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Chapter 5

Integrating Role of the Values in the Context of Management Culture and Corporate Social Responsibility

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Abstract

This chapter defines an integrating role of values in the context of the management culture and corporate social responsibility (CSR). Although similar types of organizational culture predominate in the countries with similar historical, cultural, social and economic characteristics, three levels of values are highlighted, the significance of their integration and management standards oriented towards values congruence is substantiated. The developed axiological prerequisites of corporate social responsibility for managerial changes and the conditions of the formation of the value basis based on the idea of congruence are presented.

Keywords: corporate social responsibility, culture, values, values congruence, standards, stakeholders

1. Introduction

Relevance of the research and the level of problem exploration. Research that deals with corporate social responsibility (CSR) values often focuses on the relationship of the company and its external stakeholders. Usually, a huge attention is given to the capacity of management to relay social responsibility values [1], as well as to the openness of enterprises, as according to Verma and Singh [2], sincere and honest social reporting can harness a better relationship with all stakeholders. But corporate social responsibility values are no less significant for the processes within the organization. Costas and Kärreman [3] substantiate critical engagement with the interactions between corporate social responsibility, employees and...
management control within organizations, and Ohlrich [4] has shown the influence of organizational values and corporate social responsibility programmes on recruiting and retaining staff in the context of talent management. On the other hand, it is stated that socially responsible human resource management, defined as corporate social responsibility directed at employees, underpins the successful implementation of corporate social responsibility [5]. Some of the other studies show that there is a significant connecting link between corporate social responsibility and management (leadership) [6, 7].

So, given corporate social responsibility objectives, it is emerging as a distinctive dynamic construct based on universal values which is relevant both for establishing links with external stakeholders and for organization of the internal processes of the company. However, there remains a number of unanswered questions, for instance, how corporate social responsibility itself can contribute to the development of management culture and what the role of values in this context is. If corporate social responsibility programmes can be used instrumentally within an organization, it can be assumed that values serve as certain ‘glue’ for organizational culture which enables greater mutual understanding and interaction, as well as greater effectiveness of management. However, the people and their understanding of values are quite different, as well as the organizations are different, when values often become a cynical part of the communication strategy, not necessarily matching the true values of the organization and its leaders. There is also no consensus on how to ensure the identity of values within the organization itself. Some authors argue that organizations have to select the employees who match their values [8], others speak about value congruence as a dynamic, mutual relationship between the organization and its members [7, 9, 10] Tang et al. [11] identified even several significant areas. Their results show: a positive relationship between ethical leadership and leader-follower value congruence; a significant moderating effect of collectivism on the relationship between ethical leadership and leader-follower value congruence; a negative relationship between leader-follower value congruence and employees’ intention to leave; and a significant mediating effect of value congruence on the relationship between ethical leadership and employees’ intention to leave.

The problem of the research: is raised by the question: what role do values play in the processes of formation of corporate social responsibility and management culture?

Object of the research: values in the context of management culture and corporate social responsibility.

Purpose of the research: having found common value principles of corporate social responsibility and management culture, to highlight the integrating role of values in the context of management culture and corporate social responsibility.

Objectives of the research: (1) to discuss prerequisites of value corporate social responsibility for managerial changes and (2) to define the principles of formation of the value basis in the context of social responsibility.

Methods of the research: General research methods (comparative and systematic logical analysis of academic literature) were used when investigating and analyzing the integrating role of values
in the context of management culture and corporate social responsibility. Grouping and comparison methods have been used to process and organize information.

2. Management culture in the context of corporate social responsibility

In the previous parts, we discussed the essential management culture and its components, the reflection of which demonstrates a valuable connection of these two concepts which can be analyzed not only individually but also systemically. The more so that various studies show strong CSR and organization's management relations [3, 5] that have a significant impact on employee behavior. Orientation towards socially responsible organization requires fundamental changes in management culture that are not limited to formal managerial staff orders, regulations and their implementation-performance control. Human relations, although there are a lot of research and practical recommendations, are still not known to the end and present an extremely complicated area, especially, when we speak about large organizations where inevitably there are collisions of a variety of attitudes, preconceived provisions, values. We also have to raise questions about the social competences of the members of those organizations, solving and combining different interests of individuals. These issues are related to the transformations of attitude towards management and the implementation of values and their development. Therefore, we will briefly discuss the problem of instrumental role of management culture values in the context of implementation of corporate social responsibility.

