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Chapter 16

Establishment of Expression of Management Culture as a Formal Part of the Organizational Culture, Aiming to Implement Corporate Social Responsibility

Pranas Žukauskas, Jolita Vveinhardt and Regina Andriukaitienė

Abstract

In order to establish the factors of occurrence of the management culture as a part of formal organizational culture, which have an influence on the implementation of corporate social responsibility, the survey of managerial staff of the companies was carried out. Corporate policy of formulation of strategic goals, visions, organizational structures, etc. as well as how corporate social responsibility is realised in practice was evaluated. Attention is drawn to the inconsistencies because of which corporate social responsibility, as a concept, is not fully realised in the corporate strategy, but only focused on individual goals. Therefore, there remains a wide untapped field of the managerial potential and the development of structure of the organization.

Keywords: managerial staff, strategies, organizational structure, rules/regulation, technologies, processes, information systems, control, incentive

1. Introduction

Relevance of the research and the level of problem exploration. While analysing management culture exceptionally as formal part of organizational culture, the focus is naturally on undertaking management. The questions of the interview are formulated aiming to reveal the specific peculiarities of the organizations from a perspective of strategies, organization structure, rules/regulation, technologies, processes, information systems, control and incentive [1]. The components mentioned above were presented in detail in the theoretical chapters of the monograph, however, substantial issues of some of the authors, on the basis of scientific
publications of the formulation of questions of the interview for management survey, are worth laconic reviewing once again. The research refers to the view on the significance of the role of the manager in the assessment of culture by Bushardt et al. [2], to the highlighted importance of the staff’s participation in strategy designing and achievement of results by Haber [3], to Hu et al. [4] who identified the impact of managers’ actions on employees’ behaviour, that is, understanding of interaction of management, organizational culture, employees’ cognitive processes achieving improvement of the managerial staff culture. Another significant opinion comes from Dahlgaard et al. [5] based on the idea that procedural management enhances the culture of organizing management processes and facilitates development of managerial staff culture. While discussing issues of organizational structure, there is a significant approach to it by Laulusa and Eglem [6] as to a core element of formal culture. The management culture improvement model, created by Albert and Silverman [7], includes the stages of formulation of objectives, change development and integration of the program into programs of human resources management; in each stage, technological changes are planned and in the final stage, human resources maintenance program is created. Franklin and Pagan [8], who researched into causal relationships between the factors of formal and informal culture and the choice of employees’ discipline strategies, highlight leaders’ actions and the fact that, while choosing the type of formal discipline, written documents of the organization, timely and detailed references, organizational structure anticipating the dependence, etc. play a significant role. Meanwhile, Cooke [9] considers enterprise’s orientation towards the employees’ welfare, which includes improving the quality of employees’ working conditions and applying means of motivation, as one of the main important cultural aspects. There are found quite a lot of sources that analyse certain elements of formal organizational culture: strategies, processes [10], organizational structure [11–14], control [15, 16], incentive [17].

The problem of the research is raised by the question: What is the expression of management culture as part of formal organizational culture in the treated undertakings, and how, having completed a comparative analysis, to identify the gaps between the undertaking management and their employees’ opinions?

Object of the research: Expression of management culture as part of formal organizational culture.

Purpose of the research: To establish the expression of management culture as a formal part of the organizational culture, aiming to implement corporate social responsibility.

Objectives of the research: (1) To analyse and summarize the results of the undertaking management survey; (2) to perform a comparative analysis of the results of the study of different undertakings; (3) to perform a comparative analysis of the quantitative and qualitative research.

Methods of the research and data processing. To achieve the aim, a qualitative research method—a structured interview—has been chosen. As the aim was to compare the answers of the informants of both groups of companies, a structured interviewing method was chosen in order to get the most objective data so that the investigator, in case of this research, would not get affected by additional questions. The researcher’s assumption was that the additional questions while conducting interviews with managers could make their answers easier, when
in this case it was very important to determine to what extent the managers are aware of the function of some of the analysed elements in the organization (that, as shown by the results of the research, was proved later). Interviews were conducted in Lithuania by using the instrument approved by the experts ‘Expression of management culture, as part of formal organizational culture, aiming to implement corporate social responsibility’. The data of the research were transcribed, the results were analysed and compared.

1.1. The research sample

Managers of six companies were interviewed. Informants’ characteristics are presented in Table 1.

Most of the informants managing the companies do not have a specific managerial education. For example, the basic education of the informants representing the first group of companies—chemical engineering, sports technology, animal husbandry technology, while the second—law, finances, economics, engineering (one of the informants identified management). Most of the companies are referred to as medium (in terms of number of employees, irrespective of the turnover and/or balance criteria, since only managerial aspects and their relation to corporate social responsibility are analysed). The greatest leadership experience has I1 (the first corporate group, 10 years) and I4 (the second corporate group, 30 years). These informants have the longest manager’s work experience in the current organizations. The average work experience of the informants of the second corporate group—17 years, whereas in the first group—only 5.5 years.

The informants from both corporate groups represent activities that have a significant impact on the environment, both in production assessment, technologies used, the waste produced, the impact on the health of employees and product consumers. The number of employees also implies the direct impact of processes organization, working conditions, etc. on the closest environment.

Although these are only statistically expressed sums of factors, both education and management experience interfaces can be seen in the results of the research.

