

Károly Róbert Collage

# **The Study of the Individual Values of CEOs in the Light of CSR**

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# INTRODUCTION

## 1. Theoretical Background

- What is Corporate Social Responsibility (CSR)?
- Individual value and Schwartz's model of individual value
- The role and the level of the general manager concerning social responsibility
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- The relation between the personal value of general managers and the practice of CSR
  - *The study of the Schwartz values relating the CSR practice*
  - *The value priorities of the general managers' segment*
- The differences of individual values of general managers in CSR practice

## 4. Conclusion

# THEORETICAL BACKGROUND

## What is the Corporate Social Responsibility?

### CSR is a good practice of corporations

- Environmental
- Social
- Ethical
- Voluntary
- Stakeholder

### The reasons of CSR boom:

- Changes in the production
- Scandals (food, the case of the Ford Pinto, etc.)
- Corporate empires have emerged
- Natural catastrophes
- Limited natural resources
- Deregulation of the money market
- Stakeholder theory and pressure from the stakeholders

# THEORETICAL BACKGROUND

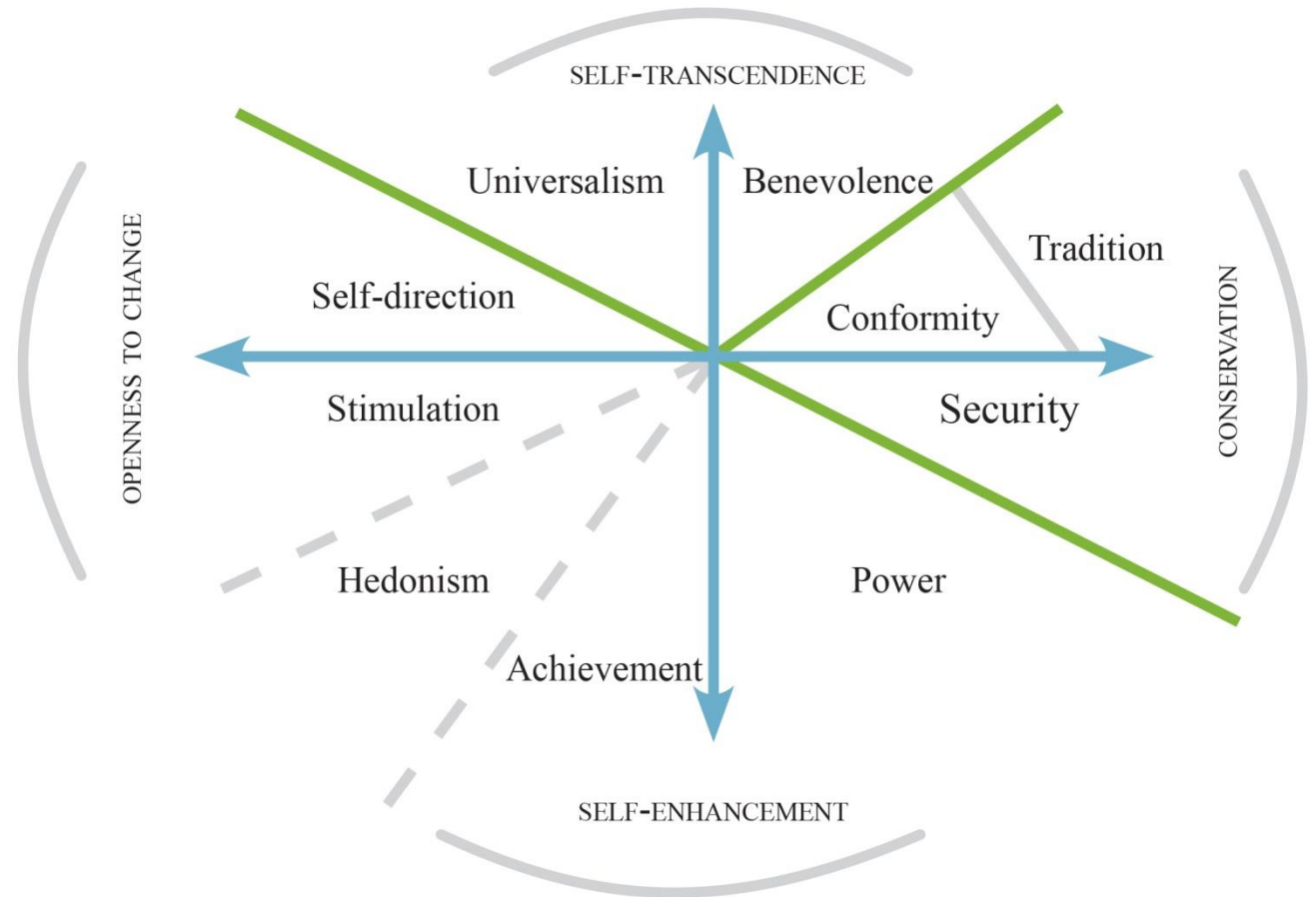
## Individual value and Schwartz's model of individual value

