Exploring Corporate Social Responsibility practices of Greek companies

Alexandros G. Sahinidis
Technological Education Institute of Athens
Department of Business Administration

Androniki Kavoura
Technological Educational Institute of Athens
Department of Marketing

Abstract: This paper examines the extent of use of Corporate Social Responsibility (CSR) practices among 27 companies from 9 of the biggest industries in Greece based on their annual revenues. The types of practices used are examined and grouped into five categories, related to: Environment, Community, Marketplace, Values and Vision and the Workplace, depicting the emphases and priorities of these enterprises. Data have been collected from published information available on the Internet. The information gathered was content-analyzed while the categorization based on CSR activities followed, so as to enable us to detect patterns and variations between industries. The findings provide a picture of the types of CSR practice choices that large companies operating in Greece are making, with regard to the content, variety and number of occurrences. The findings in this study offer an understanding of the approach of large Greek companies to CSR and demonstrate the particular importance they assign to specific domains of CSR in the period of economic crisis. Considering the increasing importance of CSR practices in the way businesses conduct themselves and the rising trend of adopting such practices and communicating them to the stakeholders involved, the knowledge produced about corporate CSR practices can help in the creation and enrichment of best practices which can then be communicated and advertised to the wider population of the country’s businesses.

Key words: Corporate Social Responsibility, CSR categories, Communicating CSR, Greece

1. Introduction

Although an older idea, the concept of CSR flourished in the nineties, attracting the attention of the industry and academia alike. The corporate scandals of Enron, Worldcom and others placed CSR at the top of the agenda, of Institutions, Governments, management and researchers, with the latter pursuing the illuminating of the antecedents and the consequences of the concept. Besides the transparency and corruption issues related to scandals, scholars investigated the relationship of CSR to various social, environmental, economic and legal issues, rising from the expectations of various stakeholder groups (Carroll, 1979, 1991; Chen and Wang, 2011).
Different approaches to research appeared in the literature, as CSR attracted students’ interest in the fields of Economics, Finance, Organization, Philosophy and Ethics, each emphasizing issues related to the specific areas. The lion’s share of the research, however, represents the one examining the relationship of CSR with profitability and Performance (Margolis and Walsh, 2003; Orlitzky et al., 2003). Orlitzky, Schmidt and Rynes (2003), in their meta-analysis reported a beneficial effect of CSR investments in a company’s activities, in accounting based performance—as opposed to market-based one (Aras et al. 2010), mainly due to improved reputation and goodwill with external stakeholders.

Russo and Fouts (1997), focusing on the environment aspect of CSR, reported that firms with higher levels of environmental performance had superior financial performance. Similarly, Rakotomavo (2012) found that investments in CSR produced a higher dividend for the investors of the companies in the sample. El Ghoul et al. (2010) examined a sample of 12,915 US ‘firm-year’ observations from 1992 to 2007 in an effort to estimate the ex ante cost of equity capital. They concluded that companies with higher CSR performance tended to have a lower cost of equity.

But other researchers, nevertheless, like Aras, Aybars and Kutlu, (2010) and McWilliams and Siegel (2001), found no significant relationship between CSR and corporate profitability and performance in an emerging market. Griffin and Mahon (1997), studying the results of 62 published articles, reported a positive correlation between Corporate Financial Performance in 63% of the cases, with the remaining showing a negative correlation or no correlation at all.

The attention of the CSR literature is divided to company responses to internal and external stakeholders. Marketing strategies using CSR are targeting large stakeholder groups such as investors, consumers, employees, communities, Government, etc., hoping they will provide positive outcomes for the companies (Hildebrand, Sen, Bhattacharya, 2011).

Galbreath (2009) in his review of the literature proposes that there is sufficient evidence that CSR might lead to benefits such as lower employee turnover, higher reputation, and improved customer satisfaction. The literature suggests that there is. All these can have a number of positive outcomes for the company, ranging from its ability to raise prices, to its capability of recovering faster from crises and creating barriers to entry for aspiring competitors (Galbreath, 2009).

