

# Corporate Social Responsibility Activities Through the Employees' Lenses: Evidence from the Czech Brewery Sector

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**Abstract:** The paper discusses study in the area of Sustainability and particularly Corporate Social Responsibility practices, which are perceived by the employees in Czech Breweries. Study emphasize on the importance of implementing CSR practices across Czech breweries, as the sector has been emerging throughout the recent years, where many investors have been brought in. The findings and their implications are discussed in the broadest context possible. Future research directions have also been highlighted. The paper has limitations such as sample of selected companies, firm size, time-series, methods employed etc. Paper results show that Czech breweries are the least motivated due to the fact that Corporate Social Responsibility practices are only optional but not mandatory. Paper outlines that not all CSR practices have been positively perceived by the employees from the perspective of internal corporate communication.

**Keywords:** employee perception; corporate social responsibility; brewery; Czech

**JEL Classification:** M14; M15; M19

## 1. Introduction

Several authors deal with the issue of corporate social responsibility (CSR), specifically in transitional countries. Visser et al. (2015) argue that the CSR concept is usually practiced by large, multinational and national firms. CSR tends to be less institutionalized and formalized and is more associated with charity and philanthropy, as well as a successful way for a company to generate revenues. On the other hand, Lindgreen et al. (2009) claim that the spread and the case of CSR activities in transitional and developing countries do not differ distinctly from the models of developed countries, and they even do not concentrate only on charity and philanthropy. Badulescu et al. (2018) deal with the case of Romania and they examined the relationship between firm age and implementation of CSR activities. They found that age was not the determining factor of CSR practices.

## 2. Literature Review

The significance of corporate social responsibility (CSR) for business, society and governance is now undisputed and is seen as an important factor of sustainable growth (Fombrun & Shanley, 1990). The CSR approach means the integration of an enterprise's

social, ethical, environmental and philanthropic responsibilities towards society into its processes, operations and core business strategy. Applying CSR practices does not have to be just a concept that promotes personal responsibility and a path to a sustainable society. In essence, it can represent a significant competitive advantage and contribute to the growth of business performance (Glonti et al., 2020).

Following the stakeholder theory approach, the involvement of CSR could increase with the ageing and size of the company. The older firms are much more responsible in the case of diversity and environmental awareness (Campbell & Bohdanowicz, 2016). On the other hand, young companies need to build their image, possibly through CSR activities and then get larger marginal benefits from CSR inputs (Akben-Selcuk, 2019). In terms of company size, the broadly accepted view is that larger firms are more likely social responsible driving the fact that they are more visible. According to institutional theory, they face higher pressures to apply CSR concepts (Boulouta, 2013; Cabeza-García et al., 2018; Bengtsson et al., 2020). From the resource perspective, the implementation of CSR principles is usually associated with additional costs. It also provides more in-depth knowledge in the field of CSR. Large firms can benefit from not so limited resources, and even higher specialization applied in business management (Withisuphakorn & Jiraporn, 2016; De Vaus, 2002). On the other hand, smaller companies are more flexible, and they adapt better to the market environment. The application of CSR should be faster in these companies (Guerrero-Villegas et al., 2018).

The results of empirical studies are mixed, showing positive, negative and also no relationship between CSR, firm age and firm size. Jeppesen et al. (2012) found a positive link between firm age, firm size and participation of the company in CSR. Also, Trencansky and Tsaparlidis (2014) concluded that older firms more probably applied CSR practices (e.g. philanthropic and voluntary activities) examining the relationship in Sweden. Amato (2007) found the relationship between charitable giving and firm size. The study of Al-Gamrh and Al-Dhamari (2016) presented a positive influence of firm age, firm size and government ownership and CSR. On the contrary, Badulescu et al. (2018) concluded that the firm age was not the determining factor of CSR actions proving the relationship between firm age and CSR in Romania. Also, Wiklund (1999) argued that the firm age had no impact on the level of involvement in CSR activities. Orlitzky (2001) identified only a weak relationship between firm size and CSR using the meta-analysis. Udayasankar (2008) suggested the possible non-linearity of firm size and CSR link and claimed that tiny and huge businesses were equally motivated to participate in CSR. However, motivations could be different. Medium-sized companies were the least motivated, so this fact proposes a U-shaped relationship between CSR participation and firm size.