3. Valuable assumptions of corporate social responsibility for management changes

Valuable content of organizational culture integrates corporate social responsibility ideas that could be described as higher and target standards of business organization, avoiding objections for society-accepted norms of morality and taking responsibility for the functioning of society. Joyner and Payne [12] state that ethics, values, honesty and responsibility are required in working environment of modern organizations to achieve business success. A significant impact on corporate social responsibility implementation is given by inter-related aspects, such as personal values of managers [13], organization’s philosophy [14], two-way communication with stakeholders, that is, the organization’s openness [15, 16], dimensions of profits, political, social requirements and ethical values [17], organizational justice and corporate management [18, 19].

Distinctive business standards existing in different countries, regional, cultural peculiarities, differences of companies, as well as public pressure and so on have an impact on the organizations’ efforts to comply with the norms of corporate social responsibility and liability expression forms [20–23]. Specific organizational culture types, characteristic to different culture organizations, affect the behavior of managers and corporate social responsibility should also be assessed. For example, having carried out the research of eight countries’ organizational
culture types in the context of corporate social responsibility, Übius and Alas [24] argue that similar types of organizational culture dominated in countries with similar historical, cultural and/or economic tradition.

Thus, organizational culture is closely related to the basis of corporate social responsibility values that reflect the organization’s philosophy, managerial methods, ethics, openness or reticence, and form the quality of relations both within the organization and with external stakeholders. Differences in organizational cultures of different companies are significant both in relation to corporate social responsibility values and in integrating them in management activities. In this regard, the national culture context, in which the organization functions, should be emphasized, as a significant impact on the consolidation of corporate social responsibility processes. In this case, it can be expected that despite individual differences, in the companies functioning in the same cultural context, it is possible to detect certain characteristics which are based on values naturally established or formed under various agreements, standards.

Substantial social responsibility guidelines are represented by standard ISO 26000 [25]. The standard core is the organization’s responsibility for the consequences of their decisions, the activities of the society and the environment, which contributes to sustainable development, including health and social welfare. The activities are based on transparency and ethical behavior, are integrated and applied in practice, they are in line with juridical and international norms, and take into account stakeholders’ expectations. Socially responsible activities integrate community, take into account the interests of consumers and take care of the work environment and human rights. Corporate social responsibility is not possible without a holistic approach to the organization and its environment. In other words, the idea of social responsibility is based on the human values the dominance of which allows the achievement of harmony and sustainability.

Having reflected on corporate social responsibility origins again and again, we state that this is corporate ideology, policy and practice, reflecting such behavior of companies when they voluntarily integrate social and environmental issues into their work, and in relations with all, stakeholders of society, business and government representatives are guided by valuable principles of respect to humans, society and environment. A socially responsible company applies sustainable development principles in practice. Nevertheless, it must be acknowledged that in the activities of companies, the ratio of the organization’s and general (social) values often experience greater or smaller crises which have a significant impact on the relationship not only of consumers, market participants, partners and employees with the organization that provided the jobs. In such cases, we are talking about the incongruence of organization’s and staff values.

There exist three levels of values: social, organizational and individual. Personal values represent all that is the most important and significant to the person, with respect to social, psychological, morality or beauty point of view: the desired objects, the states, aims and forms of behavior are applied as normative standards. Meanwhile, the organizational values are the belief and moral principles, which lie in the organizational culture and give meaning to the norms and conduct standards in it. A significant impact on formation of personal values is made by moral
criteria accepted generally in society, culturally entrenched and passed on to members of society, which guarantee the stability of society and the common well-being. However, many individual and social values are the same. The congruence of individual and organizational values is a natural and at the same time artificial process which, as a culture-forming component, must be maintained and developed by the management representing the organization. Individuals and organizations, in a broad sense, follow the values characteristic for socioculture, on the basis of which the relationship among individual systems is constructed [10, 26, 27] state that the organizational culture and corporate social responsibility are linked through values that exist in every organization. Therefore, corporate social responsibility implementation in companies is based on the congruence organization and society values. The congruence of values means that the goals of employees and the organization are more or less the same. With respect to total quality management, a modern organization in the context of a longer perspective must act in a way that would satisfy the needs of all its stakeholders and expectations [28], and the organization’s orientation towards universally acceptable values favorably affects the internal working conditions, relationships with customers, consumers [10].