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Informant’s code</th>
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<tbody>
<tr>
<td></td>
<td>I1</td>
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<tr>
<td>Number of employees working in a managing organization</td>
<td>150</td>
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<tr>
<td>Manager’s work experience in the current organization (in years)</td>
<td>7</td>
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<tr>
<td>General management experience (in years)</td>
<td>10</td>
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<tr>
<td>Corporate group*</td>
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Source: Compiled by the authors.
Note: 1. First corporate group. 2. Second corporate group.

Table 1. Informants’ characteristics.
1.2. Research organization

The companies of two Lithuanian company groups whose main activity is manufacturing were chosen for the research (i.e. the same companies where quantitative research was carried out). The top level managers from two companies were interested in the research performance; the interview questions for their subordinate branch companies’ managers, the issues of research course as well as publicity of the results issues were coordinated with them. Before conducting the interview, all the informants were sent interview questions by e-mail and the meeting time was agreed, so the informants had enough time to think over their future answers.

1.3. Research results

Transcribed research data are presented in the text, in isolated fields. Since, as mentioned above, the interview was conducted in the native language of informants, that is Lithuanian, the translation of the informants’ answers inevitably had to be adjusted. The translation of the original text of the interview did not distort the content, the changes were made only with respect to grammar. To ensure anonymity, the names of areas, products and other names that can identify organizations involved in the research, at the request of top level managers, were marked by ‘X’. Below are there presented the results of the research by maintaining the order of succession of the interview components, that is, from strategy to incentives.

1.3.1. Strategies

Having analysed the informants’ answers, it appears that in the strategies formulated in their organizations under their leadership, the connection with corporate social responsibility principles is indirect and has no clearly defined expressions. This is detailed below, while discussing the informants’ answers.

None of the informants clearly and precisely defined the vision, but a lot of them mentioned separate actions. I1 emphasized a production that is safe to customer and environment. However, in assessing the whole content of the answer, there is revealed something that could be seen as a stereotyped understanding of corporate social responsibility, for example, grounding on the environment protection.

I1:
What can I say? Our company is engaged in the production of complex fertilisers.
Our production is specific.
There is part of the fertiliser, which we call ‘our forte’.
This is a chlorine-free fertiliser that is free of chlorine, does not pollute the soil and it is better for vegetables.
Also our fertilisers are nitrate-free and so to speak, plants get nitrogen without nitrates and this does not harm the human body.
In this approach we are friendly to the environment.

The question of whether the chemical fertilisers do not affect the human body and the ecosystem—is the object of a broad and diversified scientific debate, but attention should be drawn
to some moments of the response. For example, in this case, although it comes about a single-plan understanding of corporate social responsibility (the environment protection), but the vision does not reflect the vectors which could be used to reduce environmental pollution emphasised during the interview. Similar responses, with some exceptions, were given by other informants. Though it is important to companies to highlight environmental focuses in their visions (e.g., I2, I3, I4), economic success in order to warrant leadership in a particular market is perceived as important moment of CSR (e.g., I2).

I2:
The aspect reflecting social responsibility most in the company’s vision is our ambition to become the most efficient producer of a product in Eastern Europe (from the area unit, from a hectare).

In this I see such things that the company aims to effectively use its resources, both their own as well as natural resources, because the production itself is associated with a large and potential pollution on the environment; these are precisely the things, perhaps, that reflect the company’s or vision’s identity with social responsibility, and that efficient production process without responsibly involved people, managers and a very clear structure would probably be impossible.

It is, perhaps, my answer to this question.

The response of the latter informant highlighted the perception that socially responsible activities involve not only decision-making managers or owners, but also employees. Also, the role of the organization’s structure is perceived, which shows the links with the management culture.

Culture is the area where I3 actualizes own CSR policy by foreseeing a stable funding. However, special attention should be paid to answer of I4, which at first glance may seem rather abstract.

I4:
When speaking about the vision and social responsibility, I think that these are closely related subjects, because the company (group of companies) employs over a thousand people.

And nothing exists without people.

They are the core of our strength. You can buy a lot of the best equipment, but unless you have people, they will not do anything for you.

Therefore, these issues are inseparable, and we are always concerned about how people live.

We are working very much on these issues and using various forms.

In this case, the informant, whose management experience is the biggest (10 years, which among other things include not only the market but the planned economy and the transformation periods), stressed the role of human resources. Although the company’s vision presentation has not taken strictly defined forms, the informant’s approach includes many aspects of corporate social responsibility.

In the responses of other informants an important problem shows up, the essence of which is a fragmented perception of persons interested, because separate companies name their different groups. That means, some are being ignored, and relationship is being developed selectively due to the lack of going into the CSR ideology in regard to subjects interested. In
companies policy, CSR plays a sort of auxiliary function that serves in striving for competitive advantage (this focus is especially emphasized by I1 and I2), and initiatives are used while tackling arising problems. For example, in case of I2, there is a striving for favour of state institutions by reconstructing the buildings to which state protection of cultural heritage is applied, and I3 recognizes that nature protection suffers due to motives of costs reduction. I4 highlighted a material well-being of subjects interested, however, the answer illustrates that the informant not so much avoids a straight answer but shows up the fact that there is a lack of perception what is organization’s vision and what is its meaning for organization:

I4 emphasized the aspect of labour force retention.

In this aspect, I think, it is very difficult, because if taking Europe where masses of people leave to England, London, the average class actually has very good conditions created, externally seen, but if you look deeper, there are a lot of nuances and problems.

However, externally it is very attractive. In this area, I think, we are very far behind.

