

**Global Trends in Human Resource Management**

Mila Lazarova; Emma Parry; Eleni Stavrou

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# 3

## CSR and Responsible HRM in the CEE and the Nordic Countries

*Rūta Kazlauskaitė, Paul E.M. Ligthart, Ilona Bučiūnienė  
and Sinikka Vanhala*

### Introduction

The purpose of this chapter is to shed light on the debate about the congruence between the corporate discourse on corporate social responsibility (CSR) and the implementation of respective policies, and the contextual influences on this. This chapter will be based on Cranet data from Nordic and Central and Eastern European (CEE) countries.

Corporate social responsibility is becoming a mainstream issue and a global trend. The growing interest in CSR can be accounted for by the fact that, being intertwined with local communities and society at large, organizations have to perform the role of a social actor in order to stay in business (Schoemaker, Nijhof & Jonker, 2006). Additionally, organizations face pressures from multiple stakeholder groups to devote their resources to CSR-related activities (McWilliams & Siegel, 2001). Prior research on CSR has mainly focused on external stakeholders and organizational benefits, such as the enhancement of corporate reputation, customer attraction and retention, higher consumer receptiveness to new products and customer satisfaction (Branco & Rodrigues, 2009; Drews, 2010). In this chapter we address the issue of CSR from an internal stakeholder (current and potential employees) perspective, which has received a lesser conceptual and empirical attention so far. Specifically, we will study the adoption of HRM action programmes aimed at the integration of disadvantaged groups of society into the workforce.

Along with the pressure to engage in CSR activities, organizations are also expected to disseminate information about their CSR commitment on respective activities. Demands for greater CSR formalization, however, have evoked a debate among business practitioners and academics. It is unclear whether CSR discourse, or its formalization and communication, translate into more responsible corporate behaviour, or whether CSR is merely a public relations tool used to enhance corporate image. Empirical research on CSR formalization and actual engagement in CSR is still lacking.

Therefore, this chapter aims to test the linkage between CSR-related policy formalization and communication, and the actual corporate engagement in CSR-related activities, namely responsible HRM action programmes.

CSR is argued to be context-specific, that is, affected by various firm-level and country-level factors (Wanderlay et al., 2008), and the relations between the organization and its environment (Nielsen & Thomsen, 2007). This therefore requires taking into account the different interests of organizations that come from divergent organizational and national contexts. However, the impact of the context on CSR has been widely ignored in prior research, and only recently have comparative studies started emerging (Gjølberg, 2009). In this chapter we aim to compare and contrast the CSR formalization–implementation linkage between Nordic and CEE countries, which differ in their institutional and cultural contexts, and historical developments, and which according to prior studies show varying degrees of corporate engagement in CSR activities (Elms, 2006; Gjølberg, 2009).

### **CSR practice: Responsible HRM action programmes**

Despite the great popularity of the CSR concept, CSR practice measurement still constitutes a major problem. This can be accounted for by a number of factors. First, no universally accepted definition of the CSR concept exists. Second, organizational engagement in CSR may be driven by different motives (which will be discussed in the following section) and may address different stakeholder groups.

We will not go more deeply into the debate over the meaning of the CSR concept and will refer to it broadly as ‘beyond law’, that is, voluntary actions pertaining to multiple fields of activities (World Business Council for Sustainable Development, 1999). In a broad sense, CSR practices may be categorized into five areas: corporate governance, natural environment, employees, local communities and business environment. Here we limit the scope of CSR practice analysis to one of the above five areas, employees, and study it through organizational engagement into responsible HRM action programmes.

What does responsibility mean in the HRM context? The CSR–HRM linkage is still largely under-researched. However, following prior works in the field, responsible HRM can be defined as a set of HRM policies and practices aimed at guaranteeing current and potential employee wellbeing, following the principles of equal opportunity, perceived fairness and business ethics (Bučiūnienė & Kazlauskaitė, 2010).

How does responsible HRM translate into actual HRM practices? In the Green Paper promoting the European framework for CSR (2001), speaking of the internal dimension of CSR and HRM, the European Commission refers to responsible recruitment practices, in particular non-discriminatory practices, which are expected to facilitate the recruitment

of people representing ethnic minorities, older workers, women, long-term unemployed and people at a disadvantage. In a special appeal to CSR, among other priorities, the European Council (2000) emphasized the improvement of employability and furthering of all aspects of equal opportunities. Similarly, the World Business Council for Sustainable Development (WBCSD, 1999) referred to the involvement of and respect for diverse cultures and disadvantaged people.

The above listed CSR-related HRM practices make a clear reference to a critical need for better integration of the disadvantaged groups of society into the workforce. Integration in this case refers to recruitment, adoption of special training programmes to reduce their skill gaps and concern about their future, which involves career planning. Thus in this study we refer to responsible HRM as special action programmes aimed at recruitment, training and career development of disadvantaged groups of society.

### **CSR discourse: Communication and formalization**

Recently organizations have been facing considerable pressures not only to engage in socially responsible activities, but to disseminate information about them too. Therefore, it is becoming increasingly important for organizations to communicate their CSR-related policies and activities. As a result, organizations develop formal CSR policies or informal agendas on CSR and choose different forms and means to report on their CSR activities.

CSR communication is generally aimed at providing information to legitimize one's actions (Birth & Illia, 2008). Organizations use a wide range of channels and forms of CSR communication (social reports, codes of conduct, codes of ethics, websites, advertising, packaging, etc.) and reporting (sustainability report, CSR report, social and environment report, health and safety report, etc.). The choice of communication channels to a large extent depends on the objectives of CSR communication, which vary from one stakeholder group to another. For instance, with respect to shareholders, such objectives rest on the development and maintenance of a favourable climate for the financial situation. With respect to customers, objectives include reputation, product differentiation and customer loyalty. Employee-related CSR communication is aimed at reputation building through word-of-mouth, enhancement of employee satisfaction and commitment, employer attractiveness and turnover reduction.