So, to briefly summarize, it should be stated that, firstly, the values comprising the content of corporate social responsibility concept represent the general moral, ethical principles of society, and secondly, the congruence theory of values could be taken as the basis when implementing social responsibility principles in an organization.

4. Formation of valuable basis in the context of social responsibility

Today, we face the need to rethink an attitude that quite recently was considered as being progressive in developing countries stating that only maximally free companies, oriented towards the generation of profit, can ensure the growth of the society, and the solution of social problems is solely a matter of the government. The processes of globalization and the dissemination of values significantly change the attitudes of the society and employees at the same time. As a result, social responsibility ideas, the need to focus on the group’s interests in developing countries are becoming more and more popular. The consensus of interests is probably the main aspect of corporate social responsibility, causing a sensitive reaction to groups and dynamics of their interests. However, Ledwidge [29] points out that corporate social responsibility is only an addition rather than an integral part of the organization’s basic strategy. The author’s highlight is significant in the way that in practice, we see quite a lot of companies disappointed in the social responsibility idea and hoped to get quick ‘interest’.

Corporate social responsibility is the concept that is dynamic in practice as well, involving different tactics. Wood [30] proposed the model of corporate social responsibility realization which measures the results of companies, as well as of corporate behavior (Figure 1).

The model can be considered to be universal, but the content can survive the changes which adjust the results to be achieved, organization’s social policy and implemented programmes. Rajak [31] drew attention to the fact that international corporations have moved away from traditional values such as philanthropy, generosity towards ‘community participation’, partnership,
empowerment and ‘social investment’ which is given more attention. However, various studies show that the change of tactics does not influence the survival of essential motives, values, or, in other words, the incentives of employees as one of the stakeholders, changing their intensity and combination. Schmeltz [32] analyzed the reactions of young people to the values of social responsibility.

The study showed that the majority of respondents are focused on personal and community benefits and give much less attention to more global aspects, such as the preservation of the planet. Strautmanis [33] drew attention to the sex and working places differences affecting valuable differences, and underlined the importance of ethics study for businessmen. Tobey and Perera [34] also evaluated adjustments by introducing a national context. Aguilera et al. [18], analyzing social responsibility at various levels of motives (individual, organizational, national and transnational), highlighted control at individual level, as well as sense of justice which is related to job satisfaction, commitment, etc., meaningful existence and hierarchy. Moral motives reason the need for a meaningful existence, managerial interest, high value, corporate responsibility and altruism.

It is significant that social responsibility of the organizations is the process of broad spectrum, which includes not only the entire cycle of product creation and marketing but also interpersonal relationships. They are developing not only according to formal norms established by the organization or state laws but also with reference to the basis of personal values.

Declaring the specific values, for instance [35], the organizations presenting themselves with public statements (on web sites, in the brochures and the media), aim to highlight their core values with the words ‘honesty’, ‘dedication’, ‘sincerity’, ‘understanding’, ‘integrity’, ‘respect’, ‘responsibility’, ‘reliability’, ‘dynamics’, ‘innovation’, ‘courage’, ‘ability’, ‘accountability’, ‘transparency’ and so on. Such coding of key organizational values has a strong emotional charge through which there are attempts to make contact with interested groups.