Other scholars investigated the effect of CSR on the perceived price of company products or services. Ferreira, Avila and de Faria (2010) found that consumers perceived greater benefit and assigned more value in the offer of the socially responsible firm and were willing to pay 10 percent more for the product, considering such price difference fair. Mozes, Josman and Yaniv (2011) examined the proposition that higher employee CSR involvement will correlate with an increased level of work motivation and job satisfaction. Both hypotheses were supported and further established the assertions of Galbreath (2009), Vitaliano (2010) and others. Research thus on CSR is ongoing and more light needs to be shed by countries in regard to CSR, especially in the period of economic crisis where one may think that companies could minimize their CSR activities. Taking the case of Greece and considering that the country is in the midst of an enormous socio-economic crisis, the role of businesses has become even more important in offering solutions in social, environmental, community and workforce problems.
Thus, this study will be focusing on the choices Greek companies make in regard to CSR activities examining how the companies and their industries in the Greek environment behave and how they chose to respond to their stakeholder expectations. More specifically, we aim to examine where companies and industries allocate their CSR resources. In the next section, a brief review of the relevant literature will be presented, followed by the methodology, the presentation of the results while implications for the communication of CSR activities are discussed.

2. Literature review

According to Jones, Comfort and Hillier (2006), there are a host of factors behind the increasing visibility and frequency of the corporate CSR initiatives and programmes. Among the most important ones are the Ernst and Young (2002). Ernst and Young (2002) point to five key drivers having influenced business focus on CSR: greater stakeholder awareness of corporate ethical, social and environmental behaviour; direct stakeholder pressures; investor pressure; peer pressure and an increased sense of social responsibility.

However important may be considered by many, CSR value has formidable opponents such as Friedman (1970) and Theodore Levitt (1958, cited in Munilla and Miles, 2005). As Friedman pointed out, the business exists to produce profits for its stockholders and everything else concerns the government and the society. The extraordinary number of scholars studying CSR, nevertheless, proved that for a company to maintain sustainable competitive advantage it is a sine qua non to have a well designed CSR strategy, whether voluntarily or because of the pressures of stakeholder groups (Freeman, 1984).

Hopkins (2007) defines CSR as being ‘concerned with treating the stakeholders of the firm ethically or in a responsible manner. “Ethically or responsible” means treating stakeholders in a manner deemed acceptable in civilized societies. Social includes economic and environmental responsibility. Stakeholders exist both within a firm and outside. The wider aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for people both within and outside the corporation’ (Hopkins, 2007, pp. 15–16).

Tuan (2012) refers to CSR as a set of ideas and perspectives about business practice that its supporters aim to enforce on the corporate sector. Through corporate social responsibility companies can influence favourable attitudes and behaviours from the various stakeholders.

In spite of the numerous definitions, however, Carroll’s (1979) CSR definition is by and large accepted as the most precise and inclusive. His model proposes that the responsibilities of the companies include the following:

1. The economic responsibility to generate profits.
2. The legal responsibility to comply by local, state, federal, and relevant international laws.
3. The ethical responsibility to meet other social expectations, not written as law (e.g. avoiding harm or social injury, respecting moral rights of individuals, doing what is right, just, fair).
4. The discretionary responsibility to meet additional behaviours and activities that society finds desirable (e.g. philanthropic initiatives such as contributing money to various kinds of social or cultural enterprises).
This definition is also in line with the conceptualization of CSR by other scholars. Mozes, Josman and Yaniv (2011) argue about the need of businesses to recognize the necessity to ‘strike a balance between profitability and the moral right to operate by assuming more social and environmental responsibility.’ Scott (2009), criticizing the plethora of definitions, presents the five most common themes among these: responsibility to the community and society; promoting democracy and citizenship; reducing poverty and the inequality between rich and poor; employee rights and working conditions; ethical behaviour.

Robins (2008), discussing the organization theory point of view on CSR, proposes that the success of an organization depends on how well it manages its relationship with its stakeholders, i.e., customers, suppliers, employees and the community within which it operates (Freeman, 1984). The objective of the management is to serve in a balanced manner the interests of all these important constituencies, which affect and are affected by the organization.

