DIFFERENCES IN CSR ACTIVITIES AND PERCEPTIONS BETWEEN MANAGERS AND SHOP-FLOOR WORKERS IN FAMILY-RUN BUSINESSES IN EASTERN THAILAND

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Abstract—Corporate Social Responsibility (CSR) can influence employee motivation and happiness so many enterprises in Thailand, both foreign and Thai, have been applying CSR concepts in their organisations, especially as part of staff management and human resource. However, many of these practices are not formalised, but intrinsic to, family-run businesses (FRBs), defined here as a business run by family members only. Despite their lack of formal procedures given their size, family heads often have their own understanding on what CSR activities should be done, and with what effect. It is less well known what the perception and perceived effect of such activities are in FRBs to provide a better understanding how informal CSR activities are initiated, how they differ among different FRBs and how these CSR activities are perceived by its employees. This is the topic of this research.

The research is based on over 3,000 questionnaires sent to employees of 28 FRBs in Eastern Thailand, with 2,292 respondents in total. Overall, the results show strong appreciation of the intrinsic CSR activities with interesting gradients across sectors, organisational hierarchies, gender and age groups. Perceptions of CSR practice were clustered and labelled as: 1) inactive CSR 2) active CSR 3) caring company 4) moral owner 5) no CSR with a clear split in distribution between shop-floor staffs, head of section and managers. In addition, middle managers appear to appreciate the CSR activities more than shop-floor workers because they appreciate the strategic intent of the CSR activities and have better awareness of CSR activities within the company.

Keywords—Corporate Social Responsibility (CSR), Family-run Business (FRB), employee perception, organisation hierarchy

I. Introduction

Corporate Social Responsibility (CSR)
The concept of Corporate Social Responsibility (CSR) has been applied in both academia and practice for decades (Carroll, 1911; Carroll, 1979; Jones, 1980; Greenwood, 2007; Friedman, 2009; Prayukvong and Olsen, 2009; Aguinis and Glavas, 2012; Glavas and Godwin, 2013). It has developed over time, driven by socialisation and globalisation (Barmmer et al., 2007). Initially, CSR was popular for its economic perspectives, where CSR was seen to aid companies in maintaining profit maximisation (Friedman, 2009 p.112). Afterwards, CSR has been applied to address ethical standards for society and stakeholders that related to the company. Therefore the concept of CSR has been widened considerably over time and is now covering economic, legal, ethical, and philanthropic responsibilities (Carroll, 1979). Ever since, many scholars have linked the scope of CSR to the stakeholder concept (Carroll, 1911; Freeman, 2010 p. 38) to include multiple parties such as employees, suppliers, the community and the surrounding society (Sims and Keon, 1997; Zaharia, 2011; Eua-anant et al., 2011; Lee et al., 2013).

How does CSR affect employees?
Employees are a substantial element of many companies nowadays because they allow companies to operate effectively (Greenwood, 2007). CSR can improve employee motivation and staff happiness (Sims and Keon, 1997) and a favourable CSR reputation can generate positive employee perception to the company itself (Turban and Greening, 1997). Sims and Keon (1997) propose that an ethical working climate develops trust within the company which can lead to lower staff turnover. Several scholars have discovered that employee happiness and ethical working environment have a positive relationship (Sims and Keon, 1997; Waddock and Graves, 1997; Viswesvaran and Ones, 2002; Valentine and Fleischman, 2008; Lee et al., 2013). Lee et al. (2013) stated that when employees have positive views on company’s CSR, they tend to be more positive towards other areas as well including senior management integrity, senior management leadership, and organisational competitiveness.

In 1991, Manfred Max-Neef introduced a taxonomy of human needs (security, self-esteem, belongingness, and meaningful existence) to measure how human needs can be satisfied, which was then applied by Bauman and Skitka (2012) to CSR and positive relationships of employees with their company. Likewise, it is not new to suggest that CSR activities perceived by employees can highly influence loyalty and turnover rate.

