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Management Solutions to Determine the Level of Management Culture Aiming to Implement Corporate Social Responsibility

Pranas Žukauskas, Jolita Vveinhardt and
Regina Andriukaitienė

Additional information is available at the end of the chapter

Abstract

Based on the results of the research, this part describes the possible management solutions, divided into five conditional steps, each of which consists of solutions of the individual tasks. Three conditions are emphasized as the starting condition. First, it is the shareholders' decisions, which turn into organization of goal-oriented processes on the following stages, by providing the necessary resources. Second, resulting from the first there is the evaluation (analysis) of the management culture of the organization, the results of which are enacted by organizing the changes. Third, the processes must be described in internal documents, and their control is associated with a continuous monitoring.

Keywords: management culture, corporate social responsibility, shareholders, management solutions, managerial decisions, training courses

1. Introduction

Relevance of the research and the level of problem exploration. In recent years, the number of studies that examine the issues of corporate social responsibility (CSR) in various developing countries is growing; however, Central and Eastern European countries, where the development of social responsibility is quite slow, still receive little attention. Synchronized solutions of corporate social responsibility and management culture change offered in this chapter could contribute to a more smooth success of the implementation of the programme in companies. These solutions are prepared after the analysis of the situation in the group of companies working on the markets of various countries of post-communist Europe. Implementation of such a solid

program would protect from unevenness and differences that occur in internationally operating companies [1, 2], the more so as the development of employees' social responsibility is an integral part of this programme. It is obvious that it is difficult to expect the success of the programme, if the employees themselves stay away from the implementation of corporate social responsibility. Mirvis [3] distinguishes three different ways of how companies engage their employees in corporate social responsibility: the transactional approach where the programmes are implemented to meet the needs of the employees who want to take part in the area of corporate social responsibility; a relational approach, based on a psychological contract that emphasizes social responsibility and a developmental approach which aims to activate social responsibility in a company and to encourage the employees to become responsible corporate citizens. It is important to the company to acquire the trust of its own employees, who are one of the stakeholders. This trust can be won by changing the culture of the management personnel, the situation of employees in the workplace and their relationships by raising them to a higher ethical level.

Diagnostic instruments are necessary so that organizations could self-assess the level of development of their management culture and the readiness to become socially responsible organizations. However, the instruments only identify the state of the current situation. Following the identification of the state, it is natural that there occurs the need for improvement of certain activities; therefore, the models for managerial decisions that can help the leaders of organizations implement the necessary changes. The list of scientific references on the topic of management solutions or managerial decisions is rather limited in the databases, the problem we analyze is addressed from different perspectives in the sources referred, i.e. not always directly [4–9]. There is even a bigger lack of scientific researches suggesting managerial solutions for organizations aiming to implement corporate social responsibility, which is indirectly analyzed in the works of various authors [10–22], and there is a particular lack of researches related to both CSR and management culture [23–30].

The problem of the research is raised by the question: What managerial decisions would help to improve the level of management culture in the organization, and how, with the help from the structured model, to achieve appropriate implementation of corporate social responsibility?

Object of the research: Management solutions to determine the level of management culture aiming to implement corporate social responsibility.

Purpose of the research: To form a model of establishment of the level of management culture for managerial decision making with the aim to implement corporate social responsibility.

Objectives of the research: (1) To present the organizing stage of the managerial decision-making model; (2) to elaborate the process stage of the managerial decision-taking model; (3) to describe the analysis stage of the managerial decision-taking model; (4) to discuss the decision-making stage of the managerial decision-taking model and (5) to suggest the changes stage of the managerial decision-taking model.

Methods of the research: Information about managerial decisions aiming to improve the level of management culture in relation with CSR is presented in a fragmented way in scientific references; most often only results of narrow scope research are analyzed. Based on the analysis, synthesis, comparison and summary of the scientific references, and with the help from the results

of the quantitative and qualitative research, the method of modeling was used. In the model, the collected material is structured, synthesized from a point of view of logics, feasibility, integrity and the applicability of the results to organizations.

