

# VPLIV OSEBNIH VREDNOT MENEDŽERJEV NA NAČRTOVANJE IN IMPLEMENTACIJO DO V PODJETJIH

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**Povzetek:** S prepoznavanjem DO kot normativnega koncepta (npr. etični odtis), kjer gre za prispevanje resnične prioritete etičnih vprašanj nad dobičkonosnimi, se postopoma širi zavedanje o pomenu vloge posameznih menedžerjev pri udejanjanju in načrtovanju DO. Menedžerjeva osebna zavezanost k DO namreč lahko vodi k proaktivnemu načrtovanju družbeno odgovornih aktivnosti. Ob tem vpliv menedžerjev pri izvajanju družbeno odgovornih praks ostaja precej neraziskan. Prispevek je zato osredotočen na preučevanje posameznikov kot iniciatorjev družbene odgovornosti v njihovih podjetjih kot na raziskovanje, katere so tiste terminalne osebne vrednote, ki vplivajo na načrtovanje in implementacijo DO. Prav tako med osrednje cilje prispevka sodi preučevanje odnosa med korporativno in individualno odgovornostjo, ali lahko korporacijo razumemo kot moralnega akterja ali moramo to oznako v večji meri pripisati posameznikom. Prispevek tako obravnava načrtovanje DO skozi individualno in korporativno perspektivo. Izsledki empiričnega raziskovanja z uporabo metode lestvičenja in intervjujev kažejo, da so posamezni menedžerji pogosto tisti, ki želijo oblikovati moralno okolje, v katerem delujejo. Pri tem izražajo kolektivistične osebne vrednote, ki so nujno potrebne za načrtovanje in implementacijo družbeno odgovornih praks, obenem pa se pri načrtovanju slednjih zaradi nepodporne organizacijske kulture večkrat poudarjajo racionalne in komercialne koristi DO.

**Ključne besede:** etični odtis, individualna odgovornost menedžerja, prednostne osebne vrednote, načrtovanje in implementacija DOP.

## THE INFLUENCE OF MANAGER'S PERSONAL VALUES ON PLANNING AND IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY

**Abstract:** By recognizing CSR as a normative concept (e.g. »ethical footprint«), which is contributing true priority to ethical issues above the issues of profitability, awareness about the importance of the role of individual managers in planning and implementation of CSR is gradually spreading. Manager's personal commitment to CSR can lead to proactive planning of socially responsible activities. At the same time the influence of managers in the implementation and planning of socially responsible practices remains largely unexplored. For this reason our paper is focused on the study of individuals as initiators of CSR in their companies as well as on researching which are the terminal personal values that influence planning and implementation of CSR. The second main objective of the paper is to study the relationship between corporate and individual responsibility, focusing on whether a corporation can be understood as a moral actor, or do we have to reserve this trait as mainly describing individuals. The paper deals with planning of CSR through individual and corporate perspective. The results of the empirical study using the »laddering« method and interviews show that individual managers are often the ones

who shape the moral environment in which they operate. In doing so they reflect collectivistic personal values, which are necessary for planning and implementation of socially responsible practices, while for the realization of such, due to the unsupportive organizational culture, the rational and commercial benefits of CSR is often emphasized.

**Key words:** ethical footprint, individual manager's responsibility, terminal personal values, planning and implementation of CSR.

## 1 Introduction

It is well recognized that planning (as a pre-phase), implementation as well as reporting are the most important steps in company's strategy. There is an increasing number of authors arguing that planning should be based on values emphasising social and environmental responsibility (e.g. Kärnä et al., 2003, p. 852). Planning of CSR requires managerial engagement not only in prescribing how to develop and implement the strategy and the reporting requirements, but also in discourse relating to core aspects of the corporation such as mission, values, and management systems (Reynolds et al., 2008, p. 47). An integration of CSR issues into business values and planning is essential. Companies and their CSR functions must logically reflect CSR or environmental values. Hence, such companies are not at risk of being easily accused of greenwashing or misleading reporting (Kärnä et al., 2003, p. 868). The necessity of credible strategies and structures behind CSR is the most important lesson to be learned.

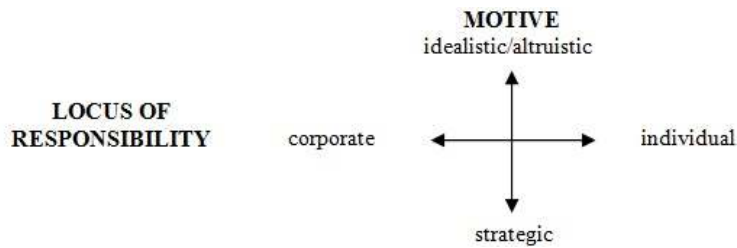
CSR is gaining its importance also due to the fact that it has become a preference of certain managers. Several examples of brands and companies support this thesis; among them are Patagonia, Timberland, Body Shop, Ben&Jerry's, to name a few. One of the recent examples is also Unilever, a global firm that acquired Ben&Jerry's and appointed a new CEO a few years ago. Paul Polman, Unilever CEO introduced a new sustainability plan in 2014 to make Unilever the pre-eminent example of how to do capitalism responsibly (The Economist, 2014). Despite the risk (in terms of commercial and subsequent personal outcomes) associated with his actions his personal values and beliefs played an important role in this decision (e.g. Drumwright, 1994; Swanson, 1995). The proactive socially responsible and green managers are usually the most genuine group, when it comes to planning and implementing CSR voluntarily (Kärnä et al., 2003, p. 869). Thus managers are often the ones who shape the moral environment in which they operate (Goodpastor and Matthews in Desai and Rittenburg, 1997), the fact that often remains overlooked.

The aim of this paper is to explore to what extent individual managers can be seen as initiators of social responsibility in their companies. We also want to investigate which are managers' terminal personal values that influence their decision making in planning and implementation of CSR. Some theoretical academic papers support our thinking (e.g. Hemingway and Maclagan, 2004; Hemingway, 2005); however the research problem has not yet been explored empirically in detail.

## 2 Theoretical framework

For the analysis of CSR implementation Hemingway and Maclagan (2004, p. 34) propose two key dimensions. First is the motivational basis; it can be either commercial or idealistic, even altruistic (see Figure 2.1; horizontal axis), Second, the locus of responsibility: is corporate (as in definition of CSR) or individual (see Figure 2.1; vertical axis). It is the issue about identifying the ownership of a value, whether it can be attributed to the individual or the organization.

Figure 2.1: A framework for analyzing CSR



Adapted from Hemingway and Maclagan (2004, p. 34).

Based on this, Hemingway (2005, p. 238) also defined the individual manager who operates within corporation in a CSR manner. For that purpose she developed a typology of predispositions towards CSR. One dimension of the matrix (see Figure 2.2) plots the individuals according to whether their values are individualistic or collectivistic (vertical axis). Hemingway (2005, p. 237) argues that the championing of CSR depends upon a salient sense of personal responsibility or collectivistic sense of a duty to society that is valued by individual, as opposed to an individualistic orientation (England, 1978; Rokeach, 1979; Schwartz and Bilsky, 1987, p. 551).

Furthermore the Hemingway’s (2005) typology of predispositions towards CSR the individual is plotted according to individual’s perceptions about whether she or he is working in an environment that is either supportive or not supportive toward CSR (horizontal axis). The realization of individual's values and beliefs depends on individual's role and the amount of autonomy in corporation in which he or she operates. It is about the opportunity to influence events through organizational political processes (Hemingway and Maclagan, 2004, p. 36). There is a body of evidence which suggests that individual moral agency is sacrificed at work and is compromised in defence to other pressures (Hemingway 2005, p. 233).

This conceptual framework classifies the individual managers into four groups. The managers are shown in Figure 2.2 as »Active« or »Frustrated« corporate social entrepreneurs and as »Conformists« or »Apathetics« who are not corporate social entrepreneurs. Hemingway's assumption is that the collectivist or group-oriented values characterize the so-called corporate social entrepreneur (Hemingway 2005, p. 238).

Figure 2.2: A typology of predispositions towards CSR

|                             |  |            |                           |
|-----------------------------|--|------------|---------------------------|
|                             | <b>Collectivistic personal values</b>  |            |                           |
| <b>Unsupportive culture</b> | Frustrated CSE                         | Active CSE | <b>Supportive culture</b> |
|                             | Apathetic                              | Conformist |                           |
|                             | <b>Individualistic personal values</b> |            |                           |

Adapted from Hemingway (2005, p. 238).