Demands for greater CSR formalization have evoked a discussion among both practitioners and academics. As regards the world of business, it is noteworthy that claims for transparency and accountability have pushed a lot of multinationals and larger companies to include their social and environmental activities in their annual reports or produce special CSR reports (Perrini, 2006). Small and medium-sized organizations, however, are rather sceptical about CSR communication and reporting and are more reluctant

to follow such demands (Fassin, 2008). With regard to the public opinion, empirical findings show that, although there is an expectation among consumers and society at large that organizations engage in CSR, they do not appreciate excessive communication about such activities (Morsing, Schultz & Nielsen, 2008).

The academic approach towards CSR formalization, communication and reporting is also divided. Proponents argue that it is essential to report CSR actions. Not only does it make organizational actions more visible and measurable; it also leads to a more active engagement in CSR (Fassin, 2008). Critics of formalization, however, propose that possession of a formal CSR policy does not necessarily imply that it is actually being implemented (Welford, 2005). CSR has become a popular concept, and following this trend organizations are tempted to offer public declarations on their engagement in responsible activities in order to enhance their corporate image in the community. Therefore it cannot be argued that organizations that develop formal CSR policies and communicate them act more socially responsibly than organizations that do not possess such policies and do not engage in CSR-related activity communication.

As seen from the above debate, prior research has not come up with a clear answer to the question of the relationship between CSR discourse and practice. In this chapter, referring to the meaning of the CSR concept, where the main emphasis is on the principle of voluntarism, we propose that CSR formalization and its implementation through various responsible HRM programmes are interrelated (i.e. that the higher CSR formalization the more active is organizational engagement in various CSR-related actions). Respectively we raise the following proposition:

*Proposition 1: CSR policy formalization is positively associated with organizational engagement in responsible HRM action programmes.*

## **CSR discourse and practice: Organizational and national context**

CSR initiatives may be dependent on contextual factors (Werther & Chandler, 2006; Wanderlay et al., 2008); therefore, to understand the relationship between the corporate discourse and practice of CSR, it is necessary to recognize the specifics of the organizational and national contexts behind corporate engagement in CSR practices and their communication and formalization.

Speaking of the organizational context, it can be argued that CSR formalization and practice depend on the organizational size and industry. Larger organizations are more likely to invest more heavily both in CSR formalization and implementation in comparison to smaller ones. This has been supported by some prior research in the field. For instance,

Brammer and Millington (2006) found a positive relationship between firm size and philanthropic expenditure. As regards to industry specifics, CSR formalization may be higher in the banking and finance sector, chemical industry and manufacturing with high emission levels, as consumers and society at large look at them with higher levels of distrust. Thus corporate visibility is positively associated with engagement in CSR. For instance, findings of an empirical study on organizational participation in Responsible Care (a global voluntary initiative in the chemical industry) revealed that larger companies, those with better-known corporate names, dirtier companies (with higher average pollution levels), and companies from dirtier sectors would be more often found among the initiative membership (King & Lenox, 2000).

Sector can also be argued to have a significant impact on CSR discourse and practice, as traditionally the public sector is perceived as a model employer, specifically in terms of fair treatment of employees, guarantee of job security, equal opportunities, individual development and working conditions, clear career progression and strong internal labour markets (MacKenzie, 2002; Brown, 2008). Public sector organizations can therefore be expected to be more heavily engaged in various CSR-related activities and programmes.

The levels of CSR formalization and communication may also vary across different national contexts. For instance, governments may promote CSR policies to enhance international competitiveness, to encourage integration of the economically marginalized into the mainstream or to develop a better society (Aguilera et al., 2007). Empirical evidence also shows that country of origin has a significant impact on CSR (Wanderlay et al., 2008). In regard to CSR reporting, it is voluntary in most countries worldwide. In the past decade, however, growing numbers of governments within and outside Europe (e.g. Denmark) have launched regulations on sustainability reporting. Respectively it can be argued that firm and country-level variables have to be taken into consideration in studies on the relationship between CSR discourse and practice.

## **CSR in the CEE and Nordic country context**

As mentioned above, CSR is considered to be context specific; therefore, to study the linkage between CSR policy formalization and implementation and to contrast it against different national contexts, two distinct clusters of European countries – Nordic and CEE – were selected. The two clusters differ in their institutional and cultural contexts, historical developments and degrees of corporate engagement in CSR activities (Elms, 2006; Gjølborg, 2009), which allows exploring country- (region) level effects on CSR policy formalization and implementation.

The Nordic countries are characterized by geographic and cultural proximity, for they share strong historical, linguistic, religious and ethnic binds,

thus fulfilling the definition of a country cluster according to Clark and Mallory (1996). The Nordic countries are welfare states with generous social benefits, which are funded by high taxes and available for all. Another typical feature of Nordic countries is the egalitarian image of gender relations and a close cooperation between the social partners in the labour market: employee unions, employer organizations and the state (the so-called corporatist industrial relations system) (Byrkjeflot, 2001; Andersen, 2008).

What mainly justifies putting CEE countries in one cluster is their socialist heritage. During the socialist period the institutional context of the CEE countries was relatively uniform. After the fall of the Berlin wall, the CEE countries may have taken different developmental paths in their transition from a planned to free market economy; nevertheless, this heritage and current transition distinguish the CEE countries from the rest of Europe.