- The first empirical researches of the values can be traced back into the 1930s and 1940s.
- The value is examined by several social sciences – philosophy, axiology, cultural anthropology, sociology and psychology.
- **Schwartz** studied the nature and behaviour of basic human values to see the cultural similarities and differences.



### Schwartz's model of individual values

In his model 10 universal basic values were identified; these values are organised under four higher value groups.



# THEORETICAL BACKGROUND

## Examples from the domain of economics

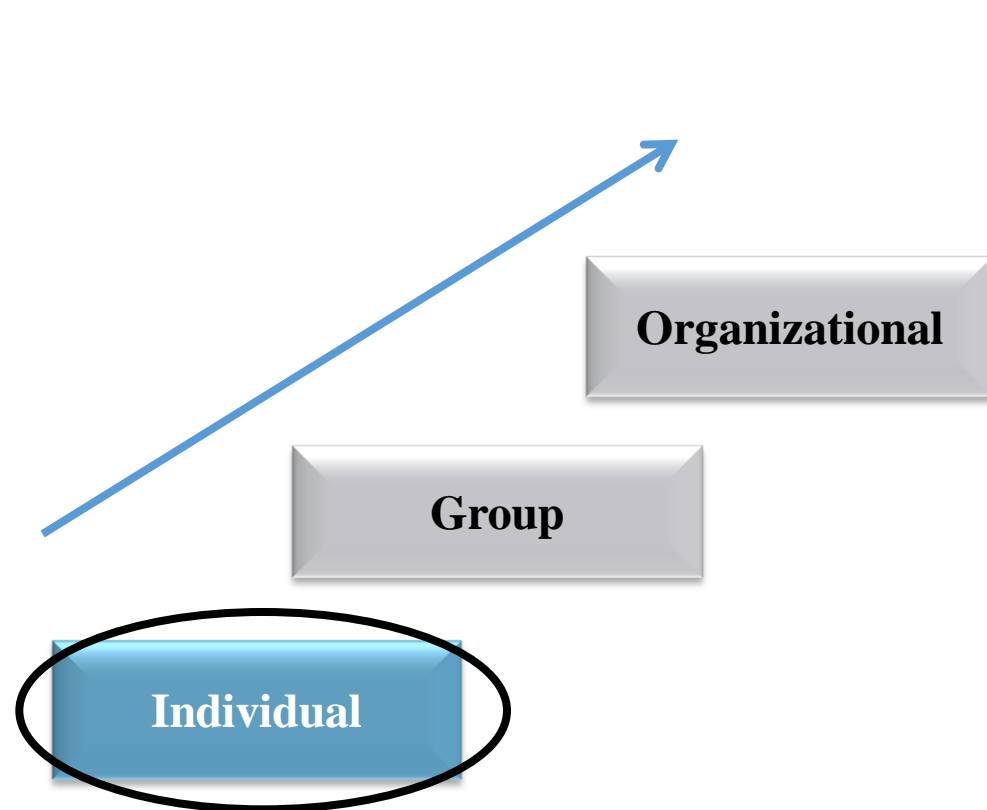
The area of study concerning values	Researchers
The individual values and marketing relations of the manager	Rallapalli and et al., 2000; Swanson, 1995
The relation of commerce and values	Wood, 1991; Drumwright, 1994; Swanson, 1995; Fineman and Clarke, 1996; Menon and Menon, 1997
The cultural comparison of the values of managers	Hofstede, 1980
The study of the relation of the values of the young manager generation and corporate values	Wilson, 2002
The impact of values of the employees and consumers on the corporation, working environment	Robertson, 1991
The individual values of the manager	England, 1967; Lincoln et al., 1982; Bigoness and Blakely, 1996

