The Model for Determination of the Level of Management Culture in order to Implement the Concept of Socially Responsible Organization

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Abstract
The article presents a theoretical model for assessment of management culture in the process of implementation corporate social responsibility in organizations, and offers a detailed description of the model by providing analysis of its different stages and the role of individual stakeholders in the process of assessment. The model is constructed on the basis of conclusions and insights resulting from analysis of recent theoretical developments in the field and of the logical sequence of coherent stages of the processes.

Keywords: management culture, level of management culture, corporate social responsibility (CSR).

1. Introduction
Corporate social responsibility is related to management culture; however, insufficient attention is paid to both the analysis of management culture and relationship to corporate social responsibility in Lithuania. The level of development of the concept of management culture can be considered to be the methodological basis for systematic implementation of social responsibility. The benefit of practical implementation of the concept of social responsibility is undoubted when society expectations are concerned; however, it is difficult to define and realize the boundary between this benefit and the input of the organization to socially responsible behaviour, as the problem is heterogeneous.

The tendencies that some authors name social responsibility referring only to the works of foreign scientists, and others formulate their conceptions are observed; however, it is quite complicated to create the overall picture. Empirical studies related to the issues of social responsibility in Lithuanian companies are so far isolated, fragmentary. Most of the performed researches are of educational and incentive character, ordered and performed by state institutions (Dagiliene, Bruneckiene, 2010). Often studies of theoretical scientific literature, the content analysis of organizational reports (annual, presented on the websites, etc.) are performed. Broader empirical research on corporate social responsibility is missing.

Another concrete problem emerges from implementation of the concept of social responsibility in practice. V. Juscius (2009) noted the problem of business and society relationship: when formulating their identity organizations quite often only formally incorporate corporate social responsibility value approach into their management schemes and structures. Thus, the gap between publicly declared ideals and real practice of business emerges inevitably.

Therefore, in order to reduce this gap the formation of models for implementation of the concept of socially responsible organization becomes relevant.

The Research Problem is formulated by the question what level of management culture is appropriate for a socially responsible organization and how to form the model for determining the level of management culture in order to implement the concept of a socially responsible organization.
Level of the Problem exploration. Models developed by various authors make it possible to evaluate the factors that determine the effectiveness of implementation of corporate social responsibility and provide for the steps of the implementation of corporate social responsibility.

Corporate social responsibility is a widely researched area; however, we failed to find any studies that analyse the links and reciprocity between corporate social responsibility and the level of management culture.

This article presents a complex model, the formation of which was determined by the analysis of scientific literature on corporate social responsibility and management culture. Quite a large number of authors adapt or develop corporate social responsibility models, selecting one or other research fields. For example, H. Jenkins (2009) adapted D. Grayson and A. Hodges’ (2004) seven-step model of corporate social responsibility implementation. The author developed a five-step model of implementation corporate social responsibility in small and medium-sized enterprises, which reflects the cyclic recurrence, integrates strategy, training, evaluation of results and provides feedback. V.W.S. Tung and M. Mourali (2011) formed a dynamic model of implementation corporate social responsibility in large enterprises, which highlights the role of companies, industry, and consumers. According to the authors, consumer pressure creates conditions for standardisation of the entire sector while implementing the concept of corporate social responsibility. T.A. Lundgren (2011) presented a microeconomic model of corporate social responsibility and researched how expenditure and income determine the processes of implementation of corporate social responsibility. J.C. Thornton and J.T. Byrd (2013) analysed the implementation of corporate social responsibility and decision-making in small firms and presented the model, which states that corporate social responsibility decisions are conditioned by the owners’ experience, personal values and social norms.

However, models of the level of management culture for the organizations aiming to become socially responsible have not yet been created. It is expected that the result of this article will fill in the gap.

The object of the research – the determination of the level of management culture in order to implement the concept of socially responsible organization.

The aim of the research is to form the model for determination of the level of management culture in order to implement the concept of socially responsible organization.