However, evaluating speech content in the context of corporate social responsibility, the relics of the Soviet society welfare state and state regulatory system are revealed, that is, a provision that lack of individual initiative should be compensated by the state, which could be related to the company’s resources, by increasing the cost of implementation of corporate social responsibility initiatives. In addition, an extremely narrow understanding of corporate social responsibility is revealed, while determining the compliance of corporate social responsibility principles with the company’s mission.

Company’s mission often differs from CSR principles, which is openly acknowledged by the informants. For example, I1 thinks that CSR should be topical to social rather than non-profit companies, I2 professed that he never considered how corporate social responsibility should be related to mission of his company. I3 felt the lack of objective criteria, by using which it would be possible to measure a correspondence to CSR, and which are based on presence or absence of clients’ complaints only.

In other words, CSR is not clearly expressed in the company’s mission, and it is not thought over how it is implemented in daily practice. I4 highlighted the concern of the employees (their work environment and welfare), philanthropy and implemented social projects.

We emphasise that the person would feel full-fledged at the company, no matter what position he would occupy, either a cleaner or an operator of the highest qualification, let’s say.

They are all the same people to us, we respect everybody, because all of them help us to create a product. If talking about philanthropic things, we devote a lot of attention, support.

First of all, I want to mention all the children’s homes and disadvantaged people, and we carry out individual projects.

Now a new project, when one of our companies provide catering to those who in general do not fall into any disadvantaged group, they are lost in life, they have no place to live, have no income at all.

Anyway, we feed them, cook soup with meat additives.

I think it helps to try to stand up on one’s feet in life again, to find any place of their own. Even if it is a small detail, but it helps to feel a human being…
However, initiatives are characterized by fragmentation but not a purposefully oriented systemic policy. Similarly as in explanations of other informants. For example, I6 highlights the meaning of attraction and retention of productive employees, however, first, he linked it to economic goals, and I5 saw no relationship between CSR and company’s vision. Though companies have formed general strategic principles, the research results show that corporate social responsibility is reflected there only fragmentedly and is not systematized and integrated till the end.

As already mentioned above, the informants run companies belonging to groups of companies, therefore, not all are independent in addressing strategic corporate social responsibility issues. Part of informants (e.g., I1, I2, I3) re-addressed the question about CSR meaning for company’s strategy to management of group of companies, by stating that they are not responsible for these questions. I4 emphasized importance of employees’ expectations in company’s policy.

I4:

I think that great importance is given.
Every year, during budget discussion, together with our basic things, we discuss such things, what we can do for their employees, what measures to apply.

However, employees as subjects interested have no significant impact while forming company’s strategy. For example, the answer of the I4, mentioned earlier, partially reflects general policy of Lithuanian organizations’ management. The answer of the already mentioned I4 partly reflects the general management policy of Lithuanian organizations. That is, the employees’ ideas and involvement are promoted and/or supported only when creating new products. Greater employee involvement is hindered by vertical corporate structure:

I4:

Of course, employees play an important role.

Our strategy is formed on one principle - from top to bottom, but otherwise, also from the bottom to the top – something what we can produce and what quality we can produce, new product development is a major contribution of every person, and it leads the company forward.

We promote those things, because if not moving forward, without creating anything, you can stop very fast.

A large part of employees is involved in this strategy creation process.

However, this approach is risky for the reason, how employees of the company (stakeholders) will be convinced with the sincerity of declared corporate social responsibility values, and involved effectively into these initiatives, as the role of the employees is understood only to the extent that is directly linked with production, and corporate social responsibility is not highlighted in the space of valuable initiatives.

So, to summarise briefly, attention should be drawn to the fact that the organizations’ strategies and their formation get secondary priorities. There is a lack of a clearly defined strategy, which could have a clearly defined vision and mission when trying to achieve aims. Therefore, it can be assumed that in general the analysed companies have not developed strategic thinking and strategy formation skills. Corporate social responsibility is not clearly understood in the company’s strategy, because of the lack of corporate social responsibility aims and perception of values. Therefore, individual aspects of corporate social responsibility in company
strategies are implemented as a necessity to meet the economic responsibility towards shareholders and legal responsibility—in accordance with the standards established by the state.

In relations with employees as stakeholders, a conscious adjustment of interests is not so much revealed as individual human resource management elements that are more concerned with the economic interests of the company rather than the search for social harmony. Similarly to the environmental protection aspects of activities that are more focused on the legal (requirements, standards enforcement) and economic responsibility, optimising economic losses. Employees’ (non) involvement into the formation of strategies reflects the long-standing, stagnation approach to management of companies; in the context of corporate social responsibility, this enhances the problem in the relationship with employees as one of the stakeholders. In general, greater employee involvement is hindered by rigid, vertically oriented organizational structures, the details of which will be discussed further analysing the informants’ answers. In these responses, a controversial issue is emerging, have the informants (company managers) thought over and purposefully constructed organizational structures, or do they function chaotically?

The informants’ answers provide food for reflection if the situation was predetermined by dictated external (including parent companies) management tradition—a unique post-communist, developing national culture determinant, not fully measured trust of the personal management talent, or lack of management knowledge (see quantitative research results). The informants’ answers provide a wide complex of reasons, why both the formation of company strategy and corporate social responsibility integration in those strategies are very complicated company management problems.

