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ANALYSIS OF CSR EFFORT AFFECT ON COMPANY RESULTS AND EMPLOYEE AWARENESS

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Introduction. The article explores several factors of corporate social responsibility (CSR) influencing various aspects of a company, including profitability, efficiency and employee attitude and wellbeing, further focusing on employee CSR awareness. Approximately

Aim and tasks. The aim of the article is to determine how companies CSR efforts are affecting the company results and employee awareness, with discussion of latest available researches from 2020 and to date, including an analysis of employee awareness in a selected company in Latvia during 2020. A quantitative method is used in this study, using a questionnaire for analysis of Atea Global Services Ltd employee CSR awareness, conducted by the companies CSR Ambassadors team. Data was collected from the internal survey conducted among employees of the Atea Group company in Latvia, with the total of 108 company employed participants out of 465 existing employees. The main tasks of the article are 1) to indicate and discuss possible outcomes of companies CSR efforts and employee awareness based on existing recent researches; 2) to understand whether employees were aware of the existing “CSR Ambassadors” initiative in Atea Global Services Ltd. (AGS) based on the conducted survey; 3) to determine the employee level of knowledge of the general CSR concept and company’s CSR initiatives based on their self-evaluation.

Results. The article provides several theoretical aspects of CSR effort outcomes, including increased profitability, customer satisfaction, employee retention and an overall positive company image. Findings show that the employees of Atea Global Services are largely aware of the CSR Ambassadors initiative, but show a lack of understanding of the performed activities due to moderate level of internal communication on the subject.

Conclusions. The theoretical research indicate several positive aspects for companies to support their CSR efforts as well as some possible implications. Theoretical research results may be applied to understand CSR efforts in various industries, however, the practical example of employee awareness research is limited to a single company in the information technology industry and requires further research for wider application.

Keywords: CSR, employees, company’s profitability, employee engagement.

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АНАЛІЗ ВПЛИВУ КОРПОРАТИВНОЇ СОЦІАЛЬНОЇ ВІДПОВІДАЛЬНОСТІ НА РЕЗУЛЬТАТИ КОМПАНІЇ ТА ОБІЗНАНОСТІ ПРАЦІВНИКІВ

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Вступ. У статті досліджуються кілька факторів корпоративної соціальної відповідальності, які впливають на різні аспекти компанії, включаючи прибутковість, ефективність, задоволеність співробітників, і зосереджено на поінформованості працівників про корпоративну соціальну відповідальність (КСВ).

Мета і завдання. Мета статті полягає в тому, щоб визначити, як зусилля компаній із КСВ впливають на результати компанії та обговоренням останніх доступних досліджень, включаючи аналіз поінформованості співробітників у вибраній компанії в Латвії протягом 2020 року. У даному дослідженні використовується метод із використанням анкети для аналізу обізнаності співробітників Atea Global Services Ltd з КСВ, проведеної командою з КСВ. Дані були зібрані на основі опитування, проведеного серед співробітників компанії Atea Group в Латвії, загалом 108 співробітників компанії. Основними завданнями статті є: 1) вказати та обговорити можливі результати КСВ компаній та поінформованість співробітників на основі існуючих останніх досліджень; 2) на основі проведеного опитування визначити, чи знали співробітники про діючу ініціативу у Atea Global Services Ltd.; 3) визначити рівень знань співробітників про загальну концепцію КСВ та КСВ-ініціативи компанії на основі їх самооцінки.

Результати. У статті подано кілька теоретичних аспектів результатів КСВ, включаючи підвищення прибутковості, задоволеність клієнтів, утримання співробітників і загальний позитивний імідж компанії. Результати показують, що співробітники Atea Global Services значною мірою обізнані про ініціативу КСВ, але показують нерозуміння виконуваних заходів через помірний рівень внутрішньої комунікації на цю тему.

Висновки. Теоретичні дослідження вказують на кілька позитивних аспектів для компаній, які підтримують їх зусилля з КСВ, а також деякі можливі наслідки. Результати теоретичних досліджень можуть бути застосовані для розуміння зусиль КСВ у різних галузях, однак практичний приклад дослідження поінформованості співробітників обмежується однією компанією в галузі інформаційних технологій і вимагає подальших досліджень для більш широкого застосування.

Ключові слова: корпоративна соціальна відповідальність, комунікація, прибутковість компанії, залучення співробітників.

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Introduction. Corporate social responsibility (CSR) has been heavily researched in the past decade as an instrument used to shape positive corporate image of the company and increase its profitability. To explore the effects of CSR efforts and initiative implementation in an organization, several studies are further reviewed to establish an understanding on the positive aspects of CSR practices. Although corporate social responsibility is largely researched as a positive concept, focusing on benefits for the economy, environment and society, it is also important to consider possible implications that might bring negative or no effect to the company in connection to the its performance and relationships with the stakeholders. With the consideration of these factors, the article is further exploring the role of employee awareness on the subject with the practical case of Atea Global Services Ltd.

Analysis of recent research and publications. When measuring the CSR impact on company's financial performance, Ali et al. [1] observe the direct effect it has on creating a positive company image and decreasing costs. Awaysheh et al. [2] come to a conclusion that when speaking about company's financial performance relation to CSR, managers and investors have to recognize the long term impact, stating that CSR performance of a company is evolving over a period of time. The long term economic, environmental and social responsibilities of a company are considered to be essential for the company's performance [3]. Conducted research shows that in the corporate management, CSR serves as a tool in increasing company's financial performance mainly by establishing a positive corporate image and with the increase in customer satisfaction level [1;2]. The increased customer satisfaction arises as CSR activities become more popular and advertised, faced with a choice of purchasing from a company that does not practice CSR and a one that does, consumers would likely choose the latter, nowadays being more conscious and knowledgeable on the meaning of sustainable values [3].

To explore the company image and its relation to CSR activities Sánchez-Torné et al. [4] observe the connection from another point of view, examining the Corporate Social Responsibility actions in the most reputable

companies of the world, in various sectors. A significantly large part of the companies with high corporate reputation have taken actions that are positively influencing the society, protecting the environment and the companies are being involved in philanthropic actions, while harder to be achieved were CSR actions related to employee prosperity, including equal opportunities in the organization, health benefits and the guaranty of fair wages [4].

It has been recognized, that implementing sustainable development goals for a company means gaining a competitive advantage in attracting and retaining talent [3]. This talent further brings profit to the company with exceptional performance and work ethics. A part of CSR activities in an organization tend to focus on the employees, benefiting the companies in return receiving positive attitude and commitment [5]. These benefits can be considered as an asset in increasing company's organizational performance and team outcomes.

Demonstrating the team efficiency as a mediate in the relationship of organizational performance and corporate social responsibility activities Latif et al. [6] contributed by researching the connection, resulting in statement that employee sense of belonging that arises from company's social actions directly impacts team outcomes. Team building activities and workforce development programs demonstrate significant impact on the organizational performance [6].

While Sánchez-Torné et al. [4] do not distinguish a specific role of innovation as a crucial CSR dimension influencing corporate reputation, Broadstock et al. [7] explore how company's innovation capacity is influenced by CSR activities in the means of engaging in environments, social and corporate governance policies. It was proven that the policies do initially enhance the company's innovation capacity, and eventually the company can observe the positive impact on the financial performance and operational performance, creating value [7].

Returning to CSR activity relation to financial performance, Javed et al. [8] consider the role of responsible leadership, with the suggestion that excessive practice of CSR in socially responsible companies is damaging the company's financial performance and corporate

reputation. In a company where the leader has a strong sense of stakeholder values, corporate social responsibility initiatives can ultimately be overemphasized, and with the activities being so excessive, further leading to increased costs for the organization, damaging company's profitability [8]. Adding to the increased costs Javed et al. [8] specify several implications that excessive CSR brings to stakeholders – increased product prices for customers, lower wages for employees and decreased returns for investors, all factors that eventually lead to the withdraw of financial support for the company to be profitable, resulting as a disadvantage of the costly CSR actions.

In the case company's CSR actions do not affect the employee wages, the question of employee engagement remains. Singh and Misra [5] described the established importance of company CSR efforts towards its employees as a key factor in building organizational commitment, establishing ethical values in corporate environment and contributing to employee performance. In some cases, corporate social responsibility practices have also proven to have a positive impact on the company's employee retention [9,10]. However, the sense of company's negligence toward employees can decrease the overall employee tenure and employee satisfaction with working conditions and wages, in the meantime employees feeling cared for have higher level of commitment, increased productivity and are on occasion even prepared to have lower wages [5].

An important factor Ali, H. M. [3] reminds of, is the implications wrongly handled CSR activities can bring a company, through activism reforms and proxy fights. When we consider the information security in relation to transparency, there exists a balance between the two, information has to be handled responsibly to avoid a possibility of rigged information distribution possibly damaging the company reputation and profitability [3].