The above-described theoretical framework served as a basis for the research questions of our empirical study:

**RQ1:** What is the role of individual managers in planning and implementing CSR?

**RQ2:** What is the role and which are the terminal personal values that affect planning and implementation of CSR?

**RQ3:** How limitations within institutional environment affect CSR?

**RQ4:** What is the relationship between corporate and individual responsibility?

### 3 Methodology

Exploring as well as eliciting individual values by their very nature requires a different approach than usual. For this purpose we used the so-called »laddering method« which was undertaken during a single interview and represents an alternative way to access individual's personal values and priorities. This enabled us to explore the relationship

between organizational actors' value priorities and other phenomena of interest. The method was first developed by Hinkle (in Bourne and Jenkins, 2005, p. 411), but based on the theory of personal constructs which argues that people create their own way of experiencing the world through creation of a system of personal constructs and concepts.

The sample frame of our survey included senior managers in corporate communication or managers who otherwise affect planning and implementation of CSR. In doing so we selected six managers of large companies that are either high on the ranking top 101 CSR companies measured by Finance newspaper (Petrič, 2005; Turk, 2012) and/or have been shortlisted for the HORUS award (Slovenian CSR award issued by the IRDO Institute and SPR association) and are publicly known for its CSR.

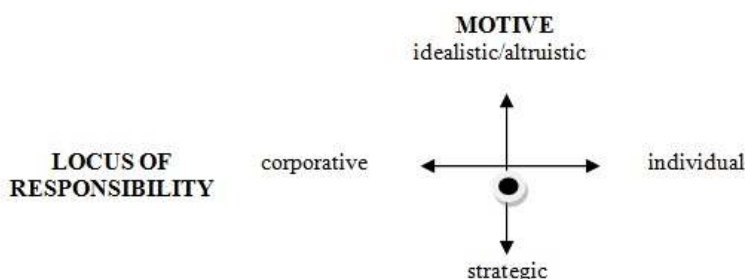
#### 4 Discussion of main findings

Our analysis of CSR in practice was based on two dimensions. The first is the motivational basis for CSR which is either commercial or idealistic (Hemingway and Maclagan, 2004). All our managers argued, that there is hardly room for idealism working for an organization where financial aspects and profit are important. They also said they do not insist on projects that cannot be done within the limited resources. Although they are highly morally motivated towards achieving the well being of society they are not altruistic. Their impulses for CSR lie mostly in long-term and strategic motives or functions such as concern for the reputation and image among stakeholders as well as achieving strategic business goals (see Figure 4.1).

The second dimension refers to CSR whether it is corporate or individual. In this case we explore the issue over the ownership of values, determining whether they are personal or organizational (Hemingway and Maclagan, 2004, p. 34). Most managers agreed their individual responsibility is very important and that personal integrity and CSR-oriented values are so, too, when being in charge of CSR issues in a company. However, most informants in our study also emphasized the role of CEOs. They believe it is very important that CEOs understand CSR as something essential even in their private lives.

Furthermore, the informants were also pointing out that what matters in the company are individuals, hence a company is responsible only as much as its employees themselves. They emphasized their high loyalty to their companies as well as the importance of synchronization of their personal values with the organizational ones. They found it extremely important that the company core values can be internalized by the employees. This is only possible when organizational values are compatible with individual's personal values. Our findings suggest that managers' set of personal values is similar (or adopted from) to the values of companies they work for. Therefore, in the case of our informants we could place the locus of responsibility somewhere in the middle between the corporate and individual (see Figure 4.1).

Figure 4.1: A classification of managers in a framework for analyzing CSR



Based on interviews and the laddering method we wanted to classify managers also by a typology of predispositions towards CSR (Hemingway, 2005, p. 238). As mentioned above the categories are: »Active« or »Frustrated« corporate social entrepreneurs, and »Conformists« or »Apathetics«, who are not corporate social entrepreneurs. We wanted to find out, whether our informants' personal values which guide their decision-making are collectivistic or individualistic. We were also interested in their own perception – are they working in supportive or unsupportive organizational culture regarding the CSR practice.