## **2. Methodology**

The authors chose a Czech brewery company, one of the most transparent companies on the Czech market when it comes to CSR reporting and its CSR activities are very diverse, which makes it an interesting enterprise to study. The research question was put up:

### **Research Question:**

What CSR practices have been applied by Czech breweries?

What role does corporate communication of the employee-related CSR activities play in the Czech breweries?

These questions were answered through analysis of thirteen companies' sustainable development reports for year 2019 and in the paper was conducted content analysis of the interviews' transcripts. For the purpose of the study there were sent out questionnaires to 50 breweries in the Czech Republic and thirteen breweries have responded to the survey. To gain respondents for interviews, we used the technique of volunteer sampling, more precisely self-selection sampling, where individuals volunteer to take part in the research in reaction to an advertisement. Tetrevova and Patak (2019) suggest publicizing the need for the cases through appropriate media and subsequent collection of data from the individuals that respond to the advertisement. The study survey was sent to one hundred and five recipients. Thirty-two employees responded positively to this e-mail and 13 were interviewed regarding the limited time frame but also their time constraints and function in the organization. We tried to assure that respondents were from as many different departments and working on as many different levels of hierarchy as possible. The online survey on CSR activities was sent to employees from operational, tactic and strategic levels within the small and medium-sized breweries in Czechia. Respondents job positions varied from customer service representative to senior managers.

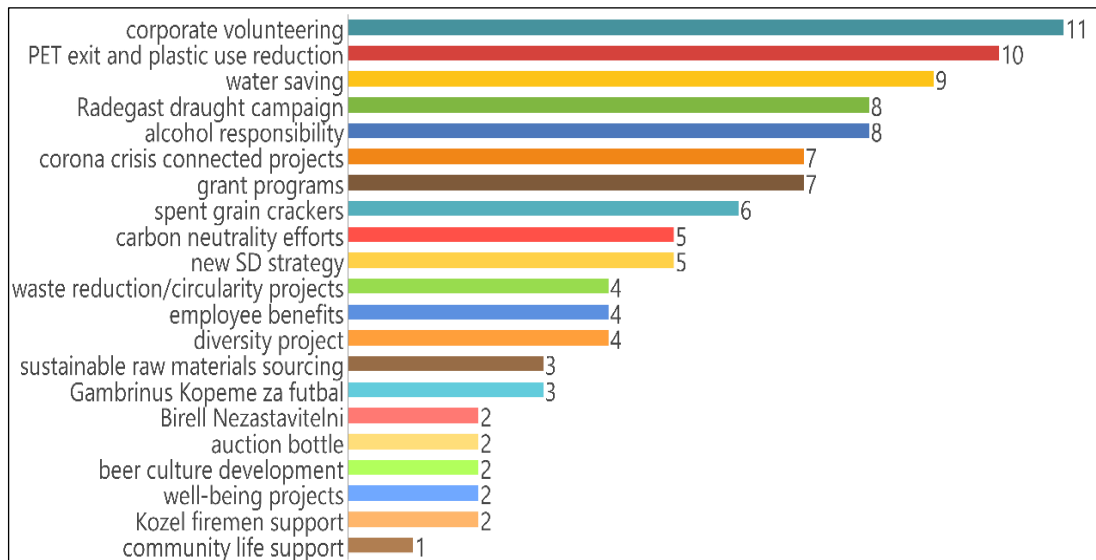
### **3. Results**

Our study aims to answer the research question as the two chosen models omitted the role of corporate communication in the process of the creation of employee CSR perceptions and the effect on their subsequent reactions. In the work of El Akremi et al. (2018), what employees know about the company's CSR has an even bigger impact on their reactions than the actual CSR activities of the company that they may not be aware of. Therefore, we present our findings in the area of company's CSR awareness and understanding among company's administrative employees. For the purpose of the study, we identified the most powerful communication channels used to promote CSR practices among the Czech breweries.