Businesses nowadays try to control the CSR issues throughout the supply chain. In connection to the responsible procurement, competition can have a negative impact, due to competitors defensive strategies [12]. With an intense competition a company can increase their corporate social responsibility efforts,

creating an impression of competitor irresponsibility, in disfavor of the other company's profitability.

CSR activities are considered to attract talent, these employees may become involved in their organizations CSR activities either directly participating in company initiatives or indirectly spreading information of their companies activities. A research was conducted to determine the impact on the influence of employees words on the public perception of CSR. In the research Lee and Tao [11] demonstrated that employees spreading negative information has significant effect on the public perception of company's CSR practices, company image and purchasing intentions. While it is not common for existing employees to spread negative information on their employer, the fact is worth mentioning. In the recent years, several cases have raised when employees are transparent of their experience in a certain workplace, highlighting social or other issues in the corporate environment.

To understand employee attitude and its effect on the companies CSR activities, employee CSR awareness must be considered. Researchers have recently investigated employee awareness towards the subject and their engagement. Ahmed et al. have found a positive influence of CSR knowledge on employee wellbeing, limited to the current research of hotel industry [13]. Carlini and Debra explore the role of employee CSR awareness as an important factor that contributes to the internal CSR experience [14]. Several studies show that employee engagement and participation in CSR has a positive influence on the companies CSR efforts [13, 14, 15]. In addition, employee CSR awareness has also been proven to increase the commitment of employees towards the company – employee loyalty – further increasing company's performance and overall results [16].

Contributing to existing studies, the current research analyzes employee self-evaluation in regards to their awareness of general CSR concepts and CSR initiatives in their employed company Atea Global Services Ltd, a part of Atea Group – Europe's Nordic and Baltic region market leader of IT infrastructure for private businesses and public organizations, located in Latvia [17].

Aim and tasks. The article aims to understand the employee awareness of the established voluntary CSR Ambassadors initiative and further analyze the level of employee awareness of the concept of Corporate Social Responsibility and the employee awareness of the company's CSR initiatives. Main tasks include conducting a survey among Atea Global Services Ltd. employees and analyzing the results to understand the current level of CSR awareness within the employees and the necessary actions to be taken in order to increase the overall awareness in related fields.

Results. To contribute in driving Atea Global Services CSR initiatives, the company has established AGS CSR Ambassadors team – a group of dedicated employees contributing to CSR activities in addition to their daily work in various teams across the company. The CSR Ambassadors team operates across AGS, with team members across various company branches, working on driving social responsibility with initiatives related to sustainability, equality, employee wellbeing and other relevant issues, by addressing the need for new policies in the company and contributing to company's efforts to educate their employees on the subject.

In order to determine employee awareness of the company's Corporate Social Responsibility and the CSR Ambassadors team, survey was conducted among the current employees of the company. With the total of 108 of respondents among the surveyed employees, response shows an overall positive outcome of employee awareness related to awareness of the established voluntary CSR Ambassadors initiative and the employee self-evaluation of the knowledge level concerning CSR concept in general and the company's CSR initiatives.

As can be observed in Figure 1, largest part of the surveyed employees – 79 employees or 73% are reporting being aware of the established CSR Ambassadors team. A lack of awareness of the established team can be observed in approximately one fourth of the

surveyed employees in the company, indicating insufficient amount of information provided within the internal communication.

When commenting on the response, some AGS employees express a lack of understanding of the performed activities due to moderate level of internal communication on the team's initiatives. Several employees have expressed the interest in learning more about the CSR Ambassadors team and the work that is being done, suggesting the necessity of increased internal communication on the subject.