2. Management solutions

Various researches show that the decision logic may be universal, but processes are influenced by complicated sociocultural environment, its constituent and cross-cutting subcultures. Therefore, this section will only be restricted to general decision frame required for management culture identification. After evaluating the theoretical insights in scientific works by authors from various countries discussed in previous chapters, the results of quantitative and qualitative research, a managerial solution process structurogramme, have been developed (**Figure 6**). It visually presents and briefly describes the organization of management decision-making process.

The model consists of five relative stages each of which is made up of separate task solutions. In the first stage, the problem is formulated, the goal is defined and the objectives are distinguished; all the levels of management system in the organization are involved, as well as tasks are given to the staff to organize a process, by foreseeing deadlines, necessary resources and measures. After evaluating the needs for material resources and internal human resources, the complexity of internal organization structure, processing of the data, the intellectual and technical possibilities of the organization and the issue of attracting external consultants are discussed. At this stage the course of the process is organized and, if needed, an algorithm is produced, i.e. a logical sequence of decisions and actions to achieve one or another result is created (**Figure 1**).

In this case, the role of isolated groups is unequal. For example, time and energy consumption will depend on which link is initiating the process. Moreover, in practice, not all organizations, not only small, have personnel departments. For example, sometimes the staff service functions (in addition) are confided to one or more specialists, not necessarily with the knowledge of personnel management. In this case, the specialists who perform staff's functions might need an additional help, organization of which is the area of managers' competence.

During the second diagnostic stage, the information is collected by solving the set objectives and following the methodological requirements and guaranteeing that the survey sample is representative, and the instrument is adapted to the researched population. In practice, you can find examples when applying non-customized instruments or models the desired result was not achieved. For example, after the fall of the "iron curtain" a few decades ago in Lithuania and other post-Soviet countries, there was an attempt to install organizational management models created in the West, and these efforts were often accompanied by frustration, as the models were not understood both by managerial staff and by employees. One foreign capital company, engaged in automobile repair, had installed the information system: having performed the work, the specialist was required to enter the data into the system, but it turned out that the data could not be trusted. The specialists entered the data at the end of their work: as much as they could remember. As the workers were not explained the significance of the system, it was understood as an additional unnecessary burden.
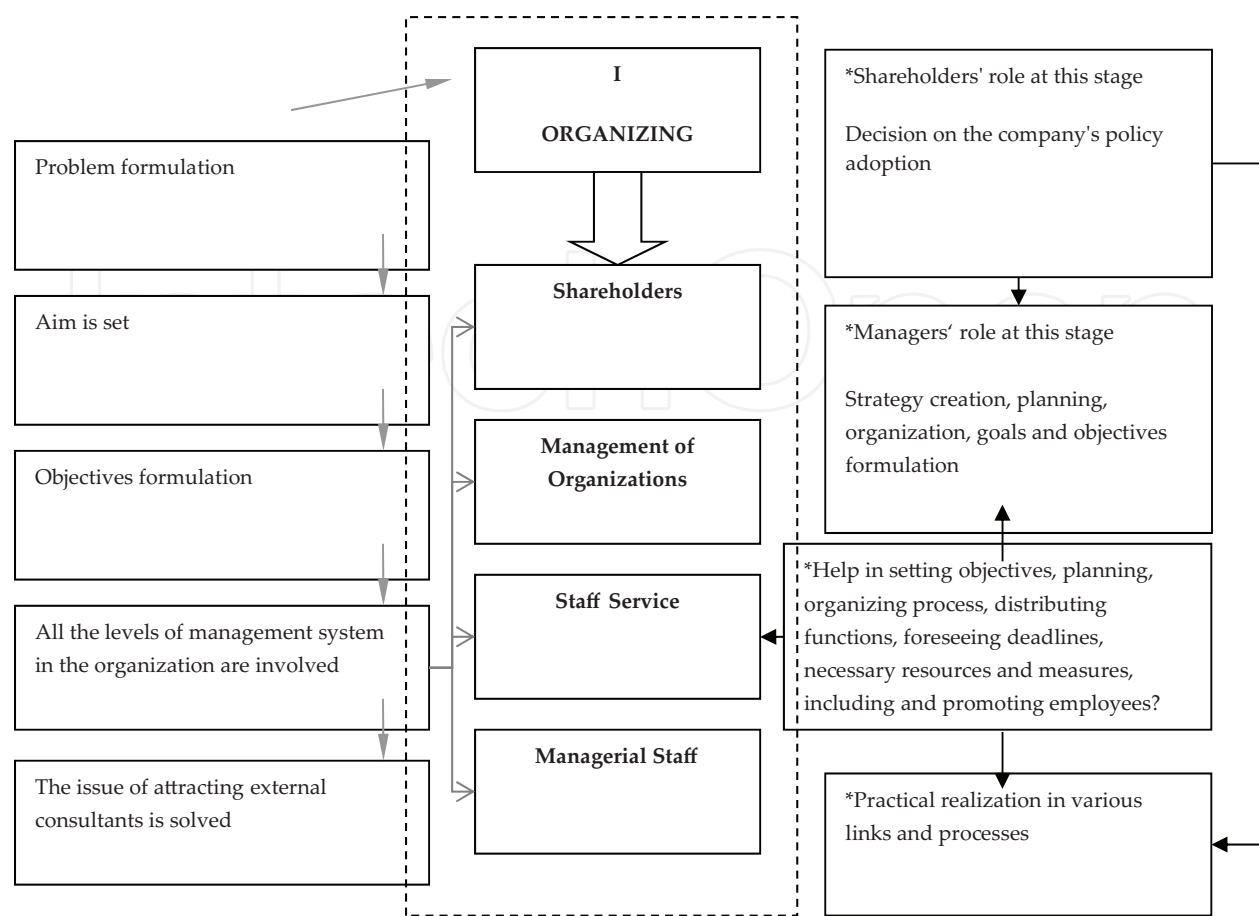
Figure 1. Fragment of the managerial solution model of establishment of the level of management culture aiming to implement corporate social responsibility: organizing stage. Source: Compiled by Andriukaitienė [23] and Vveinhardt and Andriukaitienė [31]. *Supplemented by P. Žukauskas.