We counted at least 21 possible different activities of the company in this field from the CSR reports, which are available either on companies' websites or were provided by companies' representatives. The highest result was 11, which was on corporate volunteering (see Figure 1). However, it was not the aim of the interviews to name as many activities as possible, nor was there time to think about all of them. We could see the activities that came to the minds of the respondents first. On the other hand, we could assess the level of their awareness according to the number of different fields they could think of (see Table 1).

Table 1 depicts how many CSR activities codes have occurred according to the responses of 13 respondents from the respective departments (Top Management, Finance, Human Resource, Marketing, Procurement and Sales). For example, all the respondents from the HR department of the surveyed companies mentioned for the well-being projects as part of the CSR activities in their companies and thus, in the Table 1 is stated 100 percent.

We already showed that the activities aimed at employees were largely forgotten together with the Sustainable Development (SD) strategy.



**Figure 1.** Documents with the CSR activities codes

**Table 1.** Well-being projects, employee benefits, and diversity project codes occurrence according to documents variable department

	Top Management (Executives)	Finance	HR	Marketing	Procurement	Sales
Company CSR awareness						
Well-being projects			100.0%			
Employee benefits			50.0%	25.0%		25.0%
Diversity project			80.0%			20.0%
N = Documents	1 (7.7%)	1 (7.7%)	4 (30.8%)	3 (30.8%)	1 (7.7%)	3 (23.1%)

Note: N = number of occurrences of CSR activities in the respective department within the surveyed companies.

While conducting the interviews, we noticed that the higher was the position of the employee in the company hierarchy, the more he or she evoked the Sustainable Development strategy and the deeper was their understanding of the company's CSR.

Firstly, from the analysis of the most frequently mentioned CSR activities, it is obvious that respondents were aware of the possibility to participate in corporate volunteering, which was the most popular CSR activity in the responses (see Figure 1). However, their participation does not go hand in hand with their awareness of this topic. Corporate volunteering is followed by activities in the field of environmental protection, such as the reduction of plastic packaging use or water saving in the breweries. On the other hand, in 6 out of 10 cases when the water saving was mentioned, it was only in connection with the Radegast brewery. More than a half of the respondents also knew about alcohol responsibility projects, grant programs, and as the research was conducted during the second wave of the corona crisis, the ad-hoc projects aimed to help the most affected groups of people were very much present in the minds of respondents as well (see Figure 1).

Only five respondents mentioned the new Sustainable Development strategy of the company introduced right before the start of the research. Moreover, in contrast with our presumption, respondents did not seem to associate the projects aimed at them to CSR.

Only four respondents counted in the employee benefits and only two the well-being projects. In addition, those respondents were mostly working in Human Resource, as seen in Table 1, so they were either working on these projects or directly in contact with these topics as a part of their job.

In Table 2 below paper results depict what communication channels codes across companies' documents have been used in the communication with employees as the top three channels are word of mouth (colleagues), mail distributor and companies' web portals.

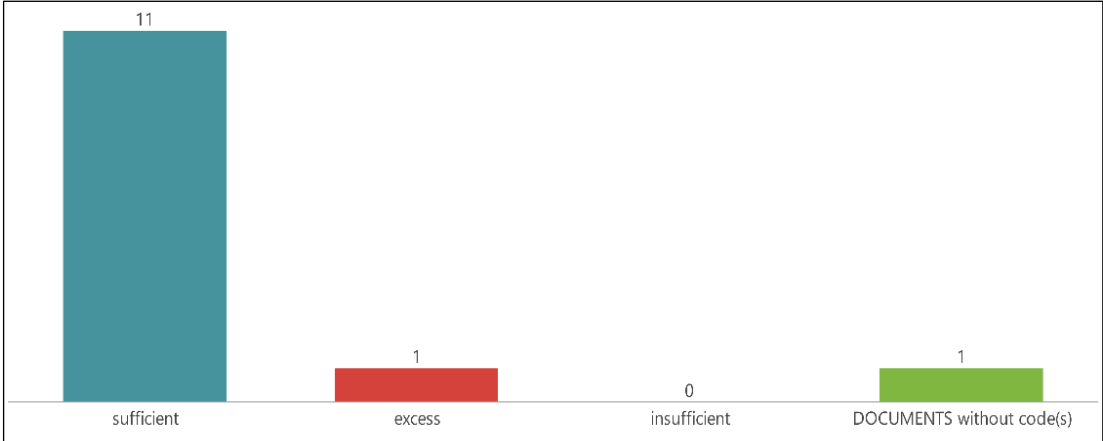
**Table 2.** Frequency of the communication channels codes across documents

