowledge in this area by identifying and evaluating CSR activities within firms as perceived by the firm's employee; expanding the area of analysis by revealing employee's opinion on such topical issues as reasons behind involvement in CSR, macro-environmental factors, influencing CSR practices, arguments in favor and against of CSR, obstacles for implementation of CSR policies, etc. Moreover, rather than identifying what the general public or shareholders believe a firm's obligation may be, the perspective of an internal stakeholder body, specifically employees, was analyzed.

One of the main limitations of this study is that the sample of the interviewees is relatively small. The reason for this, as many of our respondents mentioned, was that many of them are not knowledgeable of the sphere of CSR and the survey appeared to be complicated and too long for the respondents. Our questionnaire turned out to be targeted mainly on managers who are "in the sphere" and fully understand the purposes

of such activities. In addition, one of the difficulties that we faced was that many SMEs' employees due to limited free time and summer period, when questionnaire was conducted, were unwilling to fill it in.

The most difficult part in our research was the difficulty to analyze employees' responses as our respondents held positions in different hierarchical levels and, as a result, had different views with regard of CSR practices in Greek SMEs. That is why, another limitation of our study is the fact that we were based on perceptual data, which might be biased and not indicative of the actual situation.

Future research on this topic may focus on comparing and contrasting employees' perception of CSR practices in SMEs and large companies with particular emphasize on SMEs. Benefits, associated with the adoption of a socially responsible behavior, shared by both SMEs and large firms, differences in their targets and results of CSR for SMEs deserve to be highlighted (Perrini, 2009). Beyond multinational companies, who were pioneers in applying CSR practices, SMEs are developing new tools and approaches to handle social and environmental issues within the frames of their strategic activities (Spence, 1999).

8. Conclusions

In this paper we indentified, explored and analyzed the perception of CSR practices by employees and among Greek SMEs. In addition we tried to examine to which extent CSR activities are implemented among Greek firms. In particular, we tried to find out (1) if employees of Greek SMEs are aware of CSR concept and to what extent Greek SMEs implement CSR practices, (2) how employees perceive CSR activities, (3) the areas of CSR that Greek SMEs tend to be involved in regarding the impact it produces for internal, meaning employees, and external stakeholders, meaning society, (4) obstacles for implementing such activities in Greek SMEs based on employees' considerations, (5) whether Greek SMEs have separate budget for CSR practices and who is responsible for such activities in Greek firms.

The results of the analysis have shown that the majority of employees were able to provide adequate definition of CSR concept, stressing on social and environmental dimensions of it. However, we would like to underline that CSR notion should be more extensively promoted among top management and employees in order to integrate it fully and efficiently in the strategy of Greek SMEs. It should be also mentioned that

employees would like to see their companies being socially responsible but they still are not fully aware that the firms will implement CSR activities without gaining immediate profit from it.

Furthermore, while launching and practicing CSR schemes, Greek SMEs must put emphasis on environmental and educational areas of CSR, as well as areas connected with public health. Moreover, employees stressed on employment of handicapped individuals. In addition, company management should be aware of CSR policies, understand its long term benefits and should be able to incorporate it in company's culture and values.

One of the core obstacles for CSR implementation in Greek SMEs is a shortage of trained and committed personnel. On the basis of research we reached the conclusion that top managers and owners of Greek SMEs view CSR as a supplementary obligation and do not incorporate it in their main activities. That is why we support the opinion that the knowledge about CSR programs and its effective implementation requires broad dialogue and transparency on each company's level in order to align a company with society.

Surprisingly, the research revealed that the majority of Greek SMEs do not have separate budget for CSR activities, although we have tracked some positive tendency for allocating some of the SMEs' profit for CSR practices. Furthermore, there is no particular individual who is in charge of CSR policies in Greek SMEs. We would suggest that SMEs should deploy professional managers for applying CSR initiatives. It is emerging and popular stream in CSR policies.

To conclude, we would like to refer to the example of "Coco-Mat" which is a leading Greek company in textile and manufacturing industry. This company is a good example of a business with strong values and sharing knowledge across the whole company. It has excellent CSR policies directed on society and employees. One illustration of this is that they hire employees who are socially excluded or disabled. Last but not the least, their goal is to provide training opportunities for all employees in order to encourage them and make them realize their potential. So, there is hope that other Greek SMEs will follow their example.

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Appendices 1

Example of Questionnaire

Thank you for taking the time to complete the following questions. The information you provide will be used to help us conduct research for our Thesis, titled “Corporate Social Responsibility and Empirical Research” and monitor the validity of our results.

Interview questions

This interview is totally anonymous.