1.3.2. Organization structure

In the discussion, the issue of organizational structuring and corporate social responsibility strategy is significant in the context of organization structure. Aldama et al. [18] noted that these are strongly associated with the company’s size, number of employees and revenues. The authors analysed the organizational structures of developing economies, but it is true in our case as well. The first three informants named an organizational structure as a linear-functional, and I4 was unable to describe it in particular. The rest two distinguished dominants of linear and functional structure respectively.

However, a strict definition of operating company’s organizational structure can be difficult, as shown in I2 explanation:

I2:

I would say it should be separated, otherwise it is linear-functional, but since the company is not small, of course, the distribution of functions exists, there are certain manifestations of organisational structure.

In principle, some departments are working very functionally, such as manufacturing where there is a very clear distribution of functions and the tasks are clear, where the results of the company’s activities are clearly viewed; and there is little of the creative freedom and everything is very clearly named.

If to look at the management level, it is actually seen in the commerce department where can be seen other organisational manifestations as well, so every manager is, in principle, free to look for new opportunities to have their own projects, to develop them and to have benefits for themselves as well as to seek benefits for the company; it is possible to see the manifestations of project structure, but in principle it is, perhaps, the linear-functional, clearly defined.
It is significant to note that informants were not absolutely certain to what type their organizational structure should be assigned, which indicates that these questions were not given special attention previously.

Informants have no clear and straight answers to the questions how subjects interested interact with organizational structure, how this particular structure could serve in implementation of CSR. For example, I1 and I3 appealed to the openness and employees’ initiative without specification of how the structure itself helps to reveal it, and I2 acknowledged that has no idea what should be the structure during implementation of CSR policy:

I2:
Well, maybe this structure is not the best choice for the implementation of social responsibility, but I think that more important is not the structure, but the human understanding of social responsibility, because if there is no such understanding, human consciousness what it is, I think, no structure will help and it will not be implemented if there is the only thought about profits, about money and not about what is going on around.
Well, I do not know what the structure should be to change the human being and make him more socially responsible or something like this.
Probably you have to be inside, in discussions, ever explanations of what it is, what is being done, and then, it seems to me that this can lead to any structure.

On the one hand, the aspects of valuable corporate social responsibility are highlighted, on the other hand, the focus is not on structures ensuring the functionality of the processes, development of people’s initiatives implementing corporate social responsibility, but on the individual provisions. Hence, summarizing it could be stated that informants differently perceive how organizational structure affects processes of implementation of corporate social responsibility, that informants either indicated that these questions should be tackled by management of groups of companies (e.g., I4), or gave them no particular importance (e.g., I3) and linked them with adaptation to a changing situation without a necessity to have an outline of clear structure (e.g., I2 and I6). In the cases discussed, organizational structures are not integrated in the context of corporate social responsibility principles. You can look for different reasons, but you should consider the fact that corporate social responsibility is not expressed as one of the elements of the strategy. That would explain why there is no clearer reflection of the structure. According to Glynn and Raffaelli [19], institutional logics serve as lynchpins, connecting organizational practices to organizational design so as to reinforce and enable each other. However, the doubts in responses of the informants show that most leaders are not sure what organizational structure really exists in company they are managing. In some cases, the description of the company’s organizational structure did not meet the company’s organizational structure characteristics published in the company’s website. Therefore, in this case, there are two possible assumptions: either company managers do not know the organizational structures types or the activities are carried out not according to the structure published in the website.

1.3.3. Rules/regulation

While implementing any new practice, it is important how the rules/regulatory system already function in organizations. In addition, this system is necessary for allocation of
functions, drawing lines of responsibility, which, as it turned out during empirical research, are not always clear, so the risk of abuse is not excluded. The fact that tasks are not always formulated clearly is indicated by the informants’ responses:

I1:
In principle, there is a kind of rotation, tasks are allocated. According to the strategic plans everybody discusses who has to prepare, who is responsible for what. It is not very strict, there are two types, yes, when the order requires doing that, then that, I think, is everywhere, but our management is not such that we identify everything. We allow the employee to express their ideas, suggestions. And so allocation of tasks is going.

That is, the employees are given enough freedom to express initiative. It could be assumed from the answer that the form in each case is selected by the manager ‘if necessary’. However, the orders regulatory system remains unclear. In some cases, the absence of strict regulation is perceived as a possibility of flexibility that provides advantages to company’s activity (e.g., I1 and I2).

I1:
The employees have fairly broad opportunities to decide their own labour organisation issues, propose and implement their own ideas if this, of course, does not interfere with the company’s policy, mission and vision.

However, a problem arises in the case, as discussed above, when an organization has not formulated a clear vision and mission in the aspect of corporate social responsibility. The fact that employees have no possibilities to contribute their work organization was confirmed by I2 and I3. In addition, it shows a situation that often occurs in the company governance practice, where the theory seems to recognise employees’ initiative, but the solutions to realise it are not permitted:

I3:
I would separate these two things - the allocation of tasks and employees’ decisions issues. It would be better if there was a task assignment, that those tasks should not be assigned and the employees themselves decide and bring those decisions to the manager or do something else—that would come from the bottom, not the manager would delegate the tasks to do. That would be the ideal option, but in real life it is not always like this and you have to assign the tasks by yourself, then, I would say, if the employees decided themselves, and would bring and say that there may be something out there to change and to do, this company only would be even more successful because of that.