The analysis of the responses revealed that none of our managers could be classified into a particular category. All managers are thus described as a hybrid between active and frustrated CSR individuals (see Figure 4.2). All

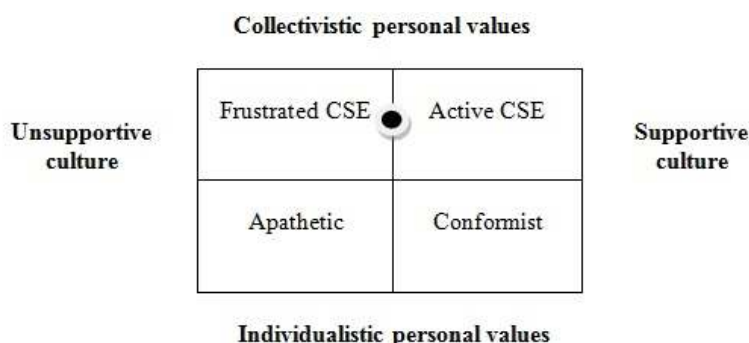
managers are moral and collectively-oriented individuals who strongly pursue the implementation of CSR. They argued that their values encourage their decisions and make them meaningful. The laddering method showed the commitment of all managers to core values that lead to CSR. These values refer to the respect for people and environment, confidence in social justice, integrity and fairness. Most of their terminal values and priorities can be described as highly collectivistic and democratic. The findings above suggest our interviewees could be considered as active SR individuals as they fulfil the first dimension of predispositions - they possess collectivistic personal values and moral motivation.

Furthermore we also examined whether there is a supportive or unsupportive organizational culture towards CSR in the companies our informants are employed by. From this viewpoint we can hardly say that our managers can be characterized as active CSR entrepreneurs, although they all argued their top management is extremely supportive to CSR. They also claimed that without their approval they would certainly not be able to pursue their own CSR projects to the same extent. These findings show the importance of »tone from the top« (Collier and Esteban, 2007, p. 29–30; Kranjc Kušlan, 2013) that presents the extent to which there is a perception of leaders' commitment to CSR. Previous research has shown CEOs are usually the ones who give the initiative for the formation of CSR departments and projects. We could therefore conclude that in the case of our informants the organizational culture is supportive toward CSR. However, a closer overview shows the opposite. The findings of our study are rather contradictory: most informants repeatedly emphasized the rational economic benefit of CSR despite their expressed moral motivation. Thus ethical and moral discourses are often transformed into a more widely accepted language of organizations. Managers develop opportunities for CSR but re-frame them into more commercially acceptable terms. This is a characteristic of »frustrated« SR individuals – they express desire to achieve higher goals; but then because of the obvious tendency to group thinking they often remain morally mute and do nothing, they become amoral. Carroll (1991, p. 39) also claimed that the majority of managers are amoral, but at the same time also argued CSR can become a reality only in case when more managers become moral rather than amoral or immoral.

In some cases frustrated individual operates covertly and is likely to be a »nonconformist« in the organizational context, acting subversively (Hemingway, 2005, p. 239). A certain manifestation of the latter was also observed in our study. Some informants mentioned that the resources in their companies are limited and there are precise rules and guidelines how they can be used. In the case of donations they focus primarily on the already established humanitarian foundations while avoiding donations to individuals. Despite this, one of our interviewees donated to individual who sent him a request, from his own resources, which shows a rather high moral motivation. Hence, the operation of this profile is predominantly motivated by a strong sense of integrity and a high moral motivation. Such individuals may perceive their action as a win-win situation - good for the corporation as well as the CSR cause (Hemingway, 2005, p. 239).

Considering our findings above we could conclude that managers in our study represent a hybrid between active and frustrated SR individuals. They possess collectivistic personal values and they are also highly morally motivated for the implementation of CSR. Moreover, most interviewees said that they operate in an environment that is supportive toward CSR practices and at the same time highlighted the importance of a positive support from the executive leadership. However, it was also indirectly inferred from their statements that organizational culture is not completely supportive to CSR activities. One of the indicators is also the fact that our interviewees repeatedly emphasized the rational benefits of CSR.