Please, answer every question according to the instruction. We rely on your fair answers.

General information:

Age:

Gender:

Occupation:

What is your current position at the company?

- 1. Please, describe with your own words what do you understand by Corporate Social Responsibility?**

- 2. Rank the four major categories of CSR in descending order of importance**

	Very important	Important	Not very important	Not important at all
Social				
Economic				
Environmental				
Philanthropic				

3. **What is CSR for you? Please, rank the following definition of CSR according to your priority.**

	Very important	Important	Regular	Not very important	Not important at all
Helping/contributing to the welfare of society (people/children in need)					
Financial support to the society (donations/sponsorships)					
Ensuring employees benefits					
Ensuring business ethics					
Support to societal and environmental causes					
Contribution to economic development and development of society as a whole					
Business practice/obligation/policy					
Company Image					
Ensuring benefits to organization					
Do not know what CSR is about					
Support to NGO's					
Business requirement regarding marketing practices					

4. **Why, in your opinion, companies are involved in CSR activities? Please, rank the following statements according to the priority.**

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
CSR forms a part of my company's policy					
CSR enables my company to be good corporate citizen					

CSR provides transparency in the areas of environmental impact and human rights					
CSR enhances company's corporate image					
CSR increases visibility as a community leader					
CSR ensures sustainable development of both of my company and community in the long term					
CSR is based on what employees want					
CSR is based on what society wants					
CSR is based on what consumer want					
CSR is a governmental /business obligation					
CSR contributes to welfare of employees					
CSR improves employee morale and commitment to organization					

5. Please, rank the areas of CSR according to the priority.

Areas	Very important	Important	Regular	Not very important	Not important at all
Education schemes (e.g. research grants, scholarships or bursary to students etc.)					
Donation to welfare					

organizations					
Contribution to educational institutions					
Culture/heritage promotion schemes (e.g. contribution to culture and /or literature works, etc.)					
Partnerships with NGO's					
Employment of handicapped individuals					
Sponsorships (NGOs, sports, districts council, etc)					
Assistance in overcoming problems related to drug-abuse and alcoholism/AIDS, etc.					
Health and safety programs (e.g. health alertness campaigns etc.)					
Contribution to public amenities (e.g. bus stop shades etc.)					
Environment Protection schemes					

6. Please, rank the following macro-environmental factors, influencing attitudes towards CSR Practices according to the importance for you.

Factors	Strongly agree	Agree	Neither agree	Disagree	Strongly disagree
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			nor disagree		
Company value, culture, policies and structure.					
Social programs					
Top management awareness of social involvement					
Emergence of customer relationship management concept					
Improved standard of living					

7. Please, rate the importance of attitudes regarding the impact of CSR practice in your company.

Attitudes	Very important	Important	Regular	Not very important	Not important at all
Values and philosophy of management in your company					
Planning and information systems					
Personnel recruitment and training procedures					
Product development and service delivery					
Distribution channels					
Promotional activities of the company					

8. In your opinion, how important are the following arguments in favor of corporate social responsibility?

Arguments	Very important	Important	Regular	Not very important	Not important at all

Corporate social action programs create a favorable public image for the corporation.					
Corporate social action program will help preserve business as a viable institution in society.					
Corporate social action programs help avoid more government regulation.					
It is in the long-run self interest of business to get directly involved in social issues.					
Society already expects companies to act.					
Business has the necessary money and talent to engage in social action programs.					
Solving social problems can be profitable.					
It is better to start now and thereby prevent further social problems.					
Making at least a token effort on social policies is wiser than holding out on principle.					

9. In your opinion, how important are the following arguments against corporate social or responsibility policies and programs?

Arguments against	Very important	Important	Regula r	Not very important	Not important at all
Society is better advised to ask only that corporations maximize their efficiency and profits.					
The costs of involvement in social problems will drive marginal forms out of business.					
Corporate executives lack the perceptions, skills, and patience for solving societies problems.					
Getting involved in solving social problems merely dilutes the primary strengths and purpose of business.					
Spending money and time on social problems will drive up costs and hurt export.					
Corporations have more than enough power now without also allowing them to re-mold society.					
Corporations are not held accountable to an electorate the way politicians are and therefore shouldn't start trying to transform society.					
Since there is considerable					

disagreement among the public as to what should be done, corporations will be criticized no matter what is attempt.					
If society wants to get corporations involved in solving its ills, the government should use tax incentives or subsidies to make it happen.					