Recently, scholars have been focusing on employee perception on CSR (Turban and Greening, 1997; Waddock,
2004; Peterson, 2004; Rodrigo and Aranas, 2008; Glavas and Piderit, 2009; Glavas and Godwin, 2013; Lee et al., 2013; Kim et al. 2010; Chew, 2015). For example, Glavas and Godwin (2013) have developed a model of the impacts of perceived CSR on employees’ organisational identification and found that employees could be positively affected by awareness of CSR activities, especially if the organisation is socially responsible and CSR is important to employees. Lee et al. (2013) has found out that company performance can be improved by enhancing CSR performance and perceived cultural fit which influences positive CSR perception. Moreover, Rodrigo and Aranas (2008) studied about employee’s reactions and attitude to CSR in Chilean construction firms and found that employees form complex of CSR perceptions depending on employee’s attitude on company and society which indicates that their social conditions play an important role in the emergence of CSR perceptions. Previously, Chew (2015) examined the impact of CSR practice to Malaysian employee’s perceptions in Penang SMEs and found that good CSR practice on environment help organisations to improve employee participation in the company.

In conclusion, these studies have suggested that through CSR, a company can improve its staff loyalty, turnover rate, staff happiness and better working environment. However, very little work has focused on CSR perceptions across corporate hierarchies and how such practices affect Thai FRBs. A broad pictures of CSR in FRBs will be given before moving on to research objectives and methodology.

Nature of social responsibility in Thailand

Many enterprises in Thailand, both foreign and Thai, have been applying CSR practices in their organisation, especially for human resource purposes. However, many of these practices have not been formalised (Eua-anant et al., 2011) but are intrinsic to FRBs (Prayukvong and Olsen, 2009; Onozawa, 2013; He et al., 2015; Eua-anant et al., 2010). The nature of the focusing family-run businesses in Thailand (FRBT), according to qualitative data from interviews on FRBT owners previously gathered during an earlier phase of this research, is to have close and long-term relationship with customers and employees, many of them have equally flat organisation hierarchies. Despite their lack of formal procedures given their size, family heads often have their own understanding on what CSR activities should be done, and with what effect. Onozawa (2013) stated that FRBT practice a form of CSR that is driven by the mentality of “giving back to the society”, influenced by religion and culture. Looser and Wehrmeyer (2016) who focused on Swiss small and medium enterprise (SMEs) specified intrinsic as “idealistc motives, visions, physical proximity, aspiration, and the will to give something back” (p.550). In addition, intrinsic CSR activities are mostly based on regional and ethical contexts. Thus, firms who apply intrinsic CSR are unlikely to apply formal CSR method (Looser and Wehrmeyer, 2016). However, by contrast, the perception and cultural causes and effects of such activities are in Thai FRBs is unclear. This study aims to provide a better understanding of how informal CSR activities are initiated, how they differ among different Thai FRBs and how these CSR activities are perceived by employees across the business.

Aim

This study intends to explore how the perceptions of CSR activities differ across organisational hierarchies in Thai FRBs. This would provide a better understanding of how informal CSR activities are initiated and how they differ among different FRBs as well as how the CSR activities are perceived by employees of across organisational hierarchy. This can then be used to improve the working environment of these FRBs and increase the overall effectiveness in these businesses.

II. Methodology

Data Collection

This research is based on quantitative methods utilising questionnaire surveys to observe employee perception among FRBs. Questions in the questionnaires have been based on interviews from 17 FRB owners in Eastern Thailand. A variety of size of 28 FRBs in Eastern Thailand has been selected and the researcher gained consent from FRB owners. In total, 3,000 questionnaires have been distributed to employees of 28 FRBs in Eastern Thailand, with 2,684 respondents in total returned confidentially. About 3.5% of forms were largely empty (80% plus), so the decision was taken to exclude these as they mainly contributed the demographical but way little attitude deriving data. Data was entered via Microsoft Excel, the majority of data analysis was via SPSS.

Data Analysis

As aforementioned, 3,000 questionnaires have been distributed to employees over 28 FRBs in Eastern Thailand. After removing questionnaires with missing answers and those that were not relevant, 2292 respondents remained in use for consideration for this study.

Principle component analysis was performed to produce factors which were then used in cluster analysis, in line with previous efforts (Zierler et al., 2017, Jeswani 2008, Thilmany (2013). After gathering accurate factors a from factor analysis, Cronbach’s alpha has been used to check the reliability of these factors before further analysis. In this study, only clusters with Cronbach’s alpha at 0.7 or greater will be taken into consideration. Several scholars have used cluster analysis to differentiate and identify group of respondents (Lindgreen et al., 2009; Tanega, 2011; Buciuniene and Kazlauskaite, 2012; Thilmany et al., 2013). Therefore, cluster analysis has been used to identify homogeneous groups of respondents that are not previously known into 5 clusters.
III. Results and Discussions

The questionnaires divided employees into a 3 – level hierarchy of Manager, Head of Section, and Shop-floor staff. The 28 companies that were selected for this study comprised of 20 hotels, 4 fruits processing companies, and 4 jewellery companies with different sizes (2 small companies, 13 medium companies, and 13 large companies). In total, there were 52 respondents that were managers all of which were from the hotel sector. Most managers (88.5%) are employees of large sized hotels. 9.6% worked in medium sized hotels and only 1.9% came from small hotels. Organisation structures of the companies are also different. There were 9 flat-structured companies (there is only one top manager who is the owner) and 19 hierarchical companies (the owner is the top manager but within the company, there are layers of Manager, Head of Section, and Shop-floor employees). All of the flat-structured companies are run by first generation owners. Moreover, 90% of respondents are working under Buddhist owners and 94% of respondents are Buddhist. Slightly more than half of the respondents were female. Surprisingly, Managers and Heads of Sections were distributed evenly between males and females but more than half (60%) of shop-floor staff were female. Most Managers and Section Heads were between 31-50 years old while most of shop-floor staff were between 21 and 40 years old. Most of the managers have a high level of education (high school to undergraduate degree) but three quarter of shop-floor staff have low education level. The majority of Managers and Section Heads had longer working length (3-15 years) as compared to shop-floor staff (2-5 years or less) suggesting higher staff turnover at lower levels. However, only a few shop-floor staff had worked for a company for over 21 years while none of the managers or section heads have reached this length.

Clusters of CSR activities and of employee attitudes

Overall, older employees (more than 30 years old) perceive CSR activities from both caring company and moral owner more than younger employees (15-30 years old). Also, a high level of education tend to relate to a better perception of CSR activities and vice versa. Moreover, employees who have been working in the company for longer period (more than 10 years) tend to perceive CSR activities from the head of organisation and employees with less than 5 years of work tend to perceive CSR from the company’s activities. Furthermore, employee attitudes of older employees (more than 30 years old) who has been working in their company (mostly from the jewellery sector which is small to medium sized companies) for more than 16 years and have higher level of education tend to have higher satisfaction of working within their company. Employees who have worked for their company for 5-10 years focus on wage more than CSR benefits. Moreover, staff morale is substantially lower in the fruit processing sector. In the following section, definitions of clusters in CSR activities and employee attitudes will be given below.

Employee perception on CSR activities

Table 3 (p.5) shows results from crosstabs analysis between 5 clusters of CSR activities and staff’s working hierarchy. Results show a clear split in distribution between shop-floor staff, head of section and managers: Shop-floor staff perceive less CSR activities as compared to other groups of employees. 14.1% of shop-floor staff believe that the company falls under no CSR and 28% think that their company is inactive in CSR. However, 22.2% feel that the company has the attributes of a “caring company” where they provide certain help towards society. By contrast, managers show higher appreciation of CSR activities: 36.5% of them recognize company’s CSR activities while only 1.9% believe that their companies do not have any CSR. Moreover, managers show significantly that they perceive the morality of their owners when compared to shop-floor workers. This is indicative that managers work closely with owners, which probably has allowed them to understand the CSR context of their company better than shop-floor staff. Heads of section have average values likely because they are middle managers whose task is to implement ideas that were given by the managers. They perceive CSR activities more than shop-floor workers but still less than managers. Thus, as employees rise in the hierarchy, they tend to follow less “caring company” and more “moral owner”. This shows that the origin of CSR is the owner themselves and not the company. Overall, the hotel sector has the most amount of managers and section heads therefore the hotel sector contains the most amount of employees with better CSR perceptions than others.