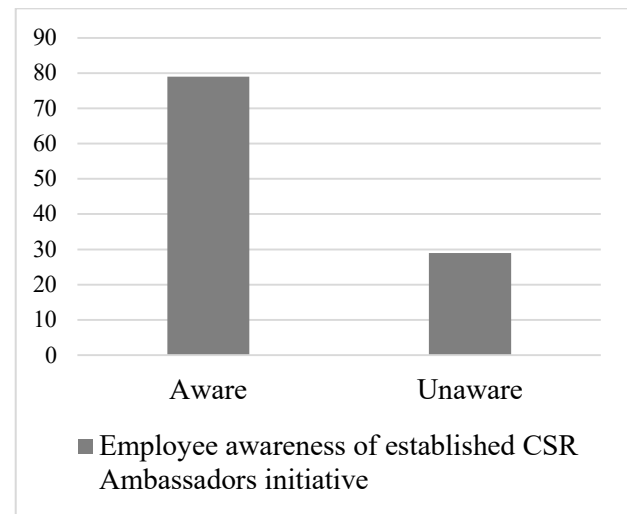


Fig. 1. Atea Global Services Ltd. employee awareness of CSR Ambassadors team

Consequently, the employees unaware of the established CSR Ambassadors team have also reported lower level of awareness regarding CSR initiatives in the company, when comparing to their overall knowledge of the Corporate Social Responsibility concept.

Overall statistics show a positive level of awareness on CSR concept within the surveyed employees of Atea Global Services Ltd, with the average of 6.3 on the scale of 1 to 10 in the employee self-evaluation on the knowledge level of the general CSR concepts and 6.2 of the CSR initiatives in the company. However, a considerable part of the employees show a dramatically low level of knowledge in both instances.

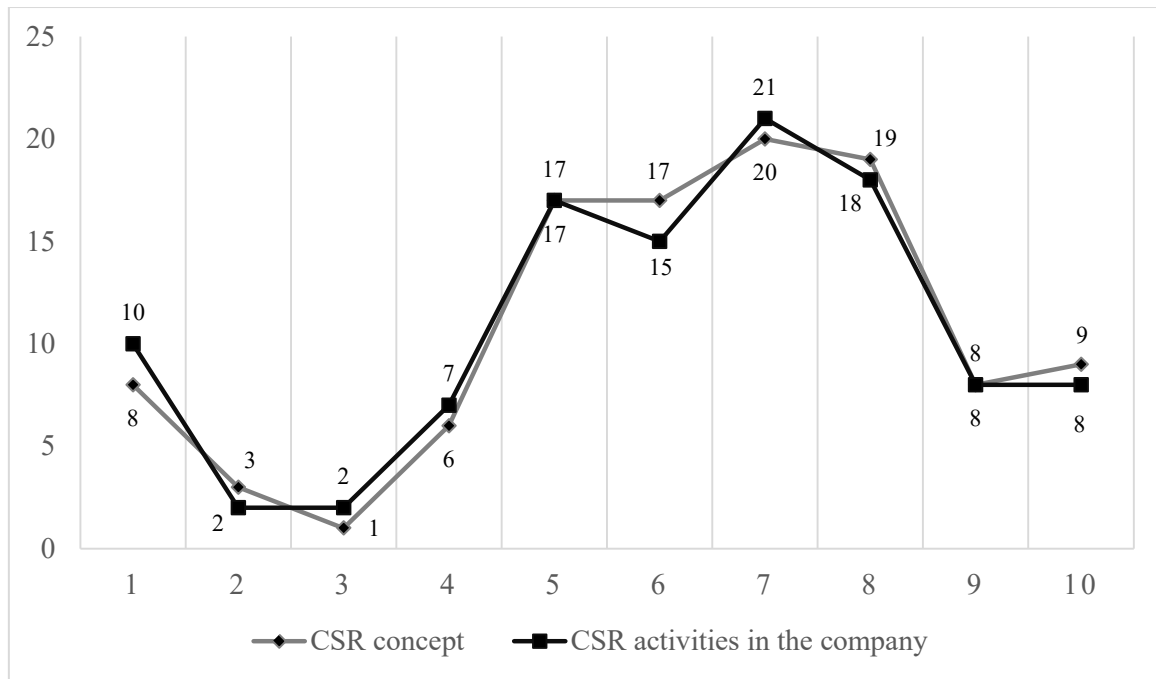


Fig. 2. Atea Global Services Ltd. employee awareness of CSR concept and initiatives in the company.

Observing the average knowledge levels between both instances in Table 1., compiling the self-evaluation scores by two, where the evaluation of 1 and 2 equal “low” and evaluation of 9 and 10 equal “excellent”, does not provide a significant difference between employee awareness of the CSR concept and

CSR efforts of the target company. While the average percentage shows an approximately equal knowledge of general CSR concepts and CSR in the company within the surveyed employees, a difference can be recognized when investigating individual responses of the survey participants.

Table 1. Atea Global Services Ltd. employee awareness of CSR concept and initiatives in the company.