So, while the informant stresses that <<... it would be better if there were task assignments that those tasks should not be assigned and the employees themselves could decide... >>, the possibility to make decisions for the employees themselves is not realised. This is also apparent in other informants’ speeches. For example, assigning of tasks may include a feedback opinion (in case of I4). In other cases, possibility to tackle the questions of work organization independently is given to management personnel only (e.g. I5) or there is followed an order strictly determined in staff instructions (e.g. I6).
1.3.4. Technologies, Processes

The research results indicate how CSR policy is reflected in technologies used by the companies, standards available and processes organized. In this case, many of the informants link technological and process organization aspects to the environment protection—it basically reflects the already highlighted understanding of the traditional corporate social responsibility. For example, the responses of the informants highlight exceptionally the aspects of environmental protection (I1) and production’s quality correspondence to international standards (I2) [20]. However, while aiming for corporate social responsibility, there should be improved "… the main things would be the tasks themselves and communication, internal communication issue, in fact it is one of the most improvable process at present…". In the company represented by I3 technologies are "… 8–9 years old …", "… there is really that technology coming from Europe, where these [environmental protection] criteria were taken into account…". It is assumed that when company presents itself publicly, a positive, exalted aims based business image is being created. But while there is emphasis on orientation to the environment protection, the question is whether such old technology can fully meet modern requirements. On the other hand, the approach of the company represented by I4 is much broader and includes not only production, but also the workplace organization, staff recreation aspects. Technological renovation is focused on strategic objectives ("… there is a steady introduction of new technologies, changing…"), but the problem is that the aspect of corporate social responsibility in companies’ strategies could be named as a weak link. During management of processes, there is a reference to the ISO 2200 [21], ISO 14001 [22] and BRC (British Retail Consortium) standards (I6) or just restriction to the national law (e.g. I5), which indicate significant differences of companies’ attitudes.

The response of the first informant shows that despite the company acknowledges the need for development, however, it restricts itself to only environmental protection aspects by employing the specialists of the field who take care of activity correspondence to the law. In this, as in other cases, corporate social responsibility is more perceived within the economic and legal responsibility prisms. For example, the informant noted:

I3: It is necessary to improve, of course, and as far as possible, and as much as possible: again there are new technologies, there are still more sustainable ones, reducing electricity costs, gas, etc., energy resources. This is also as if social responsibility against nature, against everything, to use as little as possible.

So, the feasibility studies are constantly made on how to install, how to reduce the price, how to consume less, how to make the work of the production people easier, how to reduce the manual, the amount of physical work, to automate as much as possible, so these things are made.

Immediately possibility studies are made, every year we make investment plans and every year we invest a little money from our earned profits to some stuff. Naturally.

The opinion of informant I5 is similar, too, suggesting that improvements are "… related to the interests of the company…", a service is to be "… provided faster, better quality of service provided…".
1.3.5. Information systems

The discourse of information systems involves many dimensions that are relevant not only for the implementation problems of corporate social responsibility but also in the overall process management, knowledge creation, sharing and others. This is a very broad topic, out of which we will touch upon only individual aspects, showing the general trends (for wider and deeper analysis, we need a separate research).

In explanation of the criteria that describe management of information flows, the first informant distinguished the use of traditional electronic media (e.g., e-mail) and personnel’s live contacts.

The response of I2 indicates that electronic data management system is used only by company’s administration, and contacts with ordinary employees are direct only:

I2: I follow this principle. I am successful with some people, but not with others, but open doors or the desire that no matter what category employer could be able to communicate with any level manager, is a key objective.

The response of the latter informant illustrates the frequent situation occurring in the country’s companies practice (policy), which emphasises the distance between managerial staff and ordinary employees. This distance exists in various processes of management relationships with employees, as well as exchanging the information (internal communication). The initiative is as if shifted to other interested groups (trade union or its employees who do not belong to it), without tools and options to materialise that initiative. In other words, there are indications that there are prejudices (stereotypes) which hinder the development of a dialogue among stakeholders. The informant’s reply presents certain contradictions between the declared position and the efforts to implement it. For example, indirectly expressed criticism for such staff feature as ‘unconsciousness’ supports the ‘open door’ principle, but it is also stated that this is the upcoming ‘aspiration’. Companies which have introduced or are introducing a number of systems deal with these problems easily (e.g. I3). The responses of some informants (e.g., I5 and I6) indicate, that it is assumed that a particular limit of the need for development is reached.

The responses of all informants indicate that companies, in their internal documentation and regulations, have not clearly described how the use of information systems may contribute to the striving for CSR. There is a referring to the arguments that employees’ possibilities to receive an information required are satisfactory, thus, the source of initiative is not a company’s administration, and responsibility as if is transferred to employees themselves. In other words, information systems have been identified as ‘satisfactory’, however, this is ensured not by the company itself but rather by the initiative of a company group. Furthermore, analysing all informants’ answers, attention is paid to the fact that there is no focus on communication with external stakeholders.
1.3.6. Control

How does corporate control system work in the context of corporate social responsibility? Costas and Kärreman [23] believe that corporate social responsibility works as a form of aspirational control that ties employees’ aspirational identities and ethical conscience with the organization. The responses of the first informant to the question how control system is related to CSR implementation indicated that main attention is given to the fact how the company corresponds state environmental protection requirements. However, in this and other responses, there is highlighted a trivial perception of relationship between control system and corporate social responsibility. For example, I2 simplified corporate social responsibility by stating that quality control is a reflection of CSR per se. However, based on the analysis of the semantic content of the informant’s remarks, it can be concluded that the control system connection with corporate social responsibility is not thought-over (enterprise control system status, as such, has not been evaluated separately):

I2:

There is another system - passage control which, in my opinion, is totally contrary to the definition of a socially responsible company, but the passage control system exists even in very responsible companies.