10. In your opinion, what are obstacles to implementation of corporate social responsibility policies?

Obstacles	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
You can't expect manager to implement social responsibility programs if it will adversely affect his profit performance.					
The best way to handle corporate social responsibility programs is to put one man in charge, leaving other executives free to get on with the corporation's business.					
The chief problem with corporate social responsibility programs is that you can measure only the costs, never the benefits.					

Most managers are simply too busy to worry about social objectives.					
Unless the reward and punishment system forces it, managers are not going to pursue social objectives on their own.					
If manager knows he will be moving on to another position soon, he is unlikely to make expenditures toward long term social goals.					
In difficult economic items, companies are compelled to cut back on corporate social responsibility policies.					

12. Does your company have a separate budget for CSR activities? Please, underline the suitable answer.

Yes	No	Maybe	I never heard about it
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13. Who is in charge for CSR programs at your company?

CEO	
Director general	
Marketing manager	
General manager	
PR or human resource manager	
Other	
Nobody	

Appendices 2

Table 1

2.2 Selected review of definitions of Corporate Social Responsibility

Davis, 1973, p. 313	CSR is “the firm’s consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm (...) to accomplish social benefits along with the traditional economic gains which the firm seeks”
Sethi, 1975, p.5	“Corporate Social Responsibility implies bringing corporate behavior up to the level where it is congruent with the prevailing social norms, values, and expectations”
Davis and Blomstrom, 1975, p.5	CSR is defined as activities that “protect and improve both the welfare of society as a whole and the interest of the organization”
Jones, 1980, p.59	“Corporate Responsibility is the notion that corporations have an obligation to constituent groups in society other than stakeholders and beyond that prescribed by law or union contract”
McIntosh et al., 1998, p.20	“Corporate citizenship is concerned with the relationship between companies and society – both the local community, which surrounds a business and whose members interact with its employees, and the wider and increasingly worldwide community, which touches every business through its products, supply chain, dealer network, and its advertising, among other things”
Marsden and Andriof, 1998, qtd. In Andriof and Marsden, 2000, p.2	“Good corporate citizenship can be defined as understanding and managing a company’s wider influences on society for the benefit of the company and society as a whole”
Starbucks, CSR Report (2004)	“A responsible company is one that listens to its stakeholders and responds with honesty to its concerns”
Carroll and Buchholtz (2003) p. 36	“Economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time.”

**European Commission, Directorate General
for Employment and Social Affairs (2010)**

<http://ec.europa.eu>

“A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.”

Table 2

2.3 Arguments For and Against CSR

For	Against
The rise of the modern companies created and continues to create many social problems. Therefore, the corporate world should assume responsibility for addressing those problems.	Taking on social and moral issues is not economically feasible. Corporations should focus on earning a profit for their shareholders and leave social issues to others.
In the long run, it is companies' best interest to assume social responsibilities. It will increase the chances that they will have a future and reduce the chances of increased governmental regulations.	Assuming CSR places those corporations doing so at competitive disadvantage relative to those who do not.
The enterprises have a big reserve of human and financial capital. They should devote at least some of their resources to addressing social issues.	Those who are most capable should address social issues. Those in corporate world are not equipped to deal with social issues.

Source: "Corporate Social Responsibility", Encyclopedia of Business, 2nd edition

Table 3

2.8 Work-force oriented CSR activities in different European companies

The small Austrian company provides its employees with free milk and fruits and employees cook a healthy food for all during their working time. In addition, the firm offers its employees to have a “powernap”, a short sleep break for 20 minutes. The working rooms have pleasant, home like atmosphere.

IT enterprise from Norway provides to its employees free cell phones and free Wi Fi internet connections at home, so that everybody has fully serviceable home office. The company does not count how many days employees spent at home due to the illness or children’s illness.

The medium sized Polish construction company has an internal social fund to finance cultural, educational or sports activities for employees. The most prominent members of the company can also expect to get loans that do not need to be fully-repaid. As a result, all the employees have a feeling of professional stabilization and identify themselves with the company. This results in better commitment and engagement.

The Romanian research company assigns 5% of its turnover for improving the employees working conditions by investing into occupational health, training, social events, etc.

The Spanish chemical company offers its employees to become stockholder and gives them the right to participate in the enterprise general assemblies and meetings and in the enterprises profits. It has also elaborated a training plan for employees’ descendants interested in carrying out a summer internship.