Employee attitude clusters

Table 4 (p.5) shows the results of the 5 clusters of staff attitudes across the organisational hierarchy. Staff attitudes can be distinguished into these 5 attributes which separated according to their positions in the working hierarchy in the company. The results have shown great differences among staff of different working hierarchies: 40.4% of managers have “high satisfaction”. The proportion is over the double of shop-floor employees. Likewise, the proportion of shop-floor staff that is “disaffected” is almost double that of managers. Also, proportion of “little pride” in shop-floor employees is almost 3 times higher than the manager’s proportion. Although the difference is not so significant, managers are the group with highest “wages matter”. Even with higher income, manager’s proportion of “pride” only reaches three quarters of shop-floor staff’s. These results suggest interesting views.Managers appear to have less teamwork values even when they are the most satisfied group. Shop-floor workers, on the other hand, despite being the least happy group, have the most pride for self-improvements and team working capabilities. The survey showed that these workers like to work with their colleagues despite their lower pay, hence the high teamwork attitude. They are also less aware of the CSR benefits the company entails thus having less pride in the company. In contrast, managers are less interested in self-improvement since they are already satisfied with their pay. They are the most proud to work for the company probably because they know how the company carries out CSR activities. However, managers have lower team working attitude because their hierarchy limits their level of interactions with the people working under them.
### TABLE 1: Identified clusters for CSR activities

<table>
<thead>
<tr>
<th>Clusters of CSR activities</th>
<th>N</th>
<th>Cluster Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inactive CSR</td>
<td>625</td>
<td>Employees do not perceive CSR activities. Employees believe that the company does not get involved with helping society and the environment. The company does not appear to provide safety precautions required for their jobs. They also feel that their boss does not treat them well enough. However, the company may put emphasis on training, providing basic needs such as food and shelter, and supporting employees with scholarships.</td>
</tr>
<tr>
<td>Active CSR</td>
<td>401</td>
<td>Employees are aware of CSR activities that the company has done for them and society. Employees believe that the company is involved in providing training for them. Basic necessities are also provided in terms of social (national) insurance, food, shelter and medication. The boss also supports workers with benefits such as education, welfare, religion and philanthropy.</td>
</tr>
<tr>
<td>Caring Company</td>
<td>497</td>
<td>Employees appreciate the benefits their staff receive from the company’s CSR activities but may feel that the boss is less moral. The company is greatly involved providing training, meeting, basic necessities and problem solving for their employees. However, the employees are not touched by the actions of the boss since the boss has little integrity and is not approachable. The boss also does not treat the employees as family. They are also not providing enough societal and environmental aid.</td>
</tr>
<tr>
<td>Moral Owner</td>
<td>462</td>
<td>Employees perceive the morality from the head of the organisation (religious and integrity). Employees were trained by the head of the organisation and the head of the organisation is open-minded and understanding. The head of the organisation is religious and is seen to have integrity so (s)he is approachable. However, the company lacks involvement in providing societal and environment aid and lack safety precautions for their employees.</td>
</tr>
<tr>
<td>No CSR</td>
<td>307</td>
<td>Employees do not perceive or recognise any CSR activities of the company. The company does not provide help to society and environment, lacks safety precautions and treats employees poorly. The company does not provide enough training, necessities (food and shelter), and benefits to their employees. Lastly, the company does not try to help their employees to solve their problems.</td>
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</tbody>
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### TABLE 2: Identified clusters for employee attitude