In order to achieve the aim the following research objectives are formulated:

1. To substantiate cohesions of the level of management culture and social responsibility in the context of commitments.
2. To discuss the possibilities to apply the model for determination of the level of management culture to implement CSR.

The research methods – analysis and synthesis of scientific literature, modelling.

2. Theoretical Substantiation

The studies which pay the main attention to analysis of social responsibility of business organizations often refer to the pyramid of corporate social responsibility formulated by A. B. Carroll (1991), which consists of four main dimensions: economical responsibilities (be profitable, meet interests of stakeholders), legal responsibilities (responsibility to obey the law), ethical responsibilities (obligation to do what it is right, just and fair, to avoid harm), philanthropic responsibilities (responsibility to be a corporate citizen, to contribute resources to the Community, to improve the life quality of the employees and the community). These principles of social responsibility are discussed in various contexts by different authors and are approved in international agreements of business structures. In the definition formulated by the European Commission the concept of CSR is named as a voluntary decision of the organization to contribute to well-being of the society and cleaner environment (EC, 2001). The new concept (EC, 2011) emphasises respect to the legal acts and collective agreements between social partners, the integration of social, environmental issues of ethics and consumption, collaboration with stakeholders, creation of maximum value added for shareholders. In addition, it is pointed out that CSR is more relevant for large and medium enterprises.

The Prince of Wales Business Leaders Forum named the CSR as open and transparent business practice, which refers to values of ethics, respect for employees, communities and environment. This practice is aimed to ensure the value of sustainability for the society, as well as for shareholders of organizations (Aaronson, 2003).
Other definitions emphasise such principal criteria as corporate citizenship influencing their work (Evans, Davis, 2008), altruism related to comprehensive business strategy or investments into the resolution of social problems (Pérez, del Bosque, 2013), value creation on the account of other values and motives (Rhodes, 1994), social licence to act (Gunningham et al., 2002), business decision-making related to ethical values observing legal requirements and following the respect for people, communities and caring for environment globally (Aaronson, 2003), business management aimed at meeting or exceeding ethical, legal, commercial and social expectations (Mazurkiewicz, 2004).

External environment and the society stipulates more responsible attitudes of the organizations (Campbell, 2007). According to V. Juscius and V. Snieska (2008), a company can create and creates its own philosophy of social responsibility according to the criteria acceptable for it, and define the social responsibility as a means for management of company activity, a new manifestation of social partnership that can and must be applied not only in business, but also in management of the state. In addition, the policy consistency is pointed out in all fields of the activity. For example (Jasinskas, Simanavičienė, 2010), the organization, which is late to pay salaries for its employees, but actively sponsors social events, cannot be called socially responsible. It is rather on the contrary: the implementation of corporate social responsibility first of all begins by meeting the expectations and interests of internal (e.g., employees, shareholders) but not external (e.g., consumers, suppliers, society) stakeholders.

The principles of corporate social responsibility and the analysis of problematic areas show that the essential condition for the successful implementation of the concept is a certain level of management culture of the organization. Authors of scientific works state that the importance of modern knowledge of management, sharing knowledge, the attitude to innovations as well as the use of information technology to organize management processes (Lin, 1999; von Krogh, 2003; Zakarevicius, 2004; Egan et al., 2004; McLean, 2005; Jo, Joo, 2011; etc.), transformations as positive processes of changes (Schein, 1988; Afsaneh, 1993; Kotter, 1998; Ostroff et al., 2003; Xenikou, Simosi, 2006; etc.), creative approach to management (Zakarevicius, 2004; McLean, 2005; etc.), not only physical, but also psychological well-being of employees (Glisson, James, 2002; Zakarevicius, 2004; James et al., 2008; etc.) increases.

The ability of an organization to implement its values of social responsibility depends on the level of management culture. The understanding of social responsibility is closely related to the development of management culture (Geva, 2008; Bagdoniene, Paulaviciene, 2010), it is a means of the management of organization, a means of activity management; therefore, it should be applied not only in business, but also in any organization (Giziene et al., 2011).