Adapted from the brochure on project “CSR and Competitiveness European SMEs
Good Practices”

Table 4

4.1 Company sectors

COMPANY SECTOR	%
Educational/Training Industry	22
Financial Industry	24
Transportation/Post Industry	16
Hospitality Industry	10
Trade Industry	3
Construction Industry	9
Engineering Industry	8
Processing Industry	1
Agriculture and Food Industry	7

Table 5

4.3 Categories of CSR

CATEGORIES	VERY IMPORTANT %	IMPORTANT %	NOT VERY IMPORTANT %	NOT IMPORTANT AT ALL %
SOCIAL	76	18	2	0
ECONOMIC	38	30	18	10
ENVIRONMENTAL	58	28	4	4
PHILANTHROPIC	32	24	18	18

Table 6**4.4. Definitions of CSR**

	%	%	%	%	%
A1	54	24	14	4	0
A2	22	48	18	8	2
A3	38	36	14	6	0
A4	54	22	24	0	0
A5	30	34	28	4	2
A6	32	28	24	10	4
A7	16	42	34	6	0
A8	16	28	32	14	6
A9	22	26	38	4	8
A10	10	30	46	8	2
A11	18	22	30	26	0

Supplementary Table for Table 3

A1	Helping/contributing to the welfare of society (people/children in need)
A2	Financial support to the society (donations/sponsorships)
A3	Ensuring employees benefits
A4	Ensuring business ethics
A5	Support to societal and environmental causes
A6	Contribution to economic development and development of society as a whole
A7	Business practice/obligation/policy
A8	Company Image
A9	Ensuring benefits to organization

A10	Support to NGO's
A11	Business requirement regarding marketing practices

Table 7 (in %)**4.5 Reasons on involvement in CSR activities**

B1	28	50	10	8	2
B2	36	40	12	6	2
B3	24	32	38	4	0
B4	34	50	14	0	0
B5	22	30	42	4	0
B6	32	42	20	4	0
B7	16	20	28	28	6
B8	22	32	26	16	2
B9	18	40	16	4	0
B10	20	26	20	30	2
B11	16	38	28	12	2
B12	24	48	18	8	0

Supplementary Table for Table 10

B1	CSR forms a part of my company's policy
B2	CSR enables my company to be good corporate citizen
B3	CSR provides transparency in the areas of environmental impact and human rights
B4	CSR enhances company's corporate image
B5	CSR increases visibility as a community leader
B6	CSR ensures sustainable development of both of my company and community

	in the long term
B7	CSR is based on what employees want
B8	CSR is based on what society wants
B9	CSR is based on what consumer want
B10	CSR is a governmental /business obligation
B11	CSR contributes to welfare of employees
B12	CSR improves employee morale and commitment to organization

Table 8 (in %)**4.6 CSR areas**

C1	32	42	22	2	0
C2	28	36	20	10	4
C3	34	32	24	8	0
C4	30	32	24	10	0
C5	20	32	40	4	2
C6	40	44	4	10	0
C7	24	36	26	8	4
C8	34	32	26	6	2
C9	40	36	20	0	0
C10	12	38	26	18	4
C11	54	30	12	0	0

Supplementary to table 11

C1	Education schemes (e.g. research grants, scholarships or bursary to students etc.)
C2	Donation to welfare organizations
C3	Contribution to educational institutions
C4	Culture/heritage promotion schemes (e.g. contribution to culture and /or literature works, etc.)
C5	Partnerships with NGO's
C6	Employment of handicapped individuals
C7	Sponsorships (NGOs, sports, districts council, etc)
C8	Assistance in overcoming problems related to drug-abuse and alcoholism/AIDS, etc.

C9	Health and safety programs (e.g. health alertness campaigns etc.)
C10	Contribution to public amenities (e.g. bus stop shades etc.)
C11	Environment Protection schemes

Table 9 (in %)**4.8 Attitudes regarding the impact of CSR practices**

Obstacles	Strongly agree	Agree	Neither agree nor disagree	disagree	Strongly disagree
<i>1. You can't expect manager to implement social responsibility programs if it will adversely affect his profit performance.</i>	24	48	12	10	4
<i>2. The best way to handle corporate social responsibility programs is to put one man in charge, leaving other executives free to get on with the corporation's business.</i>	10	22	26	26	14
<i>3. The chief problem with corporate social responsibility programs is that you can measure only the costs, never the benefits.</i>	10	22	22	30	14
<i>4. Most managers are simply too busy to worry about social objectives.</i>	20	38	20	16	4
<i>5. Unless the reward and punishment system forces it, managers are not going to pursue social objectives on their own.</i>	24	32	22	20	0
<i>6. If manager knows he will be moving on to another position soon, he is unlikely to make expenditures toward long term social goals.</i>	20	40	28	12	0
<i>7. In difficult economic items, companies are</i>	22	42	30	26	0

<i>compelled to cut back on corporate social responsibility policies.</i>					
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