And this issue is a major challenge for all organisations that they are socially responsible, do everything directed both to environmental and social well-being of employees, but on the other hand, it is an example of total mistrust of the employee; so whether it satisfies or not satisfies, I think that it helps us, the first part - quality control, ISO standards, monitoring our processes, as we look at them, trying to publicise them as much as possible, to extract all the company’s internal operations, so that everyone is familiar with them and sees what is happening and could respond to the situation drifting in a good or in a bad direction.

It is this side we as if show our full confidence in the employees and our social responsibility towards them and the company’s operations, and to our customers and the environment in which we are, but elsewhere we have control systems that limit the freedom, and this is a deliberate act understanding that the company is not completely healthy if there happen certain negative aspects related to the unprotected property and other things.

Together with control systems existing in companies and their connection (and possibilities to connect) with corporate social responsibility, there is another important problem. It is illustrated by other examples. I3 highlighted, that there are no limitations in satisfaction only of the state requirements, however, in the company, there exists only a vertical control system.

Contrarily than in case of I5, where the requirements of the state are being only transferred to company’s regulations and there is a control how these requirements are being followed, I4 and I6 mentioned the changes taking place, during which the employees are taking more initiative.

1.3.7. Incentive

Assessing the incentive system, a closely related problem of human resources/personnel management and corporate social responsibility was highlighted. Firstly, there is general lack of the incentive system clarity, functionality and versatility as such. Secondly, in the absence of a clear incentive system, employees’ promotion implementing corporate social responsibility becomes very complicated. For example, in case of the first company (I1), stimulation system is not being related to CSR directly. As the explanation illustrating the overall situation, I3 text can be referred to:
I3:
It is, as I said, annual interviews, the companies’ activities are assessed in shareholders’ boards and then accordingly bonuses are paid at the end of the year.
It may be a five-size salary, or three or four.
Here, again, it depends on the person, how he worked, and on the company itself.
All things are tied together into one and then there is the incentive.

Thus, in this company, as in the case of I4, it became clear that companies had not discussed yet how stimulation system could be related to CSR, and there is a restriction to traditional payments for work results or (e.g., I5) for saved resources:

I5:
For company resource savings? It may not be applicable very directly, but indirectly, it is associated with the company’s results.
It is not pointed that if you have not used half the pencil, you have saved, so this half is yours, but if the company does not need to buy something, respectively, it already influences.
Let’s say, energy resources, what does it have to do with social responsibility, there is less pollution - through the results of companies the employees feel the effect, too.
There is no absolutely direct link, but after reaching the overall result in the company, there is each employee’s input.

So first, we should speak of development of incentive systems in companies in general, integrating the installation of corporate social responsibility values. The problem is that corporate social responsibility in the country is often perceived as a marketing aspect which is made meaningful excluding employees of the company. Or it is associated only to company’s image in the eyes of partners (e.g., I5).

However, while stimulating employees, the focus is put on economic responsibility aspects. For example, the responses of I6 indicate, that employees’ social responsibility is not being stimulated in any way, and there is only a restriction to additional assessment of the reached high results. In such case the potential of human resources is not being used. Furthermore, there remain a lot of untapped possibilities for development of ethical aspects for organizations aiming to implement corporate social responsibility as well as not aiming.

To conclude, it should be noted that I1 management culture is not developed either as such, or in connection with corporate social responsibility. The signified management culture components are focused on economic responsibility, and coordination of relations with state institutions with emphasis on the environment protection, and customers and consumers are actualised by producing competitive products. Environmental protection is closely related to the company’s economic liability. The relationship with employees as stakeholders is perceived through the prism of economic responsibility. However, the need for change is not emphasised. I2 recognises the need to change by improving the allocation of tasks and internal communication, but does not emphasise the need for corporate social responsibility standards. In the company represented by I3, management culture is not purposefully developed and integrated in aiming for corporate social responsibility. Corporate social responsibility itself is perceived not strategically but relatively fragmented as saving of energy resources for environmental protection, and standards observance. The organization’s policy is not systematic, involving ongoing
processes and employees, discouraging their voluntary involvement. I4 puts greater emphasis on technological maintenance, primarily, by focusing on economic responsibility, more attention is paid to employees as stakeholders. Corporate social responsibility is reflected eclectically in management culture, since it is not clearly formulated in the company’s strategy. In I5 responses, CSR is not actualised, it is reflected episodically in management culture, with regard to the economic and legal responsibility, as well as to the company’s image. In I6 replies, the need for corporate social responsibility standard installation is actualised and it can be ensured by implemented technologies and information systems in the company, but the employees’ initiative and freedom of decision are limited by the management system. Interview results are summarised in Table 2.