Figure 4.2: A classification of managers in a typology of predispositions towards CSR



Our key findings lead us to re-think the managers' position inside their companies – whether they are moral, immoral, or amoral individuals; and what is their power of decision-making. Our research also aims to fill the existing theoretical gap in this research field; there is a lack of contributions that would study the role of individuals and their values in planning and implementation of ethical and social initiatives. As we have already mentioned, the theoretical bases for such thinking exist, but the problem has not been studied in detail by using appropriate methods, in our case it was the laddering method, which would reveal the role of the terminal personal values that guide individual's decision-making more clearly.

To sum up our findings: regarding the first research question about the role of the individual managers in planning and implementation of CSR we can argue that individuals are certainly those, who have the potential and desire to create a moral environment in which they operate. However, when implementing CSR managers often do not fully realize their initiatives and aspirations. This finding deviates from arguments of some other authors, who argue that managers implement their values and beliefs despite of the limitations and potential sacrificing business objectives and risks such as lower business results and consequently lower self returns (e.g. Drumwright, 1994; Swanson, 1995).

The role of manager's personal values was our second research question. We wanted to explore which are the terminal personal values that affect planning and implementation of CSR. Our findings are similar to those of most theorists who emphasize that individuals who are SR show a preference for basic collectivistic values such as respect for people and the environment, trust in social justice, integrity and commitment to democratic values (England, 1978; Rokeach, 1979; Schwartz and Bilsky, 1987; Hemingway, 2005). In our research they were reflected as terminal values, which are potentially guiding manager's acting and decision-making.

Our third research question referred to exploring the limitations within an institutional environment that may affect the engagement of individual's values. We found that the realization of individual's values is often subjected to many constraints such as commercial goals and rational economic benefits of CSR. This is consistent with findings of other studies referring to unsupportive organizational culture and its impact on the implementation and planning of CSR practices (e.g. Hemingway and Maclagan, 2004).

In our last research question we explored the relationship between corporate and individual responsibility. We wanted to examine whether the corporation can be discussed in terms of the moral agent or do we have to reserve this trait as mainly describing individuals. Most authors point out CSR is a story about values which must become entrepreneurial but still based on personal values of the individual. The organization in this context is only a tool of its employees (e.g. Mulej, 2013). With this we can agree only to a certain extent. The analysis has shown that managers do possess collectivistic values. Individuals want to live them, but this is often limited and subjected to institutional pressures. In addition, while expressing the collectivistic values managers also express a strong identification with the organization in which they operate. We can say they adopt core values of their company. However this »adoptive« values (e.g. England, 1978) are expressive values that are not necessarily a part of the individual's personality. Hence, there is a low probability that they are translated into actual behaviour.

At this point we can also answer the question whether there is a need for an alternative approach to the existing perception of CSR, which should be to refer to the company only as a mediator in implementing initiatives of individual managers. We can conclude that managers' terminal collectivistic values offer a basis for expressing the individual responsibility, but ultimately when it comes to the implementation and planning, CSR is still dominated by the "collective" CSR, which exists and remains a dominant approach in most of the current academics papers.

## **5 Conclusion**

The literature increasingly recognizes that CSR cannot be located into instrumental theories, which emphasize mainly the economic aspect of organizational collaboration with society. We need to understand it as a normative concept contributing true priority to ethical issues above the issues of profitability. New findings in the field are replacing the term CSR with term ethical footprint, which should be considered as a normative concept that elicit the sense of personal responsibility in a greater extent. From this point of view the awareness of the importance that individual managers' are playing in planning and implementation of CSR is gradually spreading.

The main purpose of this paper was to examine the relevance of managers as initiators of CSR and to explore the role of their personal values in planning and implementation of CSR. Based on the findings of our qualitative analysis we can say that the relationship between an individual's values and implementation of CSR exists. It has

been shown that managers possess and express high moral motivation and commitment to the fundamental collectivistic values. As such managers can be seen as important initiators of CSR. However, we also found that manager's values mediate the relationship between the managerial discretion and the actual implementation of CSR only partially mainly due to the unsupportive organizational culture. The analysis has also shown that the growing importance of strategic CSR has weakened the link between individual's personal values on one hand and the act of giving on the other. Thus philanthropic decisions correspond more closely to increasing the competitive advantage and as such do not necessarily match with manager's values.

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