The two country clusters also differ in their CSR and HRM practices. According to several international comparisons, the Nordic countries rank highly in CSR activities. Applying an index of CSR practices in a study of companies in 20 advanced industrialized countries worldwide, Gjølborg (2009) found out that the leading CSR nations were Switzerland and the Nordic countries. In another study published by Accountability (2007), the Nordic countries were the most advanced in responsible business practices – all five Nordic countries among the top six, alongside the UK.

In contrast, in the CEE countries, the role and practice of corporate social responsibility is considerably weaker. CSR is commonly understood as corporate philanthropy (charity), or public relations/marketing instead of being viewed from a balanced stakeholder perspective. Among the probable causes is weak stakeholder activism in CSR in the region, mainly resulting from the socialist history of these countries (Elms, 2006). Until recently stakeholders could not make any demands on organizations and faced restrictions in consumerism, which has affected the attitudes and behaviour of citizens of these countries. Besides memories of the socialist indoctrination, to work for the good of the socialist country made people distrust the CSR rhetoric of 'common good' (Lewick-Strzalecka, 2006). Recently, however, CSR activities started gaining increasing support and popularity in the region (Elms, 2006).

The Nordic and CEE countries also differ in HRM. According to European-level comparative studies, Nordic HRM is more strategic, more formalized and more employee-oriented than HRM in other European countries (Vanhala, 2008). Ignjatovic & Svetlik (2003) have identified four European HRM clusters: Western, Nordic, Central Southern and Peripheral. The Nordic countries fall into the unique Nordic cluster, while the CEE countries are distributed between the Central Southern and Peripheral clusters. In the Nordic cluster, employees' involvement in HRM is higher, and flexibility and training policies are more common than in Central Southern and Peripheral country clusters, which focus more highly on managers and centralization of HR policy-making.

As depicted above, the Nordic and CEE clusters differ in multiple aspects – national contexts, historical developments, CSR perceptions and practice, and the HRM role. Countries within the two clusters may also be expected to differ in the levels of CSR formalization and implementation, where organizations in the Nordic countries are likely to demonstrate higher levels of both CSR formalization and offers of responsible HRM programmes. Taking into account the above regional CSR and HRM differences, we make the following proposition:

*Proposition 2a: The level of CSR formalization is higher in organizations in the Nordic countries in comparison to the CEE region.*

*Proposition 2b: The level of engagement in responsible HRM action programmes is higher in organizations in the Nordic countries in comparison to the CEE region.*

## Research methodology

### Sampling and data collection

The research is built on the 2008–10 Cranet survey data from 1719 companies from 13 European countries, comprising 5 Nordic and 8 CEE countries (Table 3.1). The respondents of the survey were HR directors/managers or employees with HRM responsibility. A total of 61.7 per cent of the respondents were from private companies and 38.3 per cent from public, non-profit or mixed (public and private). According to the company size (number of employees), the median organization has 350 employees. Most organizations operate in services (49.8 per cent) or manufacturing (25.0 per cent).

### Measures

The Cranet questionnaire was used to measure whether companies had a CSR-related policy and what type of CSR-related practices they engaged in. CSR formalization was measured on the basis of the presence of a CSR statement, corporate values statement, diversity statement and code of ethics (see Table 3.2 for variables under study) on a three-point scale, where 0 = No, 1 = Yes (unwritten), and 2 = Yes (written) (see Table 3.2 for variables under study). A high level of CSR formalization means that a respondent organization has the above policies in writing, whereas the absence of the policies refers to a low CSR formalization.

Responsible HRM (RHRM) action programmes were studied through organizational engagement in the integration of disadvantageous groups into the labour force. Namely they referred to such action programmes as recruitment, training and career progression of the following groups of people: ethnic minorities, older workers, people with disabilities, women,



Table 3.1 Descriptive statistics of the respondent (company) characteristics

Determinants	Overall sample		Nordic cluster		CEE cluster	
<b>Country</b>						
Sweden (Sw)	16.2%		30.8%			
Denmark (DK)	19.0%		35.9%			
Norway (Nor)	5.2%		9.9%			
Finland (Fin)	7.4%		14.1%			
Iceland (Ice)	4.8%		9.2%			
Czech Republic (Cz)	3.1%				6.8%	
Bulgaria (Bul)	7.6%				14.7%	
Hungary (H)	4.2%				9.1%	
Estonia (Est)	2.8%				6.1%	
Slovenia (Slve)	11.6%				25.4%	
Slovakia (Slvk)	9.8%				21.2%	
Lithuania (Lith)	6.1%				12.4%	
Serbia (Serb)	2.2%				4.3%	
	100.0%		100.0%		100.0%	
<b>European Region</b>						
Nordic: Sw, DK, Fin, Nor, Ice	52.6%					
CEE: Cz, Bul, H, Est, Slve, Slvk, Lith, Serb	47.4%					
<b>Industry</b>						
Construction	4.0%		2.9%		5.2%	
Transportation/ Communication	6.7%		5.8%		7.7%	
Banking and Finance	7.8%		9.5%		6.0%	
Chemicals (energy; non-energy)	6.7%		5.0%		8.4%	
Other industries (e.g., services)	49.8%		57.9%		41.6%	
Manufacturing	25.0%		18.9%		31.0%	
<b>Type of organization</b>						
Public (or mixed) organizations	38.3%		41.0%		35.4%	
Private organizations	61.7%		59.0%		64.6%	
	<b>mean</b>	<b>sd</b>	<b>mean</b>	<b>sd</b>	<b>mean</b>	<b>sd</b>
<b>InSize</b>	6.12	1.13	6.34	1.21	5.90	1.00
Size p50	350		430		284	
N = 100%	1719		898		783	

women returners, low skilled labour and younger workers (under 25) (see Table 3.2 for the variables under study). This comprised 21 RHRM practices (three practices applied to nine groups of people). A dummy indicator was used to measure the adoption of the above programmes, where 0 = No, and 1 = Yes.