The question however that arises is whether one can identify all stakeholders and assign a weight to the importance of each to the organization. Due to scarce resources, the organization will have to choose which stakeholder gets what. This is the question addressed in this study, examining where companies and industries allocate their CSR resources focusing in Greece, which is in the midst of an enormous socio-economic crisis.

3. Methodology

One of the most popular methods in the study of CSR is content analysis (Aras et al., 2010; Holcomb et al., 2007; Orlitzky et al., 2003). According to Neuman (2003, p. 219, cited in Holcomb et al., 2007): ‘content analysis is a technique for gathering and analyzing the content of text. The content refers to words, meanings, pictures, symbols, ideas, themes, or any message that can be communicated.’ The present study was conducted in the end of 2013 and the data employed refer to CSR activities of the companies involved in the study, for the year 2012.

The sample used in this study, 27 companies, was a convenient one, due to the exploratory nature of our research, but inclusive enough to represent a significant portion of the country’s best performing industries. We selected the three largest companies (in terms of revenues) in each of the industries under investigation and collected all available information published on their official websites. Industries that are not included in this studies were not examined either because we could not locate CSR reports for companies operating in them, or because there were less than three companies of the specific industries providing the necessary information. Whenever there was no published information we would skip the company and go to the next. The CSR activities of the companies studied were then coded and classified into five broad categories as described by Holcomb, Upchurch and Okumus (2007), i.e. community, environment, marketplace, vision and values, and workforce. We then counted as many as 190 CSR activities for the entire sample, with varying degrees of emphases by the industries which was then presented. The researchers followed the so called direct way, identifying those words or phrases that are physically present and counted rather than on the latent content which depends on the subjective judgment in order to lead to reliable results (Robson, 2010, pp. 420–421; Leiss et al., 2008; Holstein and Gubrium, 1998). Two researchers were
involved, in order to make reliability tests and thus, more than one person did the coding based on the abovementioned themes.

4. Results

The data collected were categorized and presented in Table 1, while Figure 1 and Figure 2 specifically illustrate the similarities and differences in the CSR actions reported by the companies participating in the study. In sum, the medical industry, the soft-drink industry and the mobile telephony present the greatest amount of diversity of CSR activities, although the amounts spent on each activity and the total disbursement are not disclosed. The fast food industry on the other hand, appears to be the least active in CSR, followed by the aluminum and hotel industries.

With regard to the CSR activity categories, there is a clearly visible preference of the industries in engaging in marketplace activities, such as business partners and suppliers diversity and responsible offer (goods and services), reporting 52 such initiatives. Community and values and vision were the next most mentioned categories with 43 and 42 references, while workforce was the least mentioned category with 22 mentions. The findings above will be discussed in the next section, where an effort will be made to understand the rationale of the choices of the companies in the sample when making decisions as to which stakeholder gets what and how much of corporate resources, aiming to associate it with the recent economic conditions prevailing in Greece.

![Figure 1. Number of CSR activities per industry](image_url)

Source: Authors’ own elaboration.
5. Discussion, conclusion and managerial implications

Due to exogenous factors such as the socioeconomic crisis of the country, we may conclude that Greek companies are inclined to display certain behaviours suitable to the situation, such as a strong presence of community related activities, to help promoting the diminishing social cohesion and the retraining and empowering of a demoralized workforce, faced with the nightmarish unemployment rates of the unprecedented levels of 27.5% for the year 2013 (Hellenic Statistical Authority, 2014). Another issue that becomes evident from the findings is that the attention of the companies studied is focused on external stakeholders rather than the workforce and values. This can be explained using the stakeholder approach, whereby the stakeholders with the greater influence manage to receive more resources (Chen, 2011; McWilliams and Siegel, 2001). Indeed, due to the economic pressures companies direct most
of their CSR resources in a way that would produce the greatest return possible for them, that is, in the marketplace and the community in their effort to show they care (Du et al., 2010), forgoing development of workers’ skills, social equity, health and safety at work, well-being and satisfaction of the workers, and quality of work (Skudiene, Auraskeviciene, 2012).