### Table 2

<table>
<thead>
<tr>
<th>Interview component parts</th>
<th>Summary of managers interview results</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Strategies</em></td>
<td>Corporate social responsibility is perceived eclectically. Eclecticism is reflected in the lack of clarity in the developed strategies of organizations and the respective managers’ awareness of the analysed issues. Based on the results of interviews, it can be stated that there is a risk that the principles of social responsibility will not be clearly and fully communicated to the employees of the organization. There is also a high probability that the mentioned principles can only be realised in part in the practice of companies involved in the research</td>
</tr>
<tr>
<td><em>Organization structure</em></td>
<td>The managers of groups of companies who have participated in the survey recognise the importance of corporate social responsibility, however, organizational structure clearly lacks flexibility, and not only in the context of implementation of corporate social responsibility</td>
</tr>
<tr>
<td><em>Regulation</em></td>
<td>On the basis of the replies received during the interview, tasks given to subordinates in the analysed groups of companies are strictly regulated. The difference is that in the first group of companies, according to the managers, employees are given more freedom of decision-making</td>
</tr>
<tr>
<td><em>Technologies</em></td>
<td>During the interview, the questions formulated for the managers focus on modern technologies, which meet the requirements of environmental protection and product safety, reduce energy consumption, etc. However, the responses received have revealed that old technologies are still used in practice. Thus, to sum up, it should be stated that corporate social responsibility in the technological context does not play the role of the realised and implemented criterion</td>
</tr>
<tr>
<td><em>Processes</em></td>
<td>Processes are regulated by using international standards, focusing on the management of risk factors. However, on the basis of the replies received during the interview of managers, the fact that the principles of corporate social responsibility are implemented only partially inasmuch as it is compatible with the production quality and environmental requirements is highlighted. The need to regulate the processes when implementing social responsibility standard is accepted in the first group of companies</td>
</tr>
</tbody>
</table>

*Fragments of the results of the survey of employees at the level of the individual items*
In this research, the problem of the declarative character of corporate social responsibility (use for marketing purposes, etc.) was emphasized as a systemic factor influencing the company’s interrelated internal processes that may be significant to the implementation of CSR in practice. For example, in the second group of companies, based on the results of this research (Table 3), greater focus was put on international production quality standards, technical and information provision, as well as investment in stakeholders outside the companies.

On the one hand, the experience of implementation of standards and management system would allow expectation of more successful implementation of corporate social responsibility, but the results of quantitative research show that these investments do not have any significant influence on evaluations of the employees as stakeholder in relation to CSR. Therefore, the results of quantitative and qualitative research of the first group of companies, if compared with the results of the second group (Table 4), provide a basis for discussion, how much the priorities given to standards, for product quality assurance by the company managers are related to corporate social responsibility and what rebound is possible to expect in the scope of this research.

<table>
<thead>
<tr>
<th>Interview component parts</th>
<th>Summary of managers interview results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information systems</td>
<td>It should be stated that the provision of information systems in the groups of companies participating in the research is not sufficient. Communication is unidirectional; it does not ensure feedback within the organization and in relations with stakeholders outside the organization.</td>
</tr>
<tr>
<td>Control</td>
<td>The analysis of the managers’ responses, falling under the dimension of control, shows that the situation is different in the first and second groups of companies. Stricter regulation, focusing on compliance with the rules has been revealed in the second group of companies. Self-control is more promoted in the first group of companies, according to the replies of the managers. However, the control system is related to the principles of corporate social responsibility only in respect of quality of production and the requirements of the controlling authorities.</td>
</tr>
<tr>
<td>Incentive</td>
<td>In a certain sense, incentive is one of the most complicated dimensions. Both groups of companies recognized the significance of motivation of employees, although a wider diversity of forms of incentive was highlighted in the first group, but the forms of incentive used in both groups of companies are not directly related to the implementation of the principles of corporate social responsibility.</td>
</tr>
</tbody>
</table>

*Comparison of the results of interviews of the managers with the employees’ answers (at the level of individual items) highlights certain moments related to a vision of control from different positions, pointing to discrepancies.

Table 2. Summary of interview results compared to the results of the survey of employees at the level of individual items.

Source: Compiled by Andriukaitiiené [1] and Vveinhardt and Andririukaitiene [24].

*Supplemented by Žukauskas.
<table>
<thead>
<tr>
<th>Interview component parts</th>
<th>1st group</th>
<th>2nd group</th>
<th>Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategies</td>
<td>Environmental protection, economic responsibility, responsibility to the consumer, legal liability, relations with consumers; corporate social responsibility is not part of the strategies</td>
<td>Economic responsibility, environmental protection, philanthropy, relations with employees as stakeholders, the communities, employees are involved in strategy formation; corporate social responsibility is not part of strategies</td>
<td>Corporate social responsibility is not part of company groups’ strategy, but CSR individual elements are more developed in the strategies of companies belonging to the second (2nd) group, they are focused on the wider circle of stakeholders, employees are involved in the formation of the strategy</td>
</tr>
<tr>
<td>Organization structure</td>
<td>Mixed: linear and functional, in the context of corporate social responsibility oriented to economic responsibility</td>
<td>Linear and functional, in the context of corporate social responsibility oriented to economic responsibility</td>
<td>No dominant structure, adapted to different operational specifics. In both groups, in the context of CSR actualised only for economic responsibility satisfaction</td>
</tr>
<tr>
<td>Rules/ regulation</td>
<td>There is no unified system, strict regulation in individual companies is combined with the granting of decision-making freedom to the employees, there is no possibility to freely organize their work</td>
<td>Strict control, regulation, there is no possibility to freely organize their work</td>
<td>The first (1st) group is distinguished by the system of united rules/regulation</td>
</tr>
<tr>
<td>Technologies</td>
<td>The emphasis is on the need for corporate social responsibility; technologies are oriented to environmental protection, waste reduction</td>
<td>Environmental protection, technologies improving the working environment</td>
<td>In both groups of companies, technologies are in line with the economic and legal responsibility, but in the second (2nd) group, the relationship with employees as stakeholders is more appreciated</td>
</tr>
<tr>
<td>Processes</td>
<td>Process management in individual companies differs, production quality standards are installed, risk analysis and management are standardised</td>
<td>Production quality standards are installed, environmental process management is standardised, workplace organization, the need for SA8000 is stressed</td>
<td>The second (2nd) group of companies stands out in a standardised process management, orientation to corporate social responsibility requirements</td>
</tr>
<tr>
<td>Information systems</td>
<td>The data management system, internal communication, feedback</td>
<td>The data management system, availability, internal and external communication</td>
<td>Significant differences and significant relationship with CSR were not revealed, but more attention is paid to the information flow, in the second (2nd) group of companies processes are better defined</td>
</tr>
<tr>
<td>Control</td>
<td>Environmental protection, economic responsibility, legal liability</td>
<td>Environmental protection, economic responsibility, legal liability, self-control</td>
<td>Control systems in both groups of companies are focused on economic and legal responsibility; the importance of self-control is better perceived in the second (2nd) group of companies</td>
</tr>
</tbody>
</table>
Short summaries are presented in several aspects. In terms of the management culture and corporate social responsibility, criteria discussed and identified in the previous chapters, the latter are expressed episodically in companies’ activity practice, lacking systematic approach. Corporate social responsibility, as a concept, has not been fully realised in company’s strategy, but linked only with individual structural elements (e.g. production organization responding