Source: own construction based on the specific literature

# THEORETICAL BACKGROUND

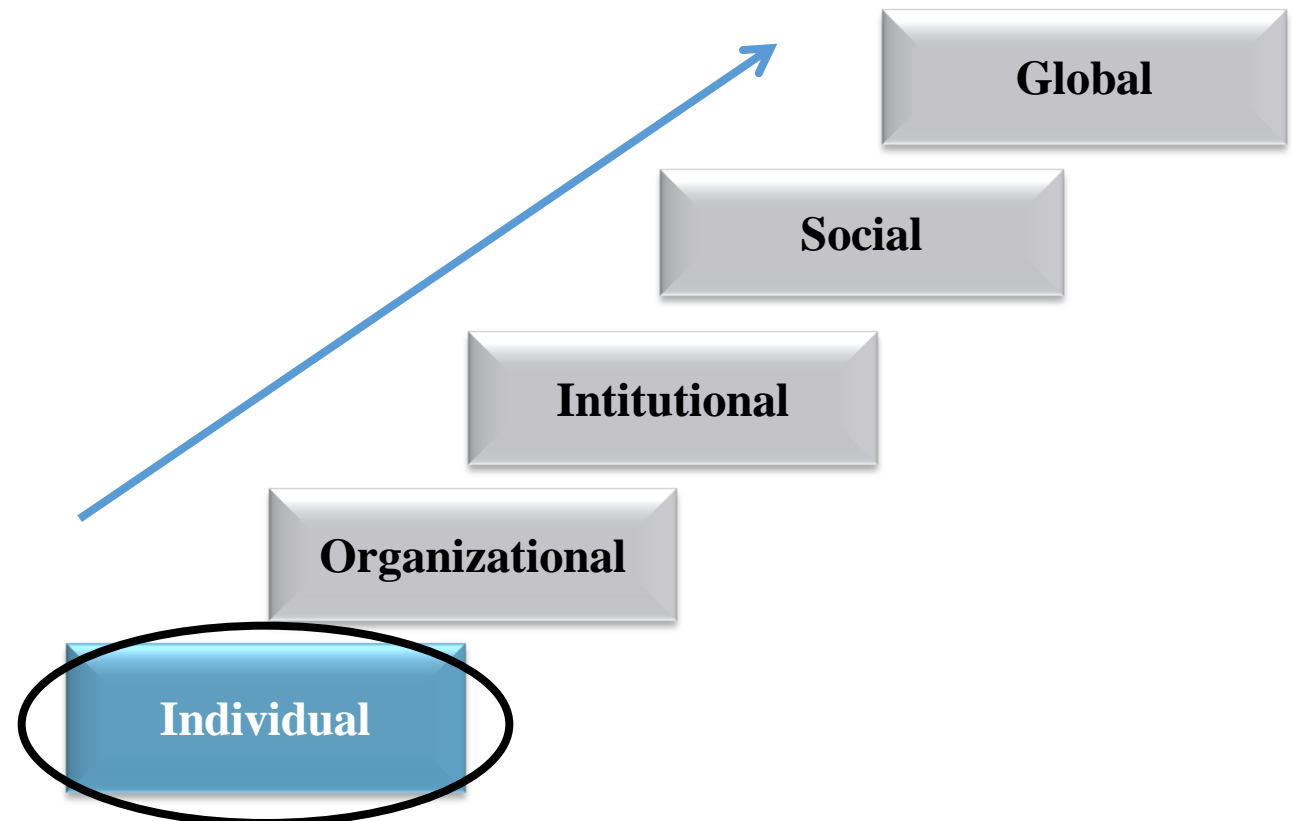
## The role and the level of the general manager concerning social responsibility

### Levels of decision making



Source: Robbins, S. P.; Judge, T. A. 2007

### Levels of value



Source: Angle és Caldwell, 1999

# THEORETICAL BACKGROUND

## The role of the general manager concerning social responsibility

### Pro

- Moral responsibility comes from the character of the leader (Angyal, 2009).
- Only a person can be responsible a corporation cannot be (Friedman, 1970).
- A corporation is not a natural entity (Goodpaster and Matthews 1982).
- Responsible businessmen should overstep the legal frameworks and should take measurements beyond (Carroll, 1999; McGuire, 1963).
- The general managers play an important role in creating the values of the corporation (Deshpande and Webster, 1989).