Table 3.2 Percentage of companies having responsible HRM Action Programmes (AP) and CSR policies

Descriptions	Labels	Proportions of action programmes used			
		Any action programme*** (dAP)	Recruitment (dAPR)	Training (dAPT)	Career (dAPC)
<b>Responsible HRM</b>					
Minority ethnics	*minet	.14	.13	.08	.04
Older workers (aged >50)	*oldw	.16	.10	.09	.07
People with disabilities	*disab	.13	.09	.07	.04
Women	*women	.16	.14	.09	.11
Women returners	*woret	.10	.06	.07	.06
Low skilled labour	*lowsk	.17	.07	.14	.05
Younger workers (aged <25)	*young	.22	.14	.17	.12
<b>CSR policies</b>		<b>Written</b>	<b>Unwritten</b>		
Corporate values statement	CorpVal**	.65	.19		
Diversity statement	DivStat**	.36	.20		
Code of ethics	CoE**	.48	.24		
CSR statement	CSR**	.30	.24		

*Notes:*

\* dAP, APR, APT or APC

\*\* wr or un

\*\*\* any (one or more) action programme, irrespective of the activity (recruitment, training, and/or career).

**Control variables**

Prior research (e.g. Lindgreen, Swaen & Johnston, 2009; Wanderlay et al., 2008; Werther & Chandler, 2006) showed that such variables as organizational size, sector and industry may have an impact on CSR formalization and implementation. Therefore they were included in the study as statistical controls.

**Data analysis**

Data analysis comprised four stages. First, a hierarchical cluster analysis was performed to combine RHRM practices applied to different types of the disadvantaged into larger groups. Next, a correlation analysis was conducted to study the relationship between CSR policy formalization and engagement

in responsible HRM action programmes. In the third stage, a multi-level logistic analysis was conducted to determine the regional impact, that is, CEE versus the Nordic region on the implementation of these practices and the existence of a formal policy when controlling for the initial country, organizational size and industry differences. Finally, a multi-dimensional analysis was performed to investigate the clustering of the RHRM action programmes and the CSR policies within the CEE and Nordic regions.

## Research findings

As already mentioned, 21 RHRM action programmes were analysed in the study. Therefore first of all hierarchical clustering was performed to combine them into larger groups. The hierarchical cluster analysis (Figure 3.1) led to the identification of seven bundles of RHRM action programmes (indicated by a dashed vertical line). Namely, those are responsible HRM action programmes (each bundle including recruitment, training and career progression practices) adopted in respect to seven groups of disadvantaged employees: ethnic minorities, older workers, people with disabilities, women, women returners, low skilled labour and younger workers (under 25). Thus apparently the main focus of responsible HRM appears to be the group of disadvantaged employees and not a specific HRM practice.

## Proposition testing

Following proposition 1, CSR policy formalization is positively associated with organizational engagement in responsible HRM action programmes. To study the relationship between CSR policy formalization and engagement in responsible HRM action programmes, a correlation analysis was performed. The results (Table 3.3) show that overall written CSR policies are positively correlated with responsible HRM action programmes. The unwritten CSR policies are mostly not significantly or negatively associated with responsible HRM action programmes. An exception is a weak but positive correlation between the unwritten CSR statement and responsible HRM action programme for low-skilled employees ( $\rho = .0419$ ). It is noteworthy, however, that the correlation between this programme and the formalized (written) CSR statement is higher ( $\rho = .101$ ). These findings support proposition 1 that expected a positive association between CSR policy formalization and organizational engagement into responsible HRM action programmes.

The second proposition was related to the regional (country) impact on CSR policy formalization and engagement in responsible HRM action programmes. To investigate the regional (country) effect on the RHRM action programmes and CSR policies, a multi-level analysis<sup>1</sup> was conducted, controlling for the country variation (level 2) and initial differences

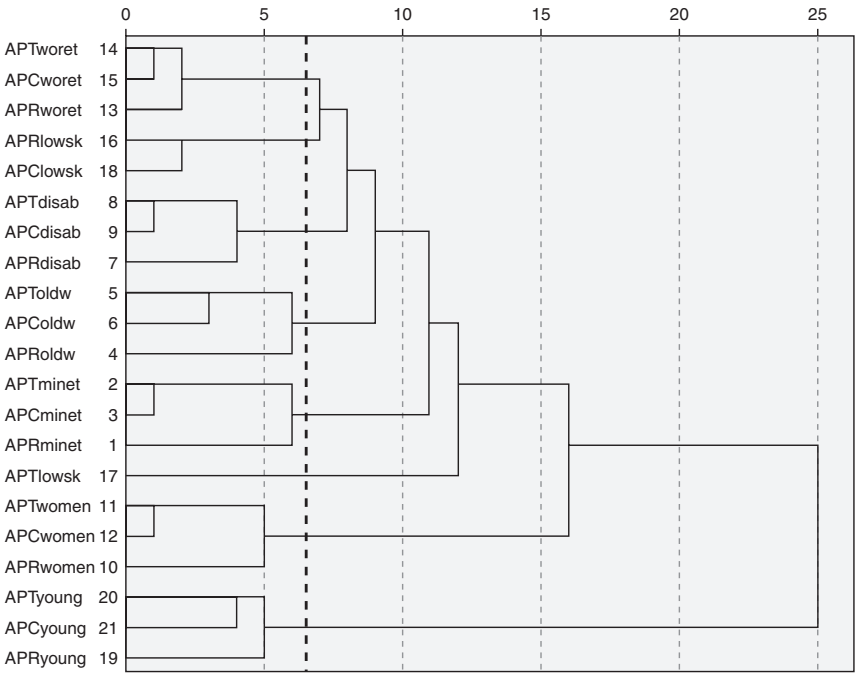


Figure 3.1 Results of hierarchical cluster analysis on RHRM practices

concerning organizational size, industry and sector (private or [semi-] public). Findings are summarized in Table 3.4 for every CSR policy being formalized or less formalized and in Table 3.5 for RHRM programmes. The significant odds-ratios reported in the tables indicate a positive effect if larger than 1 and a negative effect if smaller than 1.

*Proposition 2a* stated that Nordic organizations have more formalized CSR policies than organizations in the CEE region. The odds-ratios (OR) presented in Table 3.4 show that this is the case for two CSR policies. That is, the CEE region effect appears to be negative (i.e. the odds-ratio is below 1) for the formalized corporate value statement (CorpVal, OR: .162,  $p < .01$ ) and the formalized diversity statement (DivStat, OR: .382,  $p < .05$ ). In other words, CSR formalization is more likely among the Nordic organizations than among organizations in the CEE region. On the other hand, no regional effects are found in respect to the formalized code of ethics (CoE) and corporate social responsibility statement (CSR). With respect to the less formalized CSR policies, our findings show no significant differences between CEE and Nordic countries. These findings thus partially support our proposition 2a that expected a higher level of CSR policy formalization in organizations in the Nordic cluster.

Table 3.3 Spearman's correlation coefficients among the CSR policies (unwritten/written) and the responsible HRM programmes

	CSR formalized (written)			CSR unwritten				Responsible HRM action programmes							
	CorpVal wr	DivStat wr	CoE wr	CSR wr	CorpVal un	DivStat un	CoE un	CSR un	dAP minet	dAP oldw	dAP disab	dAP women	dAP woret	dAP lowsk	dAP young
CorpValwr	1														
DivStatwr	0.357*	1													
CoEwr	0.378*	0.426*	1												
CSRwr	0.322*	0.368*	0.389*	1											
CorpValun	-0.563*	-0.17*	-0.185*	-0.155*	1										
DivStatun	-0.036*	-0.364*	-0.084*	-0.066*	0.204*	1									
CoEun	-0.132*	-0.15*	-0.532*	-0.174*	0.258*	0.315*	1								
CSRun	-0.062*	-0.094*	-0.093*	-0.386*	0.209*	0.283*	0.304*	1							
dAPminet	0.151*	0.285*	0.180*	0.120*	-0.088*	-0.039*	-0.059*	-0.008	1						
dAPoldw	0.065*	0.066*	0.011	0.088*	-0.022	0.026	0.024	0.031	0.333*	1					
dAPdisab	0.032	0.125*	0.072*	0.099*	-0.027	-0.009	-0.011	-0.005	0.405*	0.421*	1				
dAPwomen	0.074*	0.186*	0.108*	0.133*	-0.042*	-0.034*	-0.023	-0.010	0.451*	0.415*	0.401*	1			
dAPworet	0.018	0.068*	0.018	0.096*	-0.008	0.001	0.018	0.028	0.244*	0.399*	0.322*	0.491*	1		
dAPlowsk	0.014	0.040*	0.041*	0.101*	0.019	0.018	0.002	0.042*	0.265*	0.350*	0.319*	0.289*	0.3282*	1	
dAPyoung	0.005	0.034*	0.040*	0.096*	0.002	0.023	0.011	0.021	0.229*	0.336*	0.317*	0.342*	0.3648*	0.430*	1

Notes: \* p-value < .05.

Labels of CSR policies and RHRM action programmes: CorpValwr (written corporate value statement), DivStatwr (written diversity statement), CoEwr (written code of ethics), CSRwr (written CSR statement), CorpValun (unwritten corporate value statement), DivStatun (unwritten diversity statement), CoEun (unwritten code of ethics), CSRun (unwritten CSR statement), dAPminet (action programme for minorities), dAPoldw (action programme for older workers), dAPdisab (action programme for people with disabilities), dAPwomen (action programme for women), dAPworet (action programme for women returners), dAPlowsk (action programme for low skilled labour), dAPyoung (action programme for young workers).

Table 3.4 Odds-ratios for the determinants affecting the adaptation of the formalized and less formalized CSR policies by organizations

	CorpVal		DivStat		CoE		CSR	
	Unwritten	Written	Unwritten	Written	Unwritten	Written	Unwritten	Written
<b>Region (refcat:</b>								
Nordic region)								
CEE region	0.855 [0.433]	0.162** [0.0822]	0.621 [0.313]	0.382* [0.183]	0.945 [0.375]	0.573 [0.321]	0.869 [0.377]	0.577 [0.314]
<b>Industry (refcat:</b>								
Manufacturing)								
Construction	1.085 [0.275]	0.876 [0.283]	1.125 [0.482]	1.067 [0.373]	0.866 [0.450]	0.945 [0.250]	0.981 [0.325]	0.874 [0.264]
Transportation	0.853 [0.379]	1.231 [0.587]	1.197 [0.459]	1.728 [0.496]	1.146 [0.333]	1.268 [0.479]	1.498 [0.450]	1.048 [0.330]
Banking_Financials	1.196 [0.657]	2.366** [0.761]	1.488 [0.365]	1.233 [0.242]	2.123* [0.721]	2.274* [0.950]	1.832 [0.630]	1.796* [0.428]
Chemicals	0.550* [0.155]	0.906 [0.252]	0.789 [0.185]	1.415* [0.211]	0.84 [0.270]	1.173 [0.285]	1.615* [0.331]	1.383 [0.296]
OtherInd_services	0.654 [0.260]	1.326 [0.419]	1.353 [0.295]	1.646** [0.289]	0.986 [0.229]	1.271 [0.338]	1.128 [0.240]	1.035 [0.186]
<b>Size of company (log)</b>	1.184* [0.0847]	1.385** [0.109]	1.077 [0.0620]	1.338** [0.0575]	1.025 [0.0820]	1.298** [0.121]	1.144 [0.110]	1.310** [0.0774]