<table>
<thead>
<tr>
<th>Clusters of Staff’s Attitude</th>
<th>N</th>
<th>Cluster Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Satisfaction</td>
<td>446</td>
<td>Employees sense that they have more stability emotionally and physically while working in the company. They are satisfied with their salary and would remain loyal to the company even when other places offer them more. Working in this company allows them to become better people because they are taught moral values. Employees in this cluster like the working system in the company and feel that they have been treated fairly</td>
</tr>
<tr>
<td>Pride</td>
<td>463</td>
<td>Employees feel that they are capable of self-improvement. They are ready to be responsible for their actions. They are willing to help their colleagues and boss. However, they may feel that the working environment does not suit them. They may have problems working with their colleagues and be a part of the bigger family.</td>
</tr>
<tr>
<td>Disaffected</td>
<td>666</td>
<td>Employees do not like to work for the company and they feel that the company is not being fair. They would leave the company if they have better offers. They are not happy with their salary and working at this company does not provide them with stability.</td>
</tr>
<tr>
<td>Wage Matters</td>
<td>454</td>
<td>Employees do not necessarily like to work for the company. They usually work for the money because they do not feel that they are being treated fairly. They believe that they can still improve and be helpful to others and hopefully earn more</td>
</tr>
<tr>
<td>Little Pride</td>
<td>263</td>
<td>They do not like to work at the company and do not believe that they are in the right place. If they have better choices, they would leave. They have little self-improvement in terms of work and are not ready to be responsible for their actions. They also are less likely to lend their hands to colleagues and boss.</td>
</tr>
</tbody>
</table>
The location and strengths of CSR perceptions also play an important role in affecting employees’ attitude towards the company. Since most shop-floor workers were less able to perceive CSR activities carried out by the companies, their attitude towards the company has become quite negative when compared to managers and section heads. Higher ranked workers such as managers are better informed about these CSR activities. This has helped them to be happier working for their respective companies. In a hierarchical system, shop-floor workers appear to be somewhat fearful of managers which handicaps the managers from working closely with their colleagues. Thus, it would be beneficial for FRBT to be able to balance between being hierarchy-structured and flat-structured in order to improve employee attitudes and, more importantly, to encourage employee satisfaction and raise the level of employee pride. CSR activities have to become more transparent among the employees and there has to be more communication across the hierarchy in each company. The limitation in this study is that the very small proportion of small sized companies that participated in the survey. Having more samples of these FRBs would achieve better results and understanding of the mentioned type of FRBs.

### IV. Conclusions

Differences between CSR perceptions of workers among various working hierarchies can be clearly distinguished.

<table>
<thead>
<tr>
<th>Staff Hierarchy</th>
<th>Sig.</th>
<th>Total</th>
<th>5 Clusters: CSR activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Inactive CSR</td>
</tr>
<tr>
<td>Manager</td>
<td>0.000</td>
<td>52</td>
<td>15.40%</td>
</tr>
<tr>
<td>Head of Section</td>
<td>0.000</td>
<td>130</td>
<td>20.80%</td>
</tr>
<tr>
<td>Shop-floor</td>
<td>0.000</td>
<td>2,110</td>
<td>28.00%</td>
</tr>
<tr>
<td>Total</td>
<td>0.000</td>
<td>2,292</td>
<td>27.30%</td>
</tr>
</tbody>
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<table>
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<td>40.40%</td>
</tr>
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<td>130</td>
<td>30.80%</td>
</tr>
<tr>
<td>Shop-floor</td>
<td>0.000</td>
<td>2,110</td>
<td>18.20%</td>
</tr>
<tr>
<td>Total</td>
<td>0.000</td>
<td>2,292</td>
<td>19.50%</td>
</tr>
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</table>

### Associations between CSR activities and Employee attitudes

According to Table 5, factors that improve satisfaction level of employees are “active CSR” and “moral owner”. These employees are able to appreciate the benefits that the company provides them. They are also able to reach out to their boss when they have problems. For employees to have “pride” the company has to have the “caring company” attribute which focuses on improving the status of the employee. Disaffected employees are associated with companies with “caring company” attribute. Working in these companies does not allow them to approach their managers easily, which perhaps creates tension in the workplace. Employees under “wages matter” are associated with “inactive CSR”. This shows that employees under this category works for the money despite not being treated as well as they believe they should. Employees with “little pride” attribute are associated with companies with “no CSR” and “inactive CSR” attributes. This shows that pride is directly affected by the level of CSR perceived by employees.
References


About Author (s):

CSR perception affects employee attitudes. Better communication among organizational hierarchies can help improve employee perception level of CSR, achieving a better working environment and higher efficiency.