### Contra

- Dodd (1950) is sceptic whether it can be expected from the managers to have socially responsible and ethical behaviour.
- Forming the legal entity it is possible to have limited liability as on the one hand the legal entity of the corporation offers some kind of protection for the managers and leader of the corporation (Bendell, 2004)

# The Research Problem

- There have been several researches carried out regarding corporate social responsibility in recent years, the results were published in specialist journals and periodicals. There are researches dealing with the correlation between individual values and business life (Agle és Calwell, 1999), however, the number of those researches that deal with specifically the relation between the practice of CSR and the individual values of corporate leaders (Koivula, 2008) are small at international level. Domestically researchers only deal with the above mentioned topics separately, hence there is a need to carry out researches in the topic.
- For a company to be competitive in the long term it has to have distinguishing competences, key-competences that offer sustainable competitive edge (Csath, 2012). In order to realize this competitive edge the CSR ensures potential frames for the organizations, however, the leaders of such companies need the appropriate holistic management approach.
- In the present research such characteristics, are examined that may carry important information from the point of view of social responsibility.



## Research hypotheses

*H1: There is a positive relation between the higher value of self-transcendence and the realization of CSR.*

*H2: Only the values belonging to self-transcendence (universalism and benevolence) shows relation with the practice of CSR.*

*H3: In the value system of the general managers the self-transcendence value is prioritized from the realization of the CSR-practice point of view.*

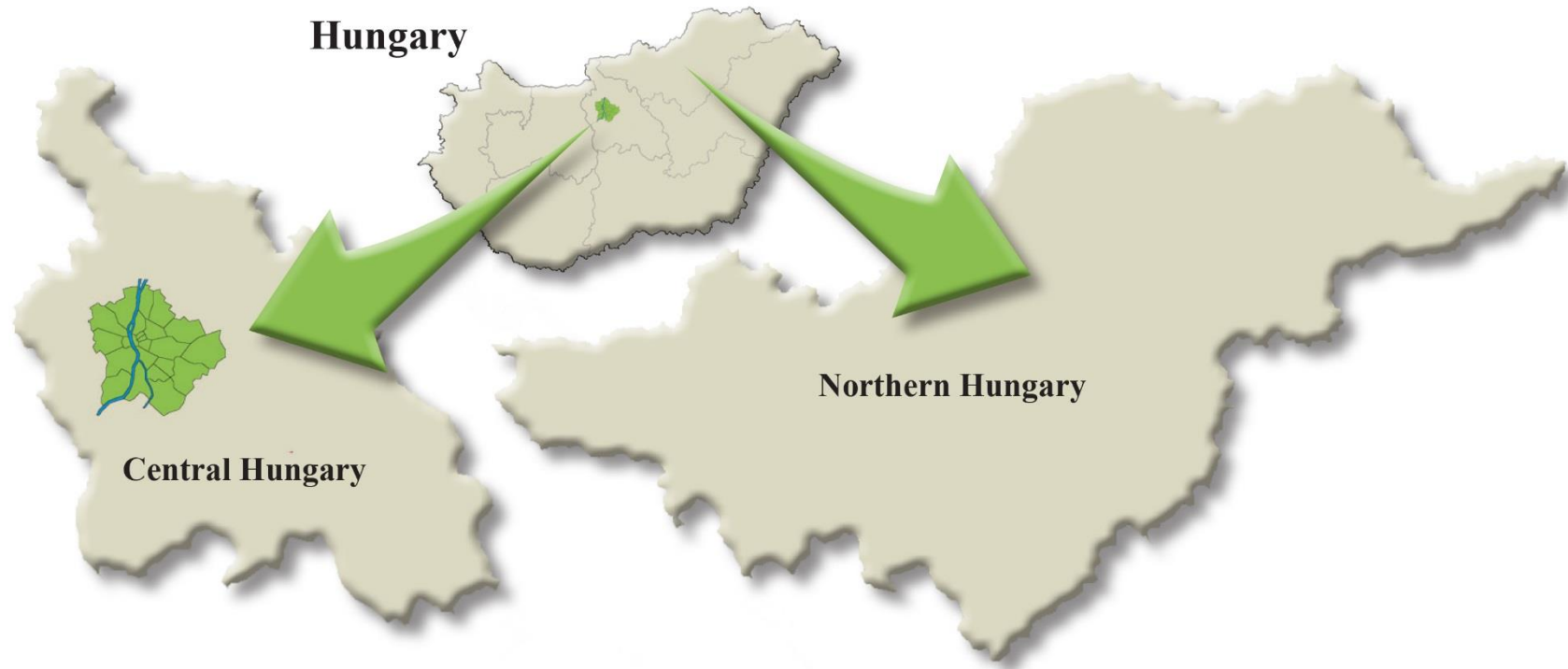
*H4: The different value maps of the segments of the general managers and the priority of the values have impact on the corporate social responsibility to a different extent.*

*H4a: Regarding the personal values the general managers with modern CSR approach are significantly more sensitive to responsible management.*

# MATERIAL AND METHODS

## Characteristics of the sample

- The SMEs with 10 – 249 employees, in Ungarn
- The interviews were carried out during 2013, autumn and 2014, spring.
- Quantitative standard interviews



# **MATERIAL AND METHODS: The Introduction of tools, applied scales in the research and the Characteristics of the Sample**

## **Methods and tools in the research:**

- During the research one of the non-random sample methods the so-called snowball sampling and personal interview methods were used.
- The interviewers were students of Róbert Károly College, Óbudai University and Budapest Business School. In order to have a representative sample the students were asked to register the name and accessibility of the CEO of the manager to avoid duplicate appearance in the database.
- 416 CEOs were asked, however out of the seirveys only 202 could be used.

## **The parts of questionnaire**

1. The questions examining the CSR practice of the corporations
2. The questions of the CSR attitude
3. The questions personal and individual values
4. The questions of company characteristics and of the demographic characteristics of the company leaders

## **The applied scales in the research**

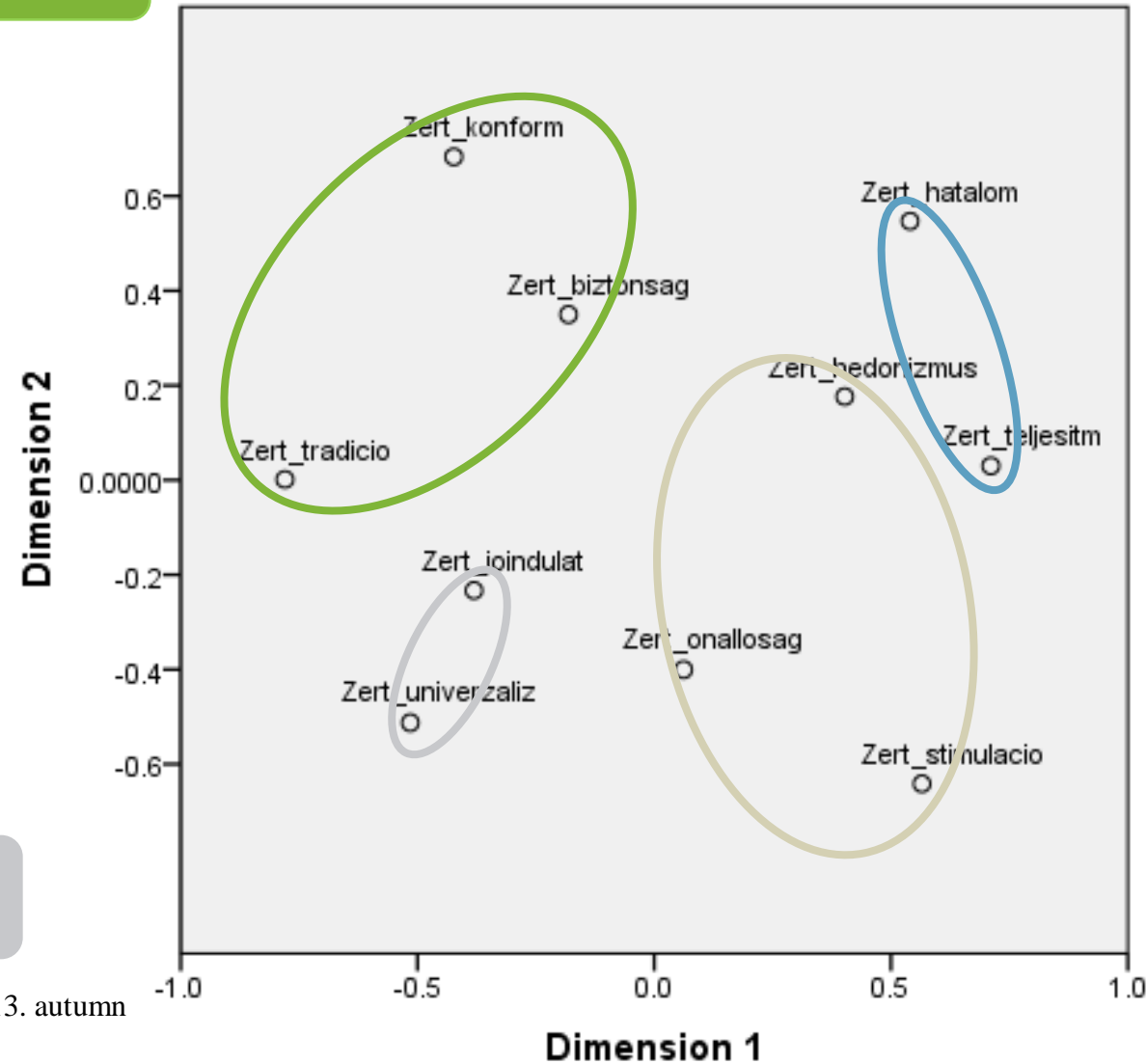
During the quantitative standard survey a 6-level Likert was used