On the one hand, characteristics of culture make the content of organizational management, and are recognized according to the distinctive features, by which organizations position themselves, become recognizable and / or construed by personnel, consumers, clients, etc. (Vveinhardt, 2012), culture can induce employees to work productively, and this will be the best motivation; however, the problem is that culture has to be not only created, but also constantly maintained and fostered by reacting to the changes taking place in the organization and its environment (Giedraitis, 2011), involve social responsibility (Simanskiene, Pauzuoliene, 2010).

E. Schein (1999a, 1999b) names two functions of organizational culture: external adaptation is the process showing how in pursuing for its purposes an organization reacts to external influence. The character of this adaptation will depend on organizational culture. Internal integration is the process, during which members of the organization create common identity with other members of the organization (Juceviciene, 1996).

B. E. Joyner and D. Payne (2002) state that the statistics substantiates the premise that ethics, values, honesty and responsibility are necessary in work environment of contemporary organizations in pursuance of business success. Social responsibility is also changing concept in practice involving different tactics. As B. Hamlin et al. (2001) state, the changes managed by organizations become the driving force; however, the changes of an organization are possible only through personal changes, by changing thinking and thus envisaging new possibilities (Münner, 2007) because, according to J. Ledwidge (2007), the success of the organization is determined by how human resources are motivated to work and collaborate in pursuing for corporate vision. Responding to the stakeholders’ expectations, the policy of corporate social responsibility involves organizational actions and ethics, for which the manager is responsible (Sirsly, 2009).
Before starting to form the model for the determination of the level of management culture in order to implement the concept of socially responsible organization, the analysis of the coherences of management culture and the essential principles of social responsibility was carried out. The analysis refers to the above-mentioned scientific works and components of CSR concepts (Fig. 1). When analysing the coherence of CSR and management culture, the instrumentality of the latter becomes evident in pursuing the implementation of the principles of social responsibility. The commitments are conditionally named as the objectives, the solution of which is empowered by the high-level culture of management.

Figure 1: Coherences of Management Culture and Social Responsibility in the Context of Commitments

<table>
<thead>
<tr>
<th>COMMITMENTS</th>
<th>PRINCIPLES OF SOCIAL RESPONSIBILITY</th>
<th>MANAGEMENT CULTURE</th>
</tr>
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<tbody>
<tr>
<td>To improve the life quality of the community</td>
<td>Civic responsibility</td>
<td>Management considering interests of stakeholders, coordination of interests</td>
</tr>
<tr>
<td>To act according to determined rules</td>
<td>Compliance with laws</td>
<td>Realization of regulations, requirements in decision-making</td>
</tr>
<tr>
<td>To avoid harm, to do what it is proper, honest</td>
<td>Ethics</td>
<td>Observance of moral principles, self-development</td>
</tr>
<tr>
<td>To meet interests of shareholders</td>
<td>Profitability</td>
<td>Wise organization and supply of processes</td>
</tr>
</tbody>
</table>

Figure 1 presents coherences of management culture and social responsibility, which are disclosed through certain guidelines of commitments. In order to improve life quality of the community, the component of civic responsibility is particularly important when relating it to the specifics of management. In formulating the commitment to act according to determined rules, the components of compliance with laws and realization of requirements become naturally evident. When behaving honestly and correctly in order to avoid manifold damage, the attention is focused on the aspects of observance of ethics, self-development and moral principles. In pursuance of the commitment to meet interests of stakeholders, the components of profitability, wise organization and supply of processes are distinguished.