Similarly, in the case of research, in practice attention is not always drawn to the fact if the instrument used is adapted and if the reliability of the adapted variant is approved. This is simply translated from a foreign language, without taking into account cultural and mental differences. Similarly, in case of researches in practice, the attention not always is paid to the fact if the used research instrument is adapted and reliability of the adapted version is approved. That is, it is just translation from a foreign language, without taking into account cultural and mental differences. Likewise values of corporate social responsibility also should be transformed in a form that is understandable to population, but without distorting of essence of values. Because the risk to succumb to the culture of population, into which the instruments is moved, is high as well.

On the other hand, the practical examples show that the managers of organizations, who are overly concerned with reducing the costs, tend to perform the analysis with the help of their organization's own staff, without calculating the risks and the received data reliability. In this case, the reliability of the data may depend on the subjective psychological factors of the respondents, as the answers may not be accurate enough when the research is being carried out by the organization staff. This risk should be taken into consideration already in the first stage while planning material resources and solving how much of the money spent on specialists will pay off in the long term (**Figure 2**).
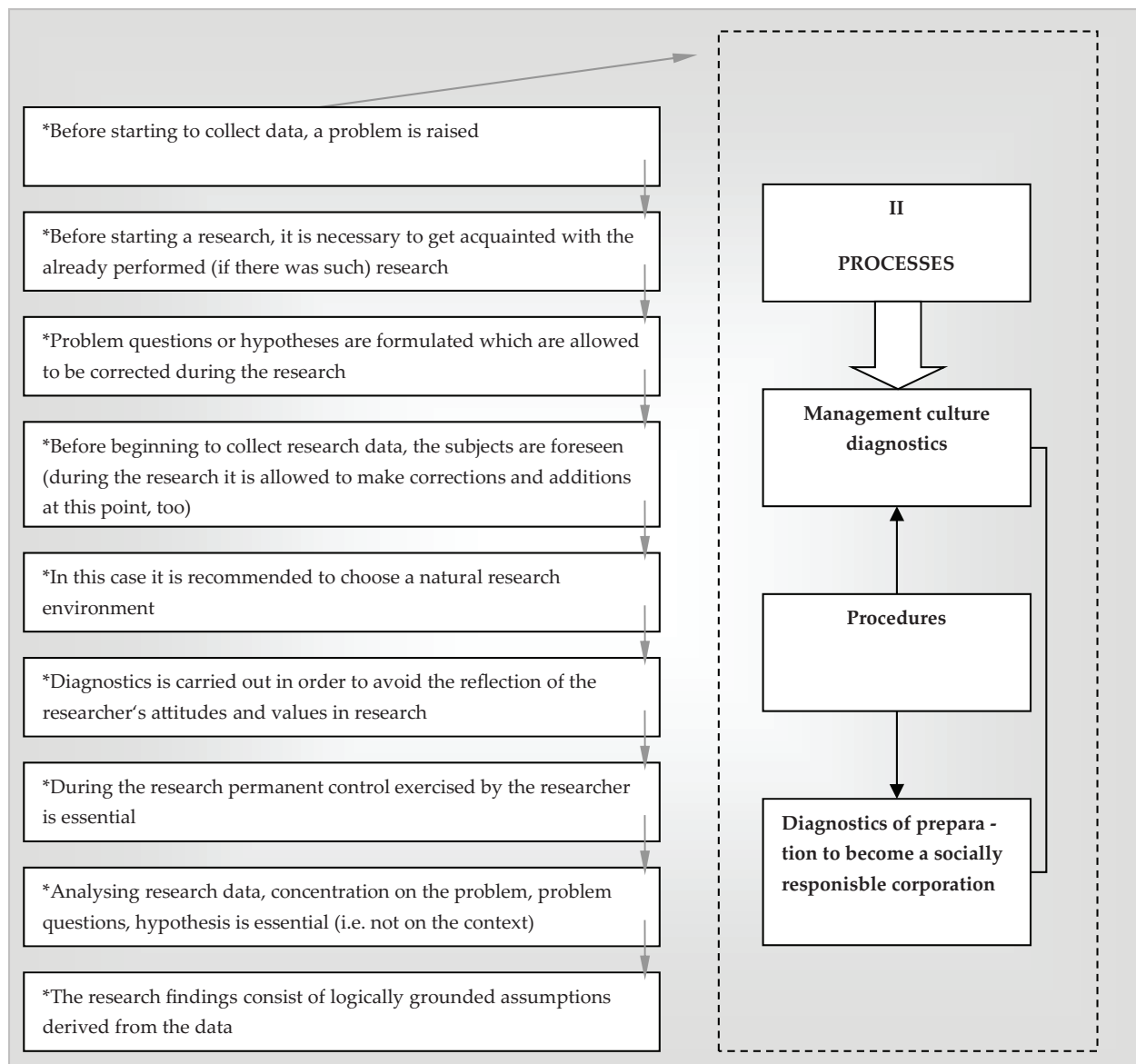
Figure 2. Fragment of the managerial solution model of establishment of the level of management culture aiming to implement corporate social responsibility: process stage. Source: Compiled by Andriukaitienė [23] and Vveinhardt and Andriukaitienė [31]. *Supplemented by P. Žukauskas.