# RESULTS

Conservation

The study of  
personal values  
of general  
managers

Self-transcendence



Self-enhancement

Openness to change

Source: own construction, standard interview, 2013. autumn and 2014. spring, n=202

# RESULTS

## The relation between the personal value of general managers and the practice of CSR –

### *The study of the Schwartz values relating the CSR practice*

The examined variable pairs (higher values – CSR practice) in the correlation	self-enhancement – CSR practice		openness of change – CSR practice			self-transcendence – CSR practice		conservation – CSR practice		
Correlational coefficients	∅		0.210**			0.317**		0.217**		
The examined variable pairs (basic values – CSR practice) in the correlation	achievement – CSR practice	power – CSR practice	self-direction – CSR practice	hedonism – CSR practice	stimulation – CSR practice	benevolence – CSR practice	universalism – CSR practice	security – CSR practice	tradition – CSR practice	conformity – CSR practice
Correlational coefficients	∅	∅	0.152*	0.168*	∅	0.302**	0.281**	0.246**	0.199**	∅

✓ *H1: There is a positive relation between the higher value of self-transcendence and the realization of CSR.*

× *H2: Only the values belonging to self-transcendence (universalism and benevolence) shows relation with the practice of CSR.*

Source: own construction, standard interview, 2013. autumn and 2014. spring, n=202