Valuable change is a complex process that is connected with the corrections of hitherto conventional ways of operating and persuasion of the members of the organization to recognize these values and to identify themselves with them.
Thus, having renewed the organizational culture content, it is required to recode the signs, in other words: the internal ‘language’ of the organization. In the contexts of both corporate social responsibility and management culture, the harmonization or, in other words, the congruence of values of the organization, its employees and society is relevant. When discussing the congruence of the organization and the individual values, the focus is on corporate social responsibility values that represent human, social harmony and values of relation sustainability between the organization and the environment. Synergistic effect of values congruence is emphasized. Corporate social responsibility is a significant change in the organization’s thinking, to achieve which the appropriate management culture expression is necessary. Many of the management culture and corporate social responsibility aspects should be ensured by the legislation under which the organizations operate. However, the practice shows that following legal norms is impossible without high civic responsibility and management culture strengthening.

Corporate social responsibility is strongly influenced by the civil self-consciousness, consumer culture and the selected state economic model. Corporate social responsibility in valuable and functional aspects shall notify the development level of the contemporary management culture. Implementation of corporate social responsibility processes depends largely on management culture. The organization’s management culture expression is related to social responsibility expression in the feedback. Corporate social responsibility perception, closely related to the management culture development [36, 37], is an organization’s managerial tool, performance management tool, that is why it should be applied not only in business but also in any organization [38]. In other words, the organization’s ability to implement corporate social responsibility values depends on the strength of management culture expression. The stronger the management culture expression, the easier the implementation of corporate social responsibility principles. On the other hand, corporate social responsibility values are reference points in helping to develop management culture.

While discussing why corporate social responsibility development is not as rapid as we would like, it is necessary to assess objective circumstances, too. Business culture that was formed on the basis of national culture, the cultures of individual branches and organization are an important and heavily denied factor which conditions the vitality of social responsibility ideas. Corporate social responsibility is associated with the management culture in many aspects although both of these phenomena are very often dealt with separately. On the one hand, the cultural characteristics are recognizable by the distinctive features according to which the organizations position themselves, become identifiable and/or interpreted by the personnel, customers, clients, etc. [39], the culture can encourage employees to work productively, and it will be the best motivation, but the problem is that the culture must not only be created but constantly be maintained and developed in response to the changes taking place in the organization and its environment [40], involving [26] social responsibility. On the other hand, the cultural environment and the companies’ culture determine social innovation successes and failures.

In terms of management culture as an integral part of organizational culture, the following criteria are often emphasized: special relations and relationships among the members of the organization [41], model of core beliefs [42], common motives, our usual behavior [43],
ideology characteristic to all companies, beliefs and values that dictate how people should work in those organizations, attitudes [44–46], organization’s customs and traditional way of thinking and activity mode [47, 48], behavior characteristic to the company (its employees), mindset and external shape (e.g., organizational structure, symbols and so on) [49], managerial method [50] and others. The abundance of descriptions that distinguish various elements shows the complexity of organizational culture, and the combination of these elements forms a distinctive image of each organization and management behavior model. In this case, a significant role is given to management culture as a formal part of organizational culture, the changes of which can be combined with corporate social responsibility principles.

Transformation of organizational values and the coding of new values is a rather long and complicated process that requires knowledge. Management science is offering a variety of technologies currently, such as coaching, neurolinguistic programming, etc. [51–54], but management wisdom or management talent remain significant. Therefore, social innovation in the context of organizational values is becoming more relevant to the organizations.

As Hamlin et al. stated [55], changes managed by organizations become a driving force, but the organization’s changes are possible only through personal changes, changing the way of thinking and perceiving new opportunities [56], because, according to Ledwidge [29], the organization’s success is determined by how much human resources are motivated to work and collaborate towards a common vision.

In response to stakeholders’ expectations, corporate social responsibility policy includes organizational actions and ethics, for which the manager is responsible [57], who has to overcome various barriers of the employee values and behavior. So it is often stressed that the company’s human resources development overcoming the existing barriers of behavior can significantly contribute to the implementation of CSR [58]. According to Ardichvili [59], who highlighted the importance of human resources management, CSR, corporate sustainability and ethics are parts of the same organizational subsystem, shaped by a complex interaction between human capital, individual moral development, habitus (mindsets and dispositions), organizational practices and culture, and external situational factors. According to the author, human resource development is the generative mechanism, or engine, driving the development and change of organizational culture, consists of power relationships that are shaped by specific figurations of various types of human capital (social, cultural, economic and symbolic). Not accidentally, socially responsible human resource management is identified as one of the crucial factors. According to Shen and Benson [5], socially responsible human resource management, defined as CSR directed towards employees, underpins the successful implementation of CSR.