The third stage is analytical. While analyzing the data of the research, the expression of management culture and preparation of companies to become socially responsible are determined. A generalized level of management culture and corporate social responsibility is significant when evaluating the general status of the organization and comparing the results of the research carried out at a different time. However, when planning the changes, the data are analyzed according to different research instrumental scales and subscales, the level is established according to different categories and the relationships are researched, for example, how separate management culture dimensions (such as management knowledge level, labor conditions culture, etc.) influence the state of corporate social responsibility (market responsibility, relationship with stakeholders, the attitude towards corruption, etc.). Having created a regression equation, problem areas of management culture and development trends are revealed. In this way, an opportunity is created to organize the changes better, by saving time and resources.

In the ideal situation, which is aspirational, after establishing a *particularly* high level of management culture and preparation of companies to become socially responsible, the objectives of support and observation are set, for example, the managerial staff knowledge and skills, working conditions, organization of various processes observing new trends and implementing in practice.

If the subscales of management culture and corporate social responsibility vary from very low to high levels, the internal relations are researched, the answers are analyzed in different sections (single test stage, socio-demographic, departments, functions, etc.) and transition to the programming of the change and decision-making stage is made (**Figure 3**). This is done by taking into account the results of the research and highlighted relationships of management culture and corporate social responsibility.