\*\* (p=0.000) shows significance

\* (p<0.05) shows significance

# RESULTS

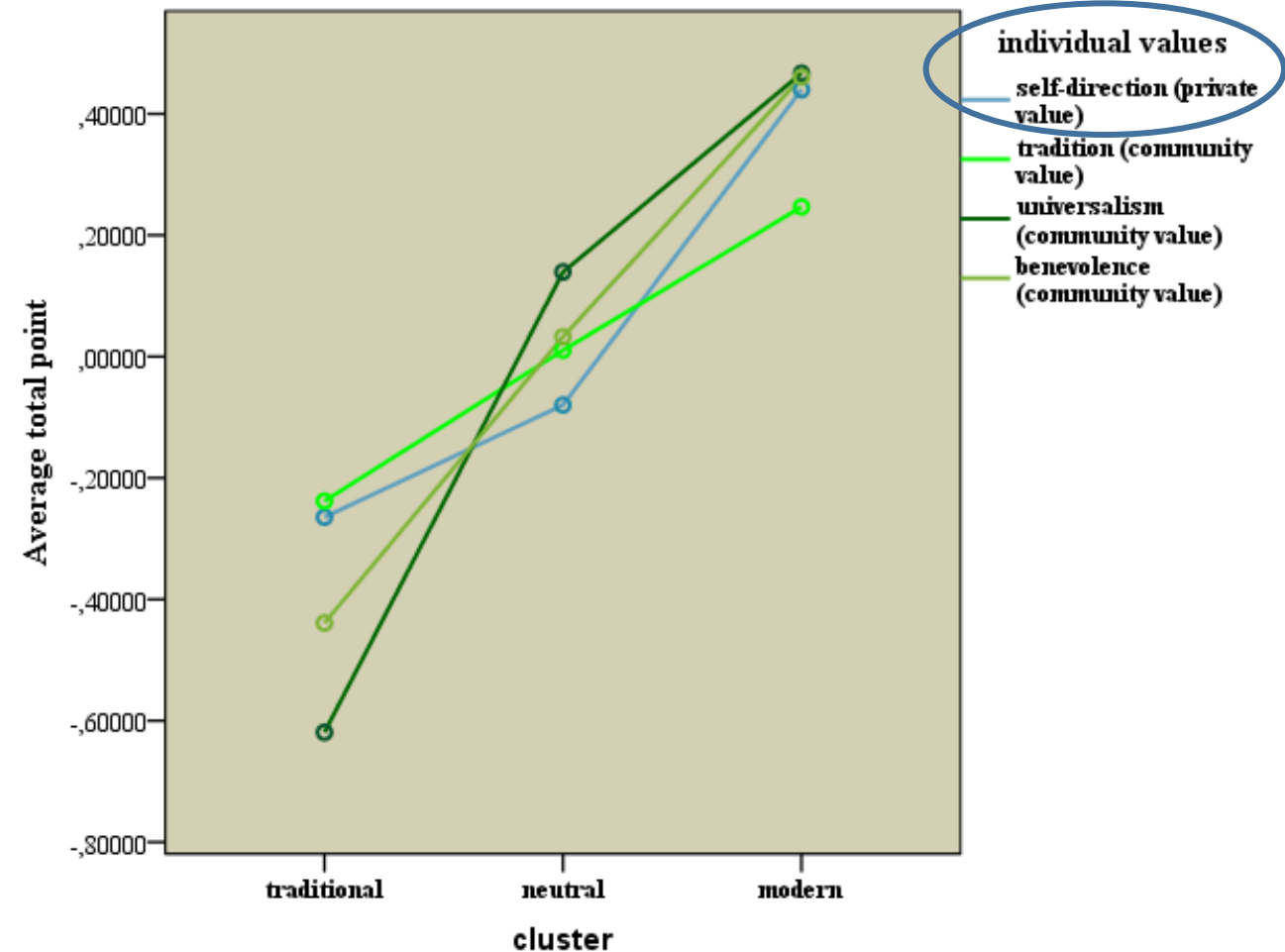
## The relation between the personal value of general managers and the practice of CSR - *The value priorities of the general managers' segment*

- The research studied not only the individual values but also the attitude of the CEOs to corporate social responsibility.
- The attitudes could be clearly divided into three segments: *traditional, neutral and modern approach*, unfortunately, due to content restrictions these cannot be introduced in details (Hierarchical cluster analysis was carried out).
- **The 1st cluster** is the managers and leaders with **the traditional CSR approach. 28% of the research sample** belongs to this group. They achieved higher score on the rational benefit attitude scale than on the other scales (*altruistic benefit, moral benefit, CSR≠PR*), on which they achieved rather low points.
- **The 2nd cluster** is the cluster of the leaders and managers with **neutral CSR approach**. The leaders of this cluster did not achieve significantly high point on either attitude scale hence further segmentation could not be carried out. It could be clearly seen that **almost half of the sample (47%)** has neutral CSR approach, which means that they are not committed regarding corporate social responsibility, but they do not prefer over everything in their management and they do not condemn the importance of social responsibility.
- In **the 3rd cluster** is the group of the leaders and managers with **modern CSR approach, 25% of the sample** belongs to this. This segment achieved high average points on the altruistic, moral benefit and CSR≠PR attitude scaled, and achieved rather low points on the rational benefit scale. The identification of these two clusters was obvious.

# RESULTS

## The relation between the personal value of general managers and the practice of CSR - *The value priorities of the general managers' segment*

✓ *H3: In the value system of the general managers the self-transcendence value is prioritized from the realization of the CSR-practice point of view.*