<b>Private company</b>	1.155	2.389**	1.482*	1.321	0.811	1.471	1.496	1.356
(refcat: Public)	[0.358]	[0.431]	[0.290]	[0.234]	[0.287]	[0.404]	[0.309]	[0.331]
<b>Constant (L1)</b>	0.669	0.741	0.253**	0.136**	0.953	0.301	0.179**	0.134*
	[0.383]	[0.576]	[0.121]	[0.0735]	[0.657]	[0.284]	[0.114]	[0.107]
<b>Country (L2)</b>	2.085**		1.891*		1.636		1.990**	
	[0.393]		[0.472]		[0.455]		[0.456]	
<b>Model statistics</b>								
Observations	1653		1590		1662		1581	
Log-likelihood (df = 19)	-1329**		-1580**		-1717**		-1611**	

Notes: Standard errors in brackets; \*\* p < 0.01, \* p < 0.05; Labels: CorpVal (corporate value statement), DivStat (diversity statement), CoE (code of ethics), CSR (corporate social responsibility statement).

Table 3.5 Odds-ratios for the determinants affecting the adaptation of the action programmes for specific groups by organizations

	dAPminet Implemented	dAPoldw Implemented	dAPdisab Implemented	dAPwomen Implemented	dAPworet Implemented	dAPlowsk Implemented	dAPyoung Implemented
<b>Region (refcat: Nordic region)</b>							
CEE region	0.360* [0.161]	0.592 [0.310]	1.055 [0.444]	0.599 [0.163]	2.097* [0.668]	1.108 [0.361]	2.848** [1.031]
<b>Industry (refcat: Manufacturing)</b>							
Construction	1.431 [0.919]	0.598 [0.180]	0.862 [0.471]	0.909 [0.360]	0.945 [0.583]	1.565 [0.557]	1.756* [0.400]
Transportation	1.002 [0.332]	0.582 [0.161]	0.944 [0.256]	0.812 [0.194]	0.865 [0.327]	0.638 [0.166]	1.078 [0.286]
Banking_ Financials	0.895 [0.207]	0.687 [0.153]	0.573* [0.126]	1.202 [0.271]	1.484 [0.400]	0.575 [0.232]	1.114 [0.213]
Chemicals	1.299 [0.524]	1.027 [0.282]	1.108 [0.345]	1.371 [0.438]	1.478 [0.456]	0.73 [0.148]	0.975 [0.257]
OtherInd_ services	1.22 [0.254]	0.763* [0.0961]	1.105 [0.193]	0.963 [0.154]	0.981 [0.136]	0.804 [0.215]	0.839 [0.151]
<b>Size of company (log)</b>	<b>1.397**</b>	<b>1.157*</b>	<b>1.250**</b>	<b>1.268**</b>	<b>1.215**</b>	<b>1.249**</b>	<b>1.121</b>



	[0.0976]	[0.0832]	[0.0611]	[0.0959]	[0.0876]	[0.0616]	[0.0684]
<b>Private company</b> (refcat: Public)	0.729	0.779	0.815	0.949	1.111	1.254	1.286
	[0.188]	[0.104]	[0.213]	[0.117]	[0.210]	[0.306]	[0.262]
<b>Constant (L1)</b>	0.0261**	0.119**	0.0353**	0.0605**	0.0211**	0.0509**	0.0729**
	[0.0182]	[0.0727]	[0.0150]	[0.0380]	[0.0113]	[0.0259]	[0.0294]
<b>Country (L2)</b>	1.823**	2.174**	1.987**	1.425**	1.530*	1.610**	1.682**
	[0.263]	[0.299]	[0.371]	[0.0973]	[0.285]	[0.206]	[0.138]
<b>Model statistics</b>							
Observations	1577	1576	1570	1569	1569	1567	1575
LI	-604.3**	-674.4 n.s.	-597.1*	-713.8**	-534.1*	-712.9**	-790*

*Notes:* Standard errors in brackets; \*\* p < 0.01, \* p < 0.05; *Labels:* dAPminet (action programme for minorities), dAPoldw (action programme for older workers), dAPdisab (action programme for people with disabilities), dAPwomen (action programme for women), dAPworet (action programme for women returners), dAPlowsk (action programme for low skilled labour), dAPyoung (action programme for young workers).

### **Organizational size, industry, sector and country-level effects on CSR policy formalization**

The results show that larger organizations in general adopt more formalized CSR policies than smaller organizations (Table 3.4). The incidence of all four formalized CSR policies – corporate value, diversity and CSR statements and code of ethics – is higher among larger organizations. With regard to less formalized policies, a positive impact can be observed only in respect to corporate value statement.

Some significant differences in CSR policy incidences have been also revealed industry-wise. Importantly, organizations operating in the field of banking and finance appear to have more – mostly formalized – CSR policies implemented than their counterparts in manufacturing industry (reference category). Specifically, the latter organizations are more commonly in possession of formalized code of ethics and corporate value and CSR statements. Organizations in the chemical industry also scored more highly on a more formalized diversity statement and less formalized CSR statement than those in manufacturing. When controlled for the sector (private versus [semi-] public organizations), the data analysis did not reveal any significant differences with the exception of one more formalized CSR policy – diversity statement – and one less formalized policy – corporate value statement – which are higher among private sector organizations. Three of the four CSR policies were affected by the country component. Specifically there were significant differences between countries with respect to less formalized corporate value, diversity and CSR statements. However, country had no effect on the possession of a less formalized code of ethics or any of the four written CSR-related policies.

### **Organizational size, industry, sector and country-level effects on engagement in responsible HRM action programmes**

Table 3.5 shows the effects of the determinants on the action programmes. In common with CSR policies, we also find a positive effect of the organizational size on the incidence rates of six out of seven RHRM action programmes, that is, all disadvantaged groups except for younger people. Industry barely affects the incidence rate of the RHRM action programmes. Organizations in the construction field appear to have more action programmes focusing on young people (dAPyoung) than manufacturers, whereas financial organizations offer fewer programmes for people with disabilities and service organizations for older workers. Sector has no effect at all on RHRM action programmes incidence rates. All RHRM practices appear to have a sizeable country effect, as shown by the significant level-2 country parameter.

Next, we conducted a multi-dimensional scaling (MDS) analysis to explore the observed similarities between the RHRM action programmes and

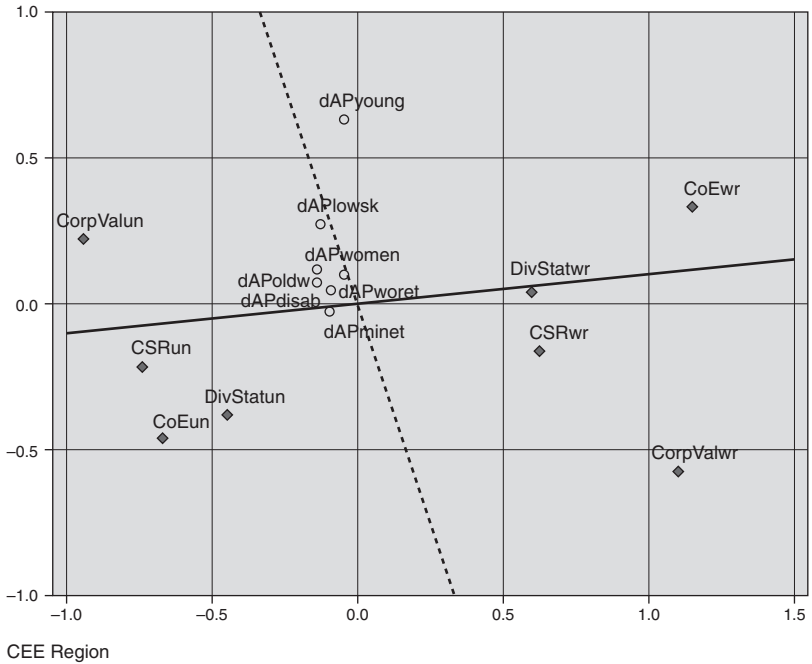


Figure 3.2 Multi-dimensional analysis of RHRM action programmes and CSR policies for the CEE region

Note: Distance for the common space is based on the binary Euclidian distance; Normalized raw stress level is 0.0167 and Tucker's Coefficient of Congruence is .992,  $N = 682$ .

the CSR policies. The MDS was conducted for the CEE and Nordic region separately in order to assess the regional differences (Figures 3.2 and 3.3).

The CEE findings (Figure 3.2) indicate a two-dimensional common space containing one clear dimension capturing the formalization of the CSR policies (solid line). The second, less distinctive dimension describes RHRM programmes for the specified groups (dashed line). The cluster of the action programmes is located more or less in between the less formal (unwritten) programmes on the left and the more formalized (written) programmes on the right of the common space.

The Nordic common space (Figure 3.3) also indicates one clear dimension for the formalization of the four CSR policies (solid line). The second dimension (dashed line), which is less distinctive, captures the cluster of the RHRM practices. Compared to the CEE's location of the RHRM practices, the RHRM practices in the Nordic common space are located closer to the less formalized (unwritten) CSR policies.

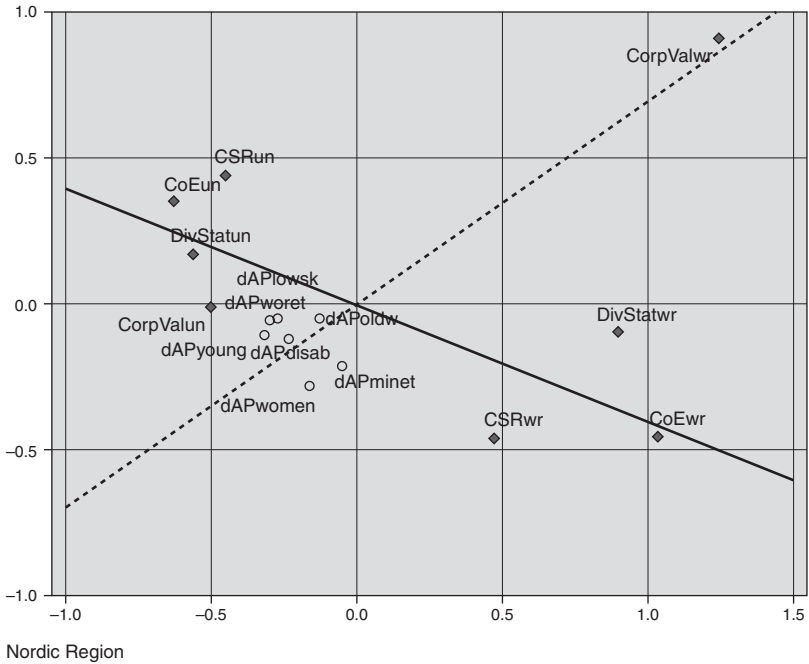


Figure 3.3 Multi-dimensional analysis of RHRM action programmes and CSR policies for the Nordic region

Note: Distance for the common space is based on the binary Euclidian distance; Normalized raw stress level is .0102 and Tucker's Coefficient of Congruence is .995,  $N = 921$ .

Both regions show distinct dimensions for CSR policies and RHRM practices, that is, one distinctive dimension for the extent of the formalized CSR practices and one indicating the cluster of the RHRM practices.