3. Research Methodology

The concept “model” is quite indefinite and broad; it is used in very different fields of human activity and in different aspects. Models reflect our way of thinking – in our consciousness we use models all the time; they are the basis for our decisions and actions (Bujauskas, Simanauskas, Skyrius, 2009). In psychology modelling is understood as the research of psychic processes and states by using their real (physical) or ideal, mainly mathematical models, i.e. the systems of objects or symbols reproducing some key features of the original system. If both systems are partly similar (homomorphic), it is possible to use the model as a substitute or representative of the system being researched (The Dictionary of Psychology, 2009). As the model is simpler, such change helps to imagine the original better. Having created the simplified model of the system, it is possible to check the statements of the theory on different knowledge fields more efficiently (Tidikis, 2003). In sociology the method of modelling gives the possibility to analyse social phenomena by reproducing them in mental models, which change the original in the cognition process and to acquire new knowledge about the subject analysed.
In management (Stoner, Freeman, Gilbert, 1995) the model is defined as the simplified expression of the essential features of an object, event or relationship (it can be verbal, physical or mathematical). R. Tidikis (2003) states that the modelling is the disclosure of processes and behaviour of certain objects, systems of objects or relations by constructing and analysing the models. The model of the research object reflects the system of material or ideal elements or their combination as well as reproduces the structural – functional, cause – effect, and genetic relations of the elements of the analysed subject. The essential advantage of the modelling method is identical to its purpose – prevention. The second advantage is that it is possible to analyse the models of such “things”, which are impossible to analyse due to certain reasons, and conclusions drawn about the model are applied to its prototype (Tidikis, 2003). Referring to V. Bujauskas, L. Simanauskas and R. Skyrius (2009), in some way the scientific models are the formalized interpretation, which explains the phenomenon or presents the premise of its essence. The models are used when it is impossible or it is not reasonable to create conditions for the experiment, by which it is possible to research the phenomenon and observe its results.

Though a lot of attempts have been made to define the concept of modelling, the universal and acceptable definition of a model does not exist. All suggested definitions refer to the intuitive understanding of the model, according to which the model is a certain reflection of the analysed object, which we operate in order to draw conclusions about the primary research object, the reflection of which is our model (Paliulis, Chlivickas, Papedinskaite, 2004).

The model presented in the paper was formed in order to reveal the role of shareholders, managerial personnel, employees and external consultants. The greatest attention is paid to the sequence of two steps related to the information component in activity of organizations (collection, evaluation), and two other steps involving decision-making policy and successful implementation of changes in organizations are distinguished.

4. Result and Discussion

The model is generally formed as the sequence of four steps; when shareholders decide to assess the situation, the managerial personnel and employees are involved as well as external consultants are enlisted: collection of information, evaluation of information, decision-making and the changes (at all stages the feedback is maintained and captured weaknesses are corrected) (Fig. 2)
Shareholders’ decision: managers of organizations are not fully independent in decision-making, except the cases when they own the controlling block of shares; however, even in this case they are constrained to take into account the interests of minority shareholders.

The shareholders’ decision plays the decisive role, as in this stage the initiation of the process is already the outcome of the set of critical mass of moral and economic interests, and social and material consequences can be projected, because the wide spectrum of stakeholders and their expectations within the organization, material and human resources, etc. are involved. This decision is induced both by internal and external factors and their combinations: internal and external stakeholders, socialization in the community (understanding of the meaning and accumulation of social capital), and commercial factors.

Involvement of external consultants in order to obtain objective information, evaluate it and present the package of guidance solutions is important. In this case several variants, which have both advantages and disadvantages, can be used.

Firstly, the evaluation can be performed by using own qualified personnel specialists if this resource is available. However, some threats emerge: insufficient professionalism, subjectivity and openness of respondents in presenting their evaluations, fearing that the information can be “channeled” to the administration.

Secondly, the above-mentioned threats are avoided by inviting external consultants; however, the organizations face the relevant issue of the service price, due to which the first variant can be chosen: to explain “without outside help”.

Thirdly, the third variant should be recommended: to use external consultants and to involve internal resources only in analysing generalized data (after the information has been collected), partly saving direct costs in this way.
Collecting information. The questionnaire is filled in this stage. This is performed by persons who are not related to the organization either in relations of subordination or capital. The information is collected according to the single statements – indicators specified for CSR and management culture, which are in general presented in the model, indicating coherences and inter-dependence (see Table 1).