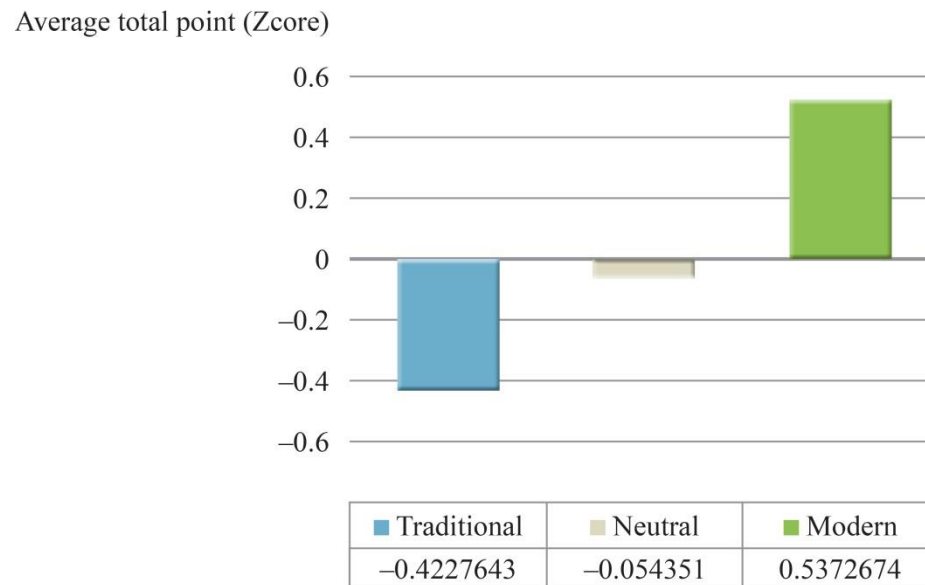
# RESULTS

## The differences of individual values of general managers in CSR practice

### The value priorities of the three general manager segments

Traditional				Neutral				Modern			
1	tradition	conservation	community	1	universalism	self-transcendence	community	1	universalism	self-transcendence	community
2	self-direction	openness of change	private	2	benevolence	self-transcendence	community	2	benevolence	self-transcendence	community
3	benevolence	self-transcendence	community	3	tradition	conservation	community	3	self-direction	openness of change	private

### The CSR practice of the three general manager segments



**Source:** own construction, standard interview, 2013. autumn and 2014. spring, n=202



# RESULTS

## The differences of individual values of general managers in CSR practice

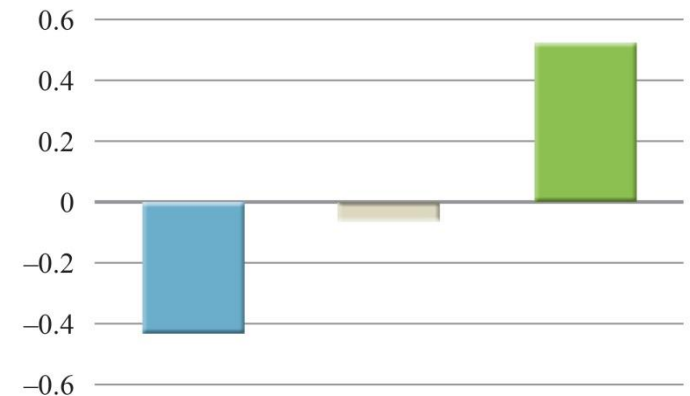
- The general manager segments do not only differ in their values but also in the realization of the practice social responsibility. The differences were significant ( $p=0.000$ ), and this difference was unambiguously indicated by the empirical research (One-way independent ANOVA-test) ( $p=0.000$ ).
- The most matured way of thinking and acting regarding CSR was the cluster of general managers with modern CSR approach as they achieved the highest total points (0.5372674 average total point/Zcore). This segment is more CSR-centred that means they are more committed to environment protection and social responsibility than the segments of neutral and traditional approach.
- They were followed by the general managers of neutral CSR approach ( $-0.0543510$  average total point /Zcore), and then the general managers of traditional CSR approach achieved the lowest points ( $-0.4227643$  average total point /Zcore)

✓ *H4: The different value maps of the segments of the general managers and the priority of the values have impact on the corporate social responsibility to a different extent.*

✓ *H4a: Regarding the personal values the general managers with modern CSR approach are significantly more sensitive to responsible management.*

The CSR practice of the three general manager segments

Average total point (Zcore)



Traditional	Neutral	Modern
-0.4227643	-0.054351	0.5372674

# CONCLUSION AND SUGGESTIONS

- The **individual values of the company leaders** and their **correlation** with the **CSR practice** were identified.
  - The **self-enhancement enjoy the priority** in the value system of the company leaders from the CSR point of view
- The segment of company **leaders with modern CSR** approach is **more sensitive to responsible company management** than the other two clusters.
- **The neutral CSR** approach **cluster deserves more attention** because of their community commitment and significant majority in number.
- **In the value system** of the already committed group **of leaders not only the community values have their priorities.**
- **What/ Who can help to expand of the CSR?**
  - The local government
  - Chambers of commerce
  - Marketing communication tools
  - Local conferences
  - Exhibitions and other professional forums
  - Educacion

# Thank you for your attention



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