Employee knowledge level	CSR Concept	CSR initiatives in the company
Low (1-2)	10%	11%
Below average (3-4)	6%	8%
Average (5-6)	31%	30%
Good (7-8)	36%	36%
Excellent (9-10)	16%	15%

Further investigation of gathered data suggest that approximately half – 56% of the employees are considering themselves as knowledgeable in CSR concept as companies activities. Negative relation – increased knowledge in general CSR concepts reflected in Figure 3 shows that 22% of employees claim to

know CSR general concepts, but less about the activities in the company, while positive relation in the figure reflecting 21% of employees indicates those who are more aware of the companies CSR initiatives, in comparison to their self-evaluation related to the knowledge of the CSR concept.

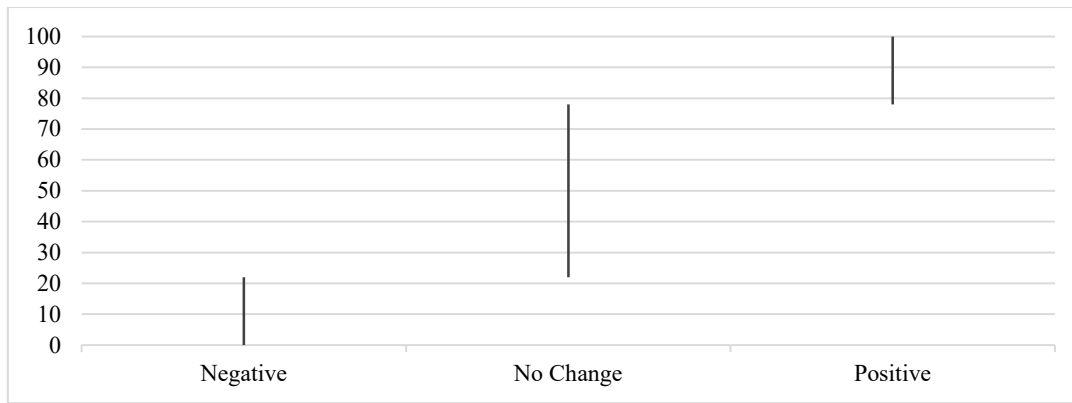


Fig. 3. Difference of employee awareness of general CSR concepts and CSR in company

Conclusions. With several factors a company can choose to focus on when building their corporate social responsibility policy, it is crucial to understand the main focus areas that create value and are of interest to its stakeholders. Implementing CSR has proven to have a positive impact on company's financial performance by increasing its corporate reputation and customer satisfaction, however, the actions taken vary from industries, markets, products and regions. The studies explored each focused on specific aspect to approve or reject established hypotheses, but further research opportunities could include discussion on how the CSR influences on stakeholders vary from if considered from these distinct aspects.

An important factor to be taken in to consideration can be the culture and cultural differences. An international company has to recognize these differences in order to establish an appropriate CSR policy, that would create an international impact on their corporate image. With the growing recognition of diversity and globalization, companies that conduct business abroad need to be informed of their stakeholders values. Otherwise, as previously stated, incorrectly handled CSR actions or excessive focus on CSR can bring more harm than good, negatively impacting the stakeholder relationship and company's profitability.

Many companies recognize employees as their core value, focusing part of their CSR efforts towards employee satisfaction, hoping for engaged employees and increased productivity. These efforts may reflect as process of trainings, establishment of diversity standards, defined policies of growth opportunities and various

benefits that serve as motivation for workers to in return invest their knowledge, experience and time, contributing to companies goals, and driving further development of the organization. In the modern society where it is largely expected for organizations to focus their efforts towards employee satisfaction, company's negligence can serve as a downfall of their corporate culture. Although it is not common for employees to publicly criticize their current workplace, the impressions publicized after employment termination may badly affect company's reputation.

The current study of CSR awareness is limited to a single company in Latvia, providing results that contribute to existing studies in a definite field. Survey results and employee commentary suggests a positive association with the CSR concept and employee attitude towards CSR activities, indicating towards employee interest to learn more about the concept and companies activities, that may lead to increased employee participation in the future voluntary initiatives.

The immediate measures to be taken by the company in order to increase employee awareness are to 1) increase the efforts towards education on the CSR subject and possible related initiatives in the company, and 2) increase the internal communication of the currently performed activities within the established CSR Ambassadors team.

Continuation of the research suggests additional investigation of the employee attitude and awareness once the planned CSR awareness training for all employees has been concluded and suggested measures of increasing internal communication efforts have been taken.

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