The fourth stage is the decision-making stage. After evaluating the problematic areas of management culture and corporate social responsibility, the objective is set to prepare solutions
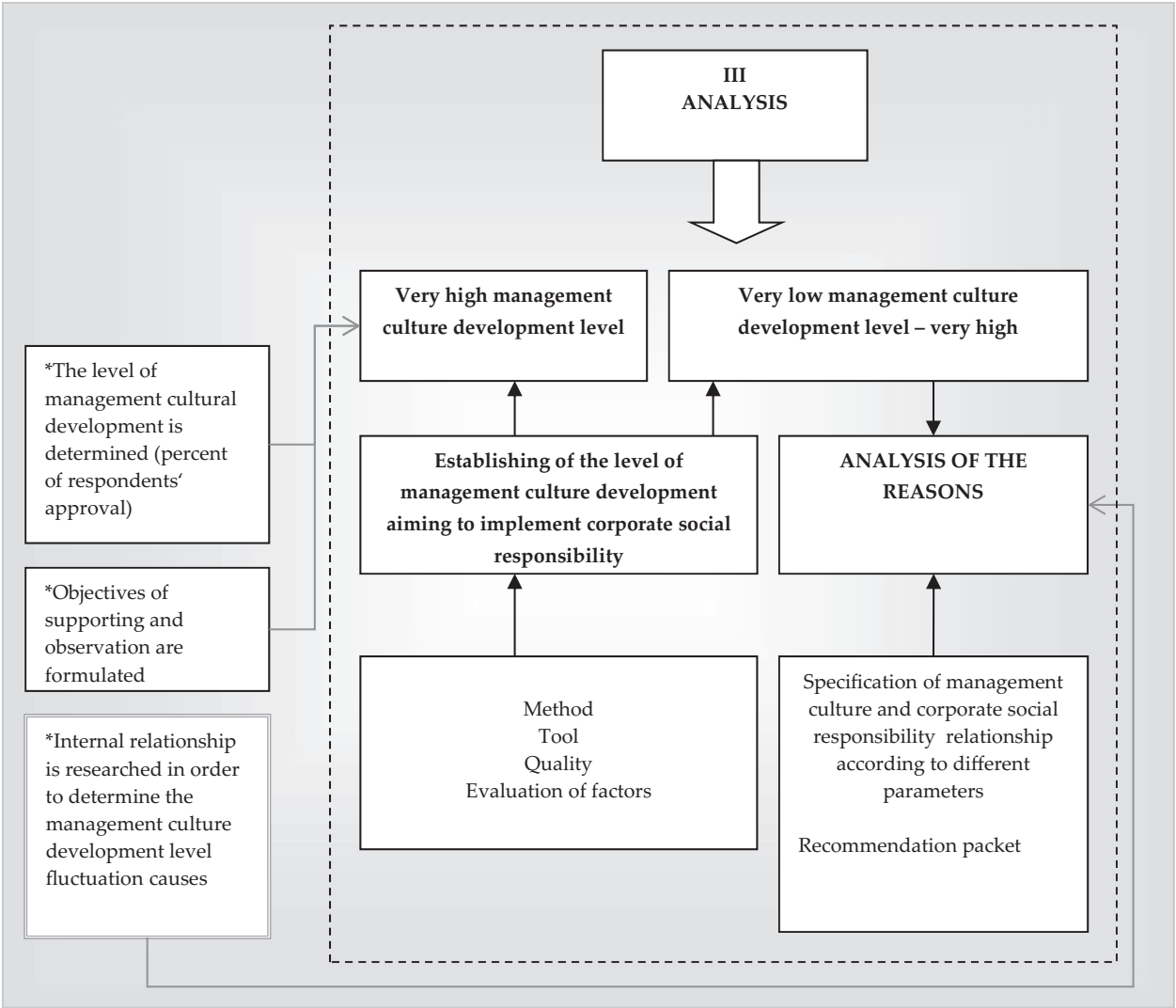

Figure 3. Fragment of the managerial solution model of establishment of the level of management culture aiming to implement corporate social responsibility: analysis stage. Source: Compiled by Andriukaitienė [23] and Vveinhardt and Andriukaitienė [31]. *Supplemented by P. Žukauskas.

packet that will determine the desired changes within an identified amount of time depending on the structure and complexity of the problem in question. Internal and external factors affecting both the decision making process and objective and subjective possibilities of realization have to be taken into account as well. At this stage, the problems were revealed by different subscales and detailed by single tests condition the objectives to make specific managerial decisions. For example, having assessed the management staff culture, the management staff training and development system can be reviewed, document management can be optimized, the company working conditions can be improved, decisions to improve the socio-psychological climate can be made and so on. Both, the management of processes and data as well as the working environment conditions optimality or socio-psychological climate are closely related to corporate social responsibility objectives and their realization.
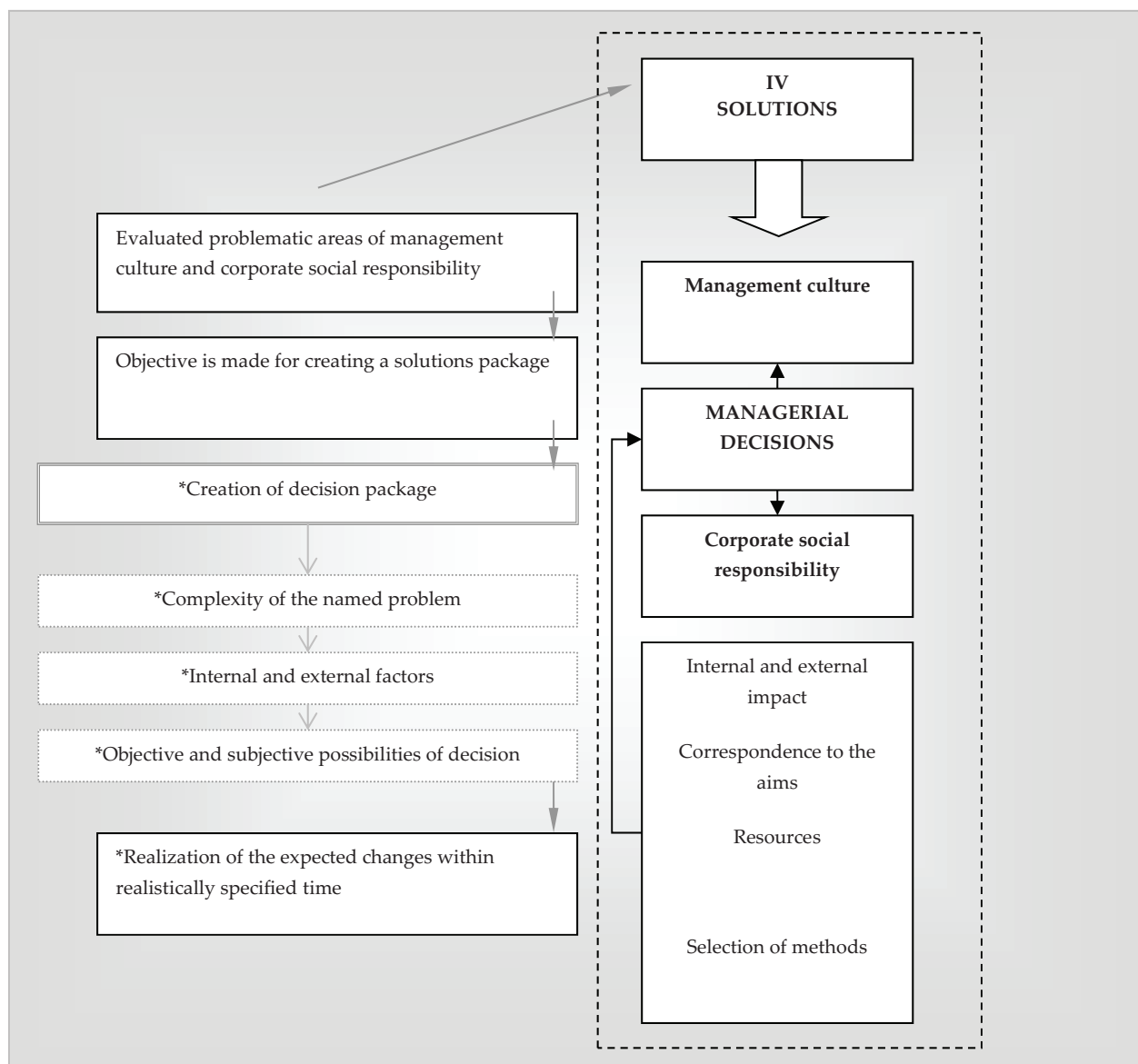

Figure 4. Fragment of the managerial solution model of establishment of the level of management culture aiming to implement corporate social responsibility: decision-making stage. Source: Compiled by Andriukaitienė [23] and Vveinhardt and Andriukaitienė [31]. *Supplemented by P. Žukauskas.