## Discussion, limitations and conclusions

The overall aim of this chapter was to study the relationship between CSR discourse and practice and to look into contextual influences on them based on the comparison of the CEE and Nordic regions. Specifically, we looked into CSR policy adoption and its level of formalization, and organizational engagement into CSR-related activities, namely the adoption of responsible HRM action programmes. The first included such CSR-related policies as a corporate value statement, diversity statement, code of ethics and CSR statement. The CSR-related practice group embraced responsible HRM action programmes aimed at recruitment, training and career programmes for disadvantaged groups of people.

Overall our findings show a positive association between CSR policy formalization and engagement in responsible HRM action programmes. Possession of written CSR policies was found to be positively correlated with the adoption of all responsible HRM programmes, which implies that CSR discourse and practice are congruent, that is, organizations that have written CSR policies tend to be more engaged in the adoption of responsible HRM action programmes. These findings show that CSR is taken seriously by organizations and that it is not just a public relations tool.

Our research findings also revealed some region-specific differences in CSR formalization and involvement in responsible HRM. As proposed our findings revealed higher incidence rates of CSR policy formalization in the Nordic cluster, where more organizations possess formal diversity and corporate value statements than their CEE counterparts. These findings to some extent can be explained through the Nordic legislation on equality. For instance, in Finland organizations with 30-plus employees have to produce equality plans stating specific measures foreseen to guarantee equality between men and women and sexual minorities. Many organizations include other disadvantaged groups too.

As regards the adoption of responsible HRM programmes, our findings revealed significant differences between the two clusters only with respect to three out of seven practices: that is, CEE organizations seem to be investing more in the integration of women returners and younger people, while Nordic organizations are more concerned about minorities. On the one hand, these findings are surprising, as they do not support prior research findings that placed Nordic countries in the CSR leader group (Gjølberg, 2009; Accountability, 2007). On the other hand, current findings can be explained through the above-mentioned legislation on equal rights. Equality plans being a must, not surprisingly Nordic organizations score higher on addressing ethnic minority-responsible HRM programmes. As regards higher engagement of CEE organizations in women-returners action programmes, it can be to some extent explained by legislation in the region. In most CEE countries, women have entitlement to a maternity leave for up to three years after a birth of a child, and they usually return to work full-time. In most Nordic countries the leave is shorter and women are more likely to return to work part-time, as for instance in Sweden both parents may receive some compensation for lost working hours (Grimshaw, Rubery & Almond, 2011).

Lower than expected incidence rates of CSR formalization and responsible HRM adoption in the Nordic countries can be explained by a long Nordic tradition in social and ethical legislation, which can be traced back to the building of the Nordic welfare society (Nordic Council, 2012). Nordic welfare states, earlier than many other countries, were strongly fostered by legislation related to labour relations, social security, reconciliation between work and family, position of women and minorities, as well as environmental and CSR-related issues (Gjølberg, 2010). Owing to the legislation, organizations

there face less pressure to adopt the above RHRM action programmes, as they are taken care of by the state.

Our findings also revealed that CSR formalization and engagement in responsible HRM action programmes are context-specific. To be precise, significant differences were determined between the Nordic and CEE region when organizational size, industry and country were controlled for. Larger organizations in general adopt more formalized CSR policies and responsible HRM action programmes than smaller organizations. In respect to industry, we found that organizations operating in the field of banking and finance tend to have more (and more formalized) CSR policies than those in the manufacturing industry; while organizations in the construction field appear to have more responsible HRM action programmes focusing on young people than manufacturers. Financial organizations offer fewer programmes for people with disabilities, and service organizations focus less on older workers. Sector has no significant effect on the responsible HRM action programmes and CSR policies with the exception of one more formalized CSR policy – diversity statement – and one less formalized policy – corporate value statement – which are higher among private sector organizations. Country has a significant effect in respect to less formalized corporate value, diversity and CSR statements, and all responsible HRM action programmes. These findings are to some extent in line with prior research in the field, which determined firm-level (Moura-Leite, Padgett & Galan, 2012), industry-level (O'Connor & Shumate, 2010), and country-level (Wanderlay et al., 2008) effects on CSR initiatives and policies.

### **Limitations**

The chapter has certain limitations that should be noted here. First, the study of CSR implementation was limited only to organizational engagement in providing action programmes relating to recruitment, training and career progression of disadvantaged people. Therefore further research into CSR formalization and actual engagement should look at other responsible HRM practices, such as work–life balance, flexible work arrangements, fair performance appraisal and pay and work non-related skills development.

Secondly, corporate responsibility embraces a wider scope of responsibilities than the inclusion of disadvantaged people into the workforce. CSR policies may refer to stakeholder groups other than those listed above and fields of actions other than employees. Future studies could address such areas as corporate governance, the natural environment, local communities or business environment.

This chapter looked into the usage of responsible HRM action programmes in 13 European countries. However, the institutional and cultural contexts of the countries were not analysed in great detail and the analysis was limited to generalized regional context differences. Therefore to account

for differences in CSR formalization and engagement in responsible HRM across Europe needs further contextual analysis. Future research could also look closer into the CEE country specific, for though commonly conceived as a uniform cluster the CEE countries are rather heterogeneous.

Future studies on the subject could try to address these limitations and contribute towards advancing research addressing the relationship between CSR and HRM. Our study provides some initial understanding that despite differences between Nordic and CEE countries, CSR is not just a public relations tool but is taken seriously by organizations in the countries of our study. Such understanding can inform not only research, but also practice, even national policy on how CSR can be more widely applied.

## Note

1. STATA v12.1, gllamm (v2.3.20); Rabe-Hesketh & Skrondal (2005).

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