In sum, based on the findings reported in this study, one would be justified to be cynical about the intentions of the majority of the large companies participating in this study. The results clearly indicate the use of CSR as a promotional tool rather than the intention by the companies to ‘give back’ to the stakeholders, especially the internal ones (Scott, 2007).

The significant role of CSR in regard to building a corporate image and strengthening relations among interested groups has not been fully realized, neither did its full potential which has not been well understood since stakeholders are not always aware about the CSR activities that take place (Du et al., 2010). Nonetheless, CSR is becoming more important every day and Du, Bhattacharya and Sen (2010) argue that there is need for companies to communicate CSR more effectively to stakeholders.

Openness is needed of the CSR processes and communication to the stakeholders and to the public regarding the types of behaviours that support the organization’s vision, values, and effectiveness (Chen, 2011, p. 87). Organizations do not usually report CSR initiatives in the public domain (Holcomb et al., 2007). Although there is interest in Internet reporting of CSR information because a positive public image may be maintained, communicated and presented, such interest is very complementary to the release of CSR information via annual reports (Holcomb et al., 2007; Vaaland and Heide, 2008).

Since a company’s CSR activities can lead to loyal customers who will be the ambassadors of the company (Du et al., 2010, p. 9), businesses need to take into consideration the way they should promote and communicate such activities and their involvement to a specific cause; companies though, need to keep a balance on how much effort they will put on such activities because stakeholders ‘also quickly become leery of the CSR motives when companies aggressively promote their CSR efforts’ (Du et al., 2010, p. 9).

The communication message that companies may send may be associated with issues such as the company’s commitment to a cause, the impact it has on the cause, why it engages in a particular social initiative and the congruity between the cause and the company’s business (Du et al., 2010, p. 11). Companies need to be proactive and take into consideration that there is always a path to self-improvement (Kozioł et al., 2013).

As a final note, the authors believe that, based on the findings of this exploratory study, Greek companies have a long way to go, to establish a mutually trusting relationship with their stakeholders and at a crucial time as the present, they ought to partake in the social concerns more actively and give back to the society in substantial ways.

References


Exploring Corporate Social Responsibility practices of Greek companies


Słowa kluczowe: społeczna odpowiedzialność biznesu, kategorie CSR, komunikacja CSR, Grecja

Społeczna odpowiedzialność biznesu w praktyce greckich przedsiębiorstw

Abstrakt: Autorzy artykułu dokonują analizy zakresu wykorzystania społecznej odpowiedzialności biznesu (CSR) wśród 27 firm z 9 największych gałęzi przemysłu w Grecji na podstawie ich rocznych przychodów. Zastosowane rodzaje badanych praktyk zostały ujęte w pięciu różnych kategoriach takich jak: środowisko, społeczeństwo, rynek, wizja i wartości oraz miejsce pracy, przedstawiając priorytety i akcenty wcześniej wspomnianych przedsiębiorstw. Dane, zebrane na podstawie informacji dostępnych w internecie, zostały poddane analizie pod względem treści, a następnie dokonano kategoryzacji opartej na CSR, tak aby odpowiednio dostrzec wzorce i odmienności występujące w różnych gałęziach przemysłu. Wyniki badań klarownie pokazują rodzaj praktyk CSR, jakie są podejmowane w dużych firmach działających w Grecji w odniesieniu do ich treści, różnorodności i liczby występowania. Wnioski zawarte w niniejszej pracy pozwalają zrozumieć dobór działań w zakresie społecznej odpowiedzialności biznesu podejmowanych przez duże greckie firmy w okresie kryzysu gospodarczego. Biorąc pod uwagę stałe rosnącą wagę praktyk w zakresie CSR, sposób ich adaptacji przyjęty przez poszczególne przedsiębiorstwa oraz rosnącą tendencję do stosowania takich działań, jak również przekazywanie informacji na ich temat zainteresowanym stronom, wiedza w ten sposób uzyskana może pomóc w tworzeniu i wzbogacaniu najlepszych praktyk oraz poszczególnych przedsiębiorstw w kraju.