Thus, while evaluating corporate social responsibility studies, in the process of organizational values transformation the content of communication values level is included, where feedback is emphasized, by enabling the assessment of the appropriateness of tactics, success, and which gives the possibility to adjust effective corrections. Values (content) are encoded in symbols (codes) that are essentially unchanging in the organization’s culture. Values are passed by simplified, easily understandable, recognizable and interpreted-decoded symbols in an unambiguous manner. Organization’s history, heroes, and other characters carry a powerful, suggestive emotional, valuable charge. This valuable cultural content, transferred by
internal communication channels, is aggregated and only then transmitted into the outside of
the organization. The values not accepted and survived by the members of the organization
will not ensure optimal communication with external stakeholders.

Despite the emerging information carriers, the most important role of a personal example, lead-
ership still remains, which has a decisive influence on changing the organization members’ atti-
dudes and advantage over administrative measures. This means that the organization values
declaration is inseparable from their application in daily management activities, that is why the
constant relevant issue is the organization’s management staff culture, including not only refresh-
ment of management technologies, knowledge, but also a personal management staff culture.
The concept of leadership involves both members of the organization and the organization itself.

Recognizing that social responsibility is part of the strategy, the changes begin with the
analysis of strategy, aims and current situation, that is, inventory of a valuable content, how
much the content is appropriate to the aims. This means that organizational values must be
inventoried, the new ones initiated according to the stakeholders’ needs, and at the same
time, the symbols of organizations are adjusted, new meanings given. A significant role is
given to management wisdom, or, in other words, the management talent, as the dimensions
of management culture. Transformation of values is presented as partially controlled, con-
stantly ongoing process, maintained by formal and informal contacts with feedback, enabling
efficient control and correction, partially controlled because the staff reactions can only be
affected by valuable, moral stimuli, to develop wisely appropriate valuable attitudes, but not
to change the available ones. It can be argued that the organization’s valuable content ori-
ented towards social responsibility reflects the socioculture, and transformations affect only
its separate elements and ways of design techniques for members of the organization.

Thus, two aspects of the problem should be identified: firstly, how much the organizations are
ready to actually implement corporate social responsibility principles in their activities and
what state of corporate social responsibility is; secondly, most often corporate social responsi-
bility issues are analyzed in the context of business organizations, but no less attention has to
be given to public sector organizations as well whose activities condition a number of social
and economic processes in the state. The starting position introducing the concept of corpo-
rate social responsibility is the organization’s readiness, that is, the level of corporate social
responsibility, which is associated with the management culture expression. Management
culture expression can be regarded as a methodological basis and instrument for organic, sys-
tematic integration of the concept of social responsibility in the activities of the organization.

Thus, in summary, it could be stated that the logic of management culture assessment and
development in order to implement corporate social responsibility is based on the analy-
sis of management culture, social responsibility content, relationships among stakeholders
and their relationship functional communication which is based on the practical realization
examples explication. Management culture is a wide discourse, but in Lithuania, it has been
structured and conceptualized in Zakarevičius’ works [60–62]. This concept has not been
widely developed yet, but in scientific literature of other countries, the component parts of
management culture content are analyzed in the overall concept of organizational culture.
The scientific literature uses the terms of the organization’s culture, organizational culture,
management culture; however, their distinction is meaningful not only in the agreement or linguistic values, because the latter directs its attention by its semantics to the organization of procedural organization’s activities, management aspects. In other words, it reflects the organization’s management culture and its formation principles. Management culture discourse object is all management staff of the organization, regardless of the functions and organizational structure. Qualitative performance parameters of management staff are also included, and that can be varied in the development of the organizations that respond to new challenges, embrace management education trends, standards, use the emerging new technical possibilities. Regardless of what management theories are guided in practice, the core principles of management culture are the culture of management personnel, consisting of personal values, managerial competence, qualitative parameters of processes organization, ability to create a work environment, the flow of information, data documentation and management.

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