Evaluation. This stage of the process (in pursuance of simplicity and visual clarity, is presented in the model under the conditioned generalized name of evaluation; however, it involves data systemization and analysis. At this stage the state of the management culture and social responsibility of the organization are evaluated, correlation is identified and changes are modelled statistically. The specialists of the personnel office of the organization, who would answer the questions that emerge to external consultants, can be involved; but they would not make direct influence upon the content of the guidance package being constructed at the next stage.

Decision-making. The package of decisions with statistical models, which predict the changes of management culture by evaluating the aspect of social responsibility is presented and approved by the management of the organization. The decisions, which would initiate managerial changes, are provided.

Changes. This is the implementation of decisions in two stages. Firstly, the changes of managerial culture are implemented. If further decisions on social responsibility are not made, these decisions can be used as optimization of internal managerial system. Secondly, the determined problematic aspects of social responsibility can be solved in isolation from management culture, narrowing to issues of image change. Thirdly, complex decision-making is performed by evaluating the changes of management culture, which would integrate internal processes and which would systemically change the attitude to social responsibility within an organization.

When analysing the model, the following controversial question is possible: why are not external stakeholders involved? Firstly, the aim is to evaluate the management culture of the organization itself; thus the persons directly participating in internal processes of the organization and directly acting in the system, the functionality of which has to be evaluated, are involved. Secondly, the reviews of external stakeholders can be valuable; however, it is pursued to determine not the acceptance of the organization as a socially responsible organization, in which the existing image can influence the evaluations. In other words, the evaluations can be only a certain external projection of the activity and this is not the aim of this research.

5. Policy Implication and Conclusion

It has been determined that coherences of the level of management culture and social responsibility are most strongly distinguished in the context of commitments. The principles of social responsibility, such as civic responsibility, compliance with laws, ethics and profitability represent expectations of stakeholders both within the organization and in external meso and macro environments. Commitments of the organization emerge as the objectives to implement CSR principles in practice formulated by the organization and the environment. Management culture plays a ternary role: instrumental, constructive and ethical. Management culture makes the conditions to create effective structure, to ensure functionality and to combine different interests by following ethical, moral imperatives. CSR is an integral part of organizational culture, and the high level of management culture is necessary to develop and maintain it. It involves such important fields as management considering stakeholders’ interests; coordination of interests; preparation, implementation and maintenance of regulations and requirements in decision-making; formulation and observance of moral principles, self-development, wise organization and supply of processes with necessary human, technical and other resources.

The functionality of the model for determination of management culture in order to implement CSR depends on the organization of evaluation processes in determining the interaction of CSR and structural parts of management culture as well as its quality. The process is organized by referring to the logic of four interrelated steps: collection of information, its processing and evaluation, decision-making and organization of changes. Levels of management culture and social responsibility, strengths and weaknesses as well as interferences of these structural components, which can be important in implementing the changes, are determined. Though the model can also be applied in organizations of public sector considering people and organizations, the founder of which is state and municipal institutions; it is adjusted to organizations of private sector, and its application and decision effectiveness significantly depend on such factors as the will of owners of the organization, the qualification of responsible managerial personnel of the organization and their ability to use external consultative resources rationally.
The model was constructed considering the circumstance that organizations of private sector have to define qualitative standards of managerial personnel themselves (to apply already formulated guidelines and/or correct the changes regarding the specifics of the activity)—these standards are purified in the process of evaluation and become the basis for the renewed and systemized policy of management culture, which is directly related to the policy and practice of corporate social responsibility. The higher level of management culture is, the smoother implementation of CSR standards is organized. The model is designed for medium and large enterprises, to which the abundance and diversity of structures are characteristic and the larger input of the organizational activity is necessary to evaluate their activity.

References