However, it is necessary to evaluate certain conditions for the realization of changes, which in the case of each company are more or less unique and require individual solutions. There are plenty of decision-making models and solutions which are suggested to corporations by the popular and scientific literature designed for the corporation managers; however, in practice it is important to evaluate the following main conditions: (a) the models are universal and are not aimed towards any organization in particular; (b) each organization is unique due to its human resources; (c) organizations are unique in their culture and (d) each organization is functioning in a different sociocultural environment. Therefore, good practice "borrowed" from other companies as well cannot always justify itself 100%.

Thus, these are the conditions that oblige the organization to create unique solutions and the methods of their implementation, which, if applied to a different organization, may not achieve the desired effect in the other. This, as well as decisions, requires wide spectrum and high-quality knowledge of management staff of the organization (even when choosing different methods), that is why, if the level of management culture development is not particularly high, a risk of making incorrect, insufficiently effective decisions may occur. So, this is another argument which encourages organizations to pay attention to external professionals (**Figure 4**).

The fifth stage: the initiation of changes where the solutions are standardized in internal documents. That is, the plan of specific change implementation, control and observation is approved, deadlines are foreseen and people in charge are assigned. In this case, it is important to evaluate the internal and external factors that help or hinder the implementation of the changes. For example, the level of knowledge management, managerial staff skills, creativity, etc.

On the other hand, resistance to changes or informal involvement greatly depends on both, the overall level of management culture, as well as on the individual components forming this dimension. Therefore, while evaluating management culture, possible interferences or strengths are highlighted, which help implement the changes more effectively.

The plan is inseparable from human resources and the strategy of cultural development within the organization, staff management system, training and personal development, career plans, planning of material resources and structural changes. An important role is played by integration of international standards, involving the management system and corporate social responsibility, into the practical work of an organization (**Figure 5**).