Code System	Interview Transcripts
Communication Channel	
external	x
internal	x
CSR training	x
Yammer	x
Monthly results	x
Newsletter	-
Colleagues	X
Log on screens	-
Mail distributor	X
Web Portal	X

Note: x-low frequency of communication; X- high frequency of communication

Finally, paper results outline that according to the employee responds the communication codes across the firms' documents have been perceived sufficiently, which leads into positive employee perception on the CSR activities overall (see Figure 3).

In addition, we also asked the interviewees whether they perceived the amount of communication and the information they have about the company's CSR as sufficient (see Figure 3). As the respondents seemed to be overwhelmed by the amount of information they are exposed to every day, the corporate communication about CSR was in the absolute majority perceived as sufficient: "I think that it is enough. We already get too many emails, and we are exposed to too much information." (HR specialist). One respondent described the number of emails as excessive but admitted that this was due to his position and not a mistake of the corporate communication adjustment. The results of this question are visualized in Figure 3.



**Figure 2.** Occurrence of the perceived communication sufficiency codes across documents

#### **4. Discussion**

Wilhelm (2015) adds that engaged employees are more productive and more enthusiastic and so, they pursue better organizational goals. This is linked with high job satisfaction and motivation beyond simple pay. Pavlík and Bělčík (2010) see the causal chain as follows: a company is active in CSR that leads to higher motivation and creativity of employees, which causes higher productivity and better quality of products. Barakat et al. (2016) reconcile the ethical and instrumental views on CSR by saying that both employees and companies benefit from CSR, which creates a win-win situation. All these findings lead back to the teaching of Porter and Kramer, who were one of the first to claim that CSR creates shared value, which contributes to the company's competitive advantage (El Akremi et al., 2018)

Previous research by Gupta (2017) suggests the positive correlation of employee engagement to firm commitment and identification by implication of CSR activities. Another study conducted by Turner (2020) on employee engagement suggests that there is even a two-way link between the level of engagement of employees and CSR. Firstly, the employee-related CSR activities could lead to higher employee engagement (Flammer & Luo, 2017). Secondly, highly engaged employees are even more active when it comes to voluntary social service programs or green initiatives and thus, they could boost CSR of a company. Based on these findings, Turner (2020) concludes that employee engagement can be a source of strategic advantage for a company. Similarly, paper results show that the most preferred CSR activities are corporate volunteering, plastic and PET recycling activities and water saving.

Following, wanting to assess the overall level of CSR awareness of the respondents tied with the company, we had a look at the number of different activities that the respondents were able to name as proposed by Hejjas et al. (2019). We would not agree that we found the same as Hejjas et al. (2019), whose respondents' understanding of the company CSR was limited only to few activities.

Secondly, we had a look at the channels through which the respondents got the information about the company CSR through direct questioning, as suggested by Eger and Suchánek (2020). In Table 2, we can see that the most powerful communication channels for our respondents seem to be the internal ones – namely the company intranet or the portal and the mail distributor. However, these are not the only communication channels available to the company, so there are more possibilities to transfer the information to the employees. Some respondents mentioned the monthly results meetings, the internal social network Yammer, the newsletter, or the log on screens to their company laptops, which can be changed centrally, as well.

#### **5. Conclusions**

In the paper it was discