

THE LEVEL OF CORPORATE SOCIAL RESPONSIBILITY IN LARGE ORGANIZATIONS IN RELATION TO: SECTOR, ACTIVITY, TYPE OF OWNERSHIP AND LEVEL OF BUSINESS

НИВО КОРПОРАТИВНЕ ДРУШТВЕНЕ ОДГОВОРНОСТИ У
ВЕЛИКИМ ОРГАНИЗАЦИЈАМА У ОДНОСУ НА: СЕКТОР,
ДЕЛАТНОСТ, ТИП ВЛАСНИШТВА И НИВО ПОСЛОВАЊА

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Paper presented at the 11th International Scientific Symposium „EkonBiz: Impact of geopolitical changes on the national economy“, Bijeljina, 22 – 23th June 2023.

Abstract: *The role and importance of socially responsible business in the last few years has been recognized in various economic activities. In addition to its importance in various economic activities, corporate social responsibility plays an important role for sustainable development. The aim of the work is based on the examination of the achieved level of corporate social responsibility (CSR) in large organizations in R. Serbia in relation to in relation to the sector, economic activity, type of ownership, level of business on the market. The research was conducted in the period from 2019 to 2021 on the territory of the Republic of Serbia, in which 165 large organizations participated. Statistical techniques of the Mann Whitney non-parametric test were used in the paper using a statistical program (SPSS version 25.0). By reviewing the professional and scientific literature on corporate social responsibility, also through the analysis of the obtained results, the authors proved that the hypothesis was partially*

confirmed between the average dimensions of CSR and by sector, economic activity, type of ownership, level of business in the market. Statistically significant differences exist in the level of corporate social responsibility in organizations in Serbia in relation to economic activity, between company headquarters, between types of companies, while there are no statistically significant differences in the level of CSR in organizations in Serbia in relation to the sector, the level of business on the market.

Key words: *Corporate Social Responsibility, Business level, R. Serbia*

Апстракт: *Улога и значај друштвено одговорног пословања у последњих неколико година препознат је у различитим привредним делатностима. Поред значаја у различитим привредним делатностима, корпоративна друштвена одговорност има битну улогу за*

одрживи развој. Циљ рада базира се на испитивању достигнутог нивоа корпоративне друштвене одговорности (КДО) у великим организацијама у Р. Србији у односу на сектор, привредну делатност тип власништва и ниво пословања на тржишту. Истраживање је спроведено у периоду од 2019. до 2021. године на територији Републике Србије у коме је учествовало 165 великих организација. У раду су коришћене статистичке технике непараметарског теста Ман Витни и Крускал Валис помоћу статистичког програма (СПСС верзија 25.0). Прегледом стручне и научне литературе о корпоративној друштвеној одговорности, такође кроз анализу добијених резултата, аутори су доказали да је хипотеза делимично потврђено између просечних димензија КДО и на сектор, привредну делатности, тип власништва, ниво пословања на тржишту. Статистички значајне разлике постоје у нивоу корпоративне друштвене одговорности у организацијама у Србији у односу на привредну делатност, између седишта компаније и између врста компанија, док не постоје статистички значајне разлике у нивоу КДО у организацијама у Србији у односу на сектор и ниво пословања на тржишту.

Кључне ријечи: корпоративна друштвена одговорност, ниво пословања, Р. Србија

JEL classification: M14, O15

1. INTRODUCTION

The concept of Corporate Social Responsibility (CSR) has been the subject of various interpretations and understandings, and as a result, the very definition of this concept varies. The notion of corporate social responsibility is still not precisely defined because there is no clear consensus on the groups of elements encompassed by this business concept (Carroll, 1999; Garriga & Melé, 2004). In addition to the dilemmas among theorists related to the concept itself, the boundaries of the concept are also not precisely delineated.

The field of corporate social responsibility research is characterized by the fact that there is no single CSR definition that allows for the development of general and applicable measurement models (Pérez & Rodríguez del Bosque, 2013). Some existing theories draw on the concept of social state development, while others are linked to the strategy for economic sector development in a new environment. In practice, the lack of consensus on the definition of CSR has led to various measurement mechanisms and

approaches for assessing this business concept (Barauskaite & Streimikiene, 2021; Aleksić et al., 2022).