Ensuring feedback. This is a significant condition, but in practice it is not always adequately assessed. For example, often there is satisfaction only with the control system and this is the relevant problem of traditionally vertically oriented structures. An important condition when improving the level of management culture while aiming to implement corporate social responsibility is openness of the organization and functionality of communication channels among various levels of management staff and the employees within the organization. That means that the principal information about the current situation and the planned changes are accessible and communicated to various levels of employees. Also a reasoned knowledge sharing system that enables real-time response to arising situations is organized (**Figure 6**).
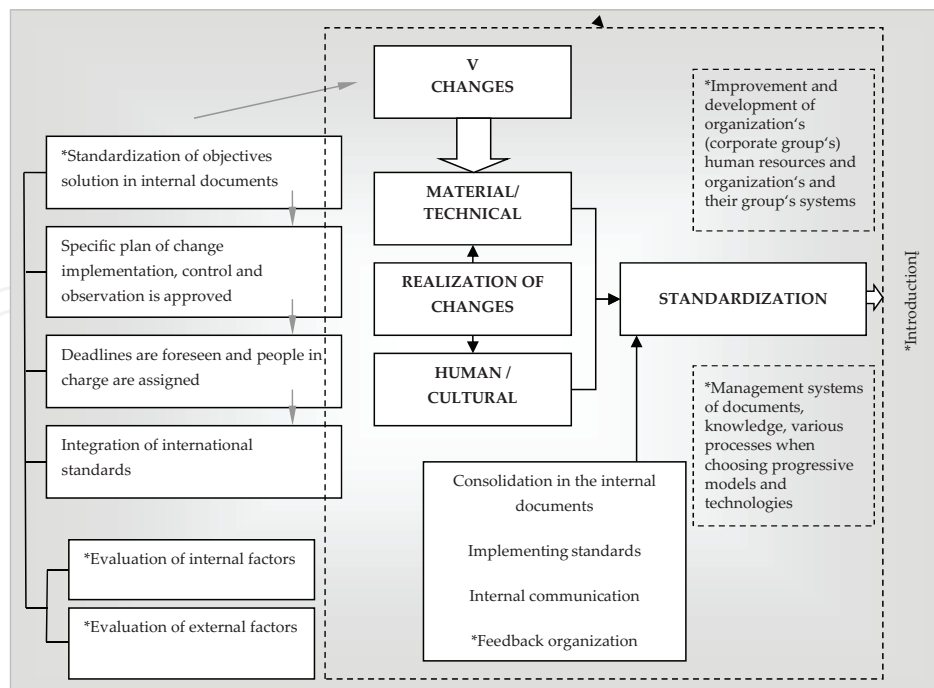
Figure 5. Fragment of the managerial solution model of establishment of the level of management culture aiming to implement corporate social responsibility: changes stage. Source: Compiled by Andriukaitienė [23] and Vveinhardt and Andriukaitienė [31]. *Supplemented by P. Žukauskas.
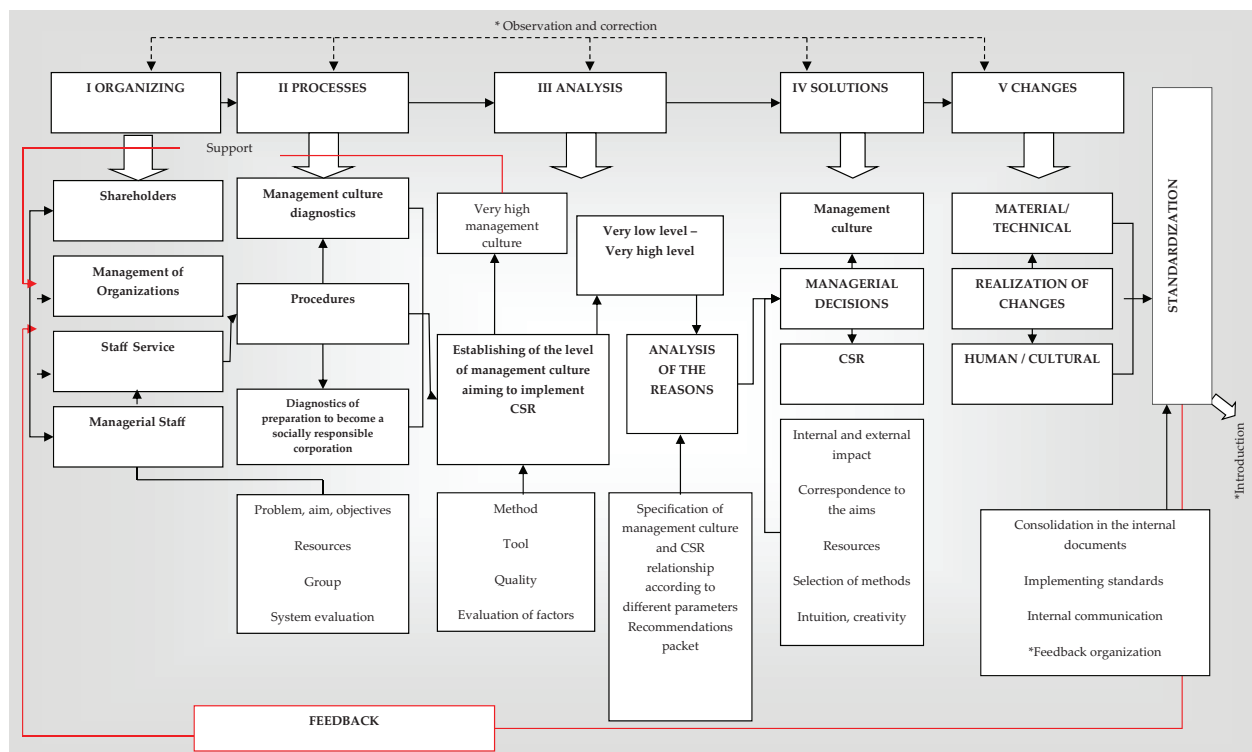

Figure 6. Model of establishment of the level of management culture for managerial decision making with the aim of implementing corporate social responsibility. Source: Compiled by Andriukaitienė [23] and Vveinhardt and Andriukaitienė [31]. *Supplemented by P. Žukauskas.

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