### Table 3. Expression of management culture, as a formal part of organizational culture, aiming to implement corporate social responsibility: comparative analysis.

<table>
<thead>
<tr>
<th>Scales</th>
<th>Subscales</th>
<th>Empirical research</th>
<th>Qualitative reflection</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>I</td>
<td></td>
</tr>
<tr>
<td>Management culture</td>
<td>Management staff culture</td>
<td>56.2</td>
<td>Management culture is represented by qualitative research informants—company leaders’ discords with the company staff reactions highlighted in the quantitative research case. This is an actual issue for both groups of companies. However, the second group of companies distinguishes by investing more in product quality standards, information systems, but has not reached more favourable assessments.</td>
</tr>
<tr>
<td></td>
<td>Managerial processes organization culture</td>
<td>52</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Management working conditions culture</td>
<td>54</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Documentation system culture</td>
<td>52.6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total average/conclusion</td>
<td>53.7</td>
<td>Management culture of both groups of companies is not sufficiently developed.</td>
</tr>
<tr>
<td>Corporate social responsibility</td>
<td>Behaviour of a socially responsible organization</td>
<td>51.9</td>
<td>Corporate social responsibility discourse in the cases of the first and second groups of companies does not differ significantly, but the overall estimate is not high. Declarative and narrowly perceived by leaders corporate social responsibility could lead to very critical attitude of the staff and run a low level of support in the perspective.</td>
</tr>
<tr>
<td></td>
<td>Behaviour of a socially responsible employee</td>
<td>56.3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total average/conclusion</td>
<td>54.1</td>
<td>Corporate social responsibility of both groups of companies is not fully developed.</td>
</tr>
</tbody>
</table>

Source: Compiled by the authors.

Note: Averages.

### Table 4. The quantitative and qualitative research comparative analysis.

<table>
<thead>
<tr>
<th>Interview component parts</th>
<th>1st group</th>
<th>2nd group</th>
<th>Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incentive</td>
<td>Incentive in corporate social responsibility context is not actualised, the incentive system is focused on economic responsibility, reflects the general company policy, as an incentive, the opportunity to develop is used</td>
<td>Actualised economic responsibility, the expectations of the employees are taken into account, training opportunities are used not to the full, incentive in the context of corporate social responsibility is not accentuated</td>
<td>In both groups of companies, corporate social responsibility in incentive system is reflected as much as it is related to economic responsibility; in the first (1st) group of companies, more diverse forms of incentive are used</td>
</tr>
</tbody>
</table>

Source: Compiled by the authors.
to the legal regulations), that is why an unused broad multifaceted social responsibility field still remains. Corporate social responsibility in general is perceived as execution of juridical regulations, remaining undeveloped initiative surpassing the state system regulation, that is, not as an ethical moral imperative. All of this can be connected to the overall problem of applying corporate social responsibility principles in the company, knowledge of values in society. This problem manifests itself in the fact that managers perceive corporate social responsibility in limited, eclectic ways and stakeholders’ pressure to comply with certain principles is weak. In the area of corporate social responsibility, the employees are often not regarded as stakeholders who have a significant impact on the overall corporate social responsibility implementation policy. In general, this can be considered as an inveterate problem of the country’s corporate management culture. At the same time, it can be kept as a certain litmus paper indicating how relations with stakeholders are perceived and how management culture of specific companies is developed. Although the informants’ responses highlight some aspects of corporate social responsibility and outline plans to deploy corporate social responsibility standards, management culture development problems and lack of systematic approach can prevent the successful implementation of the initiatives. In this context, it is worth noting that the country’s institutions of higher education that train management professionals pay considerable attention to business ethics and corporate social responsibility. A significant problem is that employees who have no management education or special basic knowledge as how to work with people are allocated to managerial positions. In addition, too little attention is given to the training and advancement of these specialists. All this, without a doubt, has an impact on the processes discussed in this chapter.

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References