The benefits of corporate social responsibility (CSR) in business activities are evident in the context of globalization, technological changes, environmental protection issues, and the development of civil society.

This has spurred research, debates, and the emergence of theories that place this development in a broader context. Some existing theories are partially based on the concept of social state development, while others are linked to the strategy for economic sector development in a new environment (Zailani, Amran & Jumadi, 2011; Biočanin, Sarjanović, Berezljjev & Čolaković, 2019).

To implement a policy of social responsibility, organizations employ various means:

- Organizational Codes of Conduct (Successful organizations with a strong CSR policy typically have formulated values and principles based on which they establish codes of conduct) (Collier & Esteban, 2007).
- Periodic Reporting (As the number of stakeholders demanding information and transparency increases, organizations publish a growing number of reports on their business activities, encompassing economic, environmental, and social dimensions) (Amran, Lee, & Devi, 2014).
- Leadership Role (The active application of the corporate social responsibility concept has led to a process in which corporate leadership becomes a key player both within the organization and in the broader societal context) (Waldman, Siegel & Javidan, 2006).
- Environmental Initiatives and Standards (Clear guidelines for organizations striving to improve their business operations and report on all social and environmental actions taken) (Torelli, Balluchi, & Furlotti, 2020).
- Key Actors and Their Roles (Successfully implementing corporate social responsibility requires a societal-wide change. The business sector, as a key player in corporate social responsibility, coordinates the efforts of other business organizations, educational institutions, professional associations, media, governments, and non-governmental organizations) (Ansu-Mensah, Marfo, Awuah, & Amoako, 2021).
- Partnership Building (Partnerships represent a form of engagement among various actors with a common goal, involving trust, responsibility, openness to new knowledge, and collaboration with different sectors) (Morawska-Jancelewicz, 2022).

The utilization and application of corporate social responsibility (CSR) mechanisms are highly diverse and numerous, primarily because this practice is often not regulated by law, and therefore not obligatory. It is typically devised at the corporate management level (Waagstein, 2011). Additionally, since socially responsible corporate activities are oriented towards stakeholders (employees, business partners, suppliers, communities), various mechanisms are employed, which also vary from one environment to another in which they are implemented (Prior, Surroca, & Tribó, 2008).

Regarding developed economies, the emphasis is mostly placed on enhancing the quality of labor relations, knowledge and technology transfer, raising ethical standards and business norms, ensuring product quality, human resource development, equal employment opportunities, and addressing issues such as corruption (Hopwood, Mellor, & O'Brien, 2005). Developing countries, like the Republic of Serbia, tend to focus on short-term humanitarian goals (donating medicines, reducing prices, building local healthcare capacities, financial donations).

In this context, this study has conducted research related to the implementation and impact of corporate social responsibility on business practices in the Republic of Serbia, involving the participation of 165 large organizations.

2. RESEARCH METHODOLOGY

The impact assessment of the level of corporate social responsibility (CSR) in large organizations in Serbia concerning sector, economic activity, ownership type, market business level was conducted on a sample of 165 managers in large organizations within the territory of the Republic of Serbia. Of these, 56% of the managers are male, and 44% are female. The highest representation

among the total number of managers belongs to those in top management and middle management positions.

The segment of questions related to CSR dimensions comprises 27 questions categorized into six groups.

The first group of questions pertains to community responsibility, the second group to environmental responsibility, the third group relates to employee responsibility, followed by investor responsibility, the fifth group addresses customer responsibility, and the last group focuses on supplier responsibility. The questionnaire used for this research was developed by Rettab and colleagues (2009). A five-point Likert scale was employed during the investigation for this group of questions.

The question related to ownership type in the questionnaire is defined as, "Does your organization belong to the public or private sector?" Meanwhile, the questions related to the business level pertain to the type of market (local, regional, national, international, and global), economic activity, the organization's headquarters (Republic of Serbia, European Union, non-EU European countries), and the type of organization (national company, subsidiary of a national company, international company, subsidiary of an international company) concerning corporate social responsibility (Aleksić, 2022).

The research hypothesis H1 states: There are statistically significant differences in the level of CSR in organizations in Serbia concerning sector, economic activity, ownership type, and market business level.

3. RESEARCH RESULTS AND DISCUSSIONS

Table 1: The arithmetic mean, standard deviation, minimum, and maximum values of the CSR level according to the stakeholder approach

	Community	Environment	HRM	Investors	Customers	Supplaires	CSR
AS	4.4182	4.7106	4.5530	4.3818	4.7167	4.5539	4.5564
SD	.74957	.52958	.63245	.74365	.49273	.62805	.48977
Min	1.00	1.50	1.75	1.00	2.00	2.00	1.79
Max	5.00	5.00	5.00	5.00	5.00	5.00	5.00

Source: the authors

Based on the results obtained in Table 1, it can be concluded that the mean values of corporate social responsibility dimensions are at a high level.

The dimension related to the community has a score of 4.42, the dimension related to the environment has a score of 4.71, the dimension related to employees has a score of 4.55, the average dimension related to investors is 4.38, the dimension related to customers has a score of 4.72, while the average dimension related to suppliers is 4.55.

The average of all dimensions according to the stakeholder approach is 4.55.

After presenting the mean values of corporate social responsibility dimensions, the next part of the study will display the results of non-parametric tests (Mann–Whitney U test and Kruskal–Wallis test). For the first analysis, the Mann–Whitney U test was used to assess the achieved levels of CSR concerning whether the organization belongs to the public or private sector.

This test is used when comparing two groups to determine differences. Meanwhile, to determine differences among multiple groups (market served, organization's activity, organization's headquarters, and organization type) regarding CSR levels, the non-parametric Kruskal–Wallis test was applied.

Table 2: Mann-Whitney U Test for Companies in the Republic of Serbia Regarding the Sector and CSR Level

Your organization belongs to?	N	Rank
Public sector	13	67,31
Private sector	152	84,34
Total	165	
CSR level		
Mann-Whitney U		784.000
Wilcoxon W		875.000
Z		-1.236
Asump. Sig.		.216
a. Grouping Variable: Does your organization belong to the public or private sector?		

Source: the authors

By applying the non-parametric Mann-Whitney U test and based on the research results presented in Table No. 2, it is concluded that there is no statistically significant difference in CSR levels

between organizations in the Republic of Serbia belonging to the public or private sector. The Z value is -1.236 ($p > 0.05$, $p = 0.216$).

Table 3: Kruskal-Wallis Test for Companies in the Republic of Serbia Regarding the Market Served and CSR Level

Your organization serves which market?	N	Rank
Local	6	52,83
Regional	28	89,64
National	60	72,51
International	43	87,43
Global	28	98,50
Total	165	
CSR level		
df		2
Chi-Square		5,486
Asump. Sig.		,057
a. Kruskal Wallis Test		
b. Grouping Variable: Which market does your organization serve?		

Source: the authors

Table No. 3 presents the application of the non-parametric Kruskal-Wallis test, showing that there are no statistically significant differences between organizations serving different types of markets and their levels of corporate social responsibility ($p > 0.05$, $p = 0.057$). Additionally, the average

rank values in the CSR domain indicate that organizations serving the global market have the highest average rank (MP = 98.50), while organizations serving the local market have the lowest average rank, which is (MP = 52.83).

Table 4: Kruskal-Wallis Test for Companies in the Republic of Serbia Regarding the Organization's Activity and CSR Level

To which activity does your organization belong?	N	Rank
Processing industry	84	84.80
Wholesale and retail trade, repair of motor vehicles and motorcycles	14	92.46
Financial and insurance activities	17	87.88
Construction	2	66.75
Transport and storage	9	64.44
Public administration and defense; compulsory social security	1	75.00
Healthcare and social assistance	1	57.50
Other service activities	4	92.63
Mining	4	46.38
Administrative and support service activities	3	77.33
Information and communication	7	130.79
Water supply, wastewater management, waste removal, and similar activities	1	3.00
Agriculture, forestry, and fishing	10	50.00
Accommodation and food service activities	1	37.50
Supply of electricity, gas, steam, and air conditioning	4	104.00
Real estate activities	2	84.50
Education	1	108.00
Total	165	
CSR level		
df		16
Chi-Square		27,851
Asupm. Sig.		,033
a. Kruskal Wallis Test		
b. Grouping Variable: To which activity does your organization belong?		

Source: the authors

Based on the results shown in Table 4, it can be concluded that the non-parametric Kruskal-Wallis test demonstrates statistically significant differences between organizations based on their activities and the average values of corporate social responsibility ($p > 0.05$, $p = 0.033$). According to the presented data in Table No. 4,

organizations engaged in information and communication have the highest average rank (MP = 130.79), while organizations involved in water supply, wastewater management, waste removal, and similar activities have the lowest average rank, which is (MP = 3.00).

Table 5: Kruskal-Wallis Test for Companies in the Republic of Serbia Regarding the Organization's Headquarters and CSR Level

Where is your organization headquartered?	N	Rang
Republic of Serbia	121	76.14
EU	38	106.86
Non-EU European countries	2	71.00
Other	4	69.88
Total	165	
CSR level		
df		2
Chi-Square		9,152
Asump. Sig.		,027
a. Kruskal Wallis Test		
b. Grouping Variable: Where is your organization headquartered?		

Source: the authors

Based on the presented results in Table 5 and the application of the non-parametric Kruskal-Wallis test, it is concluded that there are statistically significant differences between the headquarters and the average values of corporate social responsibility ($p > 0.05$, $p = 0.027$). The average

rank values indicate that organizations headquartered in EU countries have the highest average rank (MP = 106.86), while organizations headquartered in other countries have the lowest average rank, which is (MP = 69.88).

Table 6: Kruskal-Wallis Test for Companies in the Republic of Serbia Regarding the Type of Organization and CSR Level

What is the type of your organization?	N	Rank
National company	108	75.56
Branch of a national company	8	83.56
International company	30	99.27
Branch of a international company	19	99.34
Total	165	
CSR level		
df		3
Chi-Square		4,440
Asump. Sig.		,022
a. Kruskal Wallis Test		
b. Grouping Variable: What is the type of your organization?		

Source: the authors

Table No. 6 shows the results of the non-parametric Kruskal-Wallis test, indicating that there are statistically significant differences between the types of organizations, namely national or international companies, and branches of national or international companies, in terms of their corporate social responsibility levels ($p > 0.05$, $p = 0.022$). Approximately the highest average rank values concerning CSR are held by organizations classified as international companies (MP = 99.27) and branches of international companies (MP = 99.34). Organizations classified as national companies (MP = 75.56) and branches of national companies (MP = 83.56), which

operate within the territory of the Republic of Serbia, have a lower average rank.

CONCLUSION

The contemporary approach to conducting business in large organizations should incorporate an ecological mindset. Organizations should pay attention to the products or services they produce and ensure that every aspect of their operations complies with environmental regulations. This is particularly relevant to organizations engaged in processing activities due to the harmful materials generated during production, which can negatively impact the environment. By analyzing the obtained results, it can be concluded that hypothesis (H1) is

partially confirmed because there are no statistically significant differences in the COD levels in organizations in Serbia concerning the public or private sector, the level of business operations in local, regional, national, international, and global markets. Statistically significant differences exist in the level of corporate social responsibility in organizations in Serbia concerning economic activities, between the company's headquarters, types of companies, such as national or international companies, and national or international company branches.

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SUMMARY

In the conditions of increasing globalization, strong economic and political changes, development of information technologies, ecological crises and an enormous level of environmental pollution, as well as demographic and cultural changes, approaches that do not aim exclusively at material benefits, but also wider social and environmental benefits. One of these concepts is corporate social responsibility (CSR). CSR implies the organization's interaction with different groups of interested parties (stakeholders): employees, clients, suppliers, local community, governmental and non-governmental organizations. Companies that have formal organizational strategies and policies (codes, strategies) have a higher level of CSR in the business environment of the Republic of Serbia. The proposal of measures for the management team is reflected in the fact that the mentioned documents are developed and adopted in organizations to an increasing extent because they are in some way guidelines for employees and organizations, that is, the frequent use of KDO activities has a positive effect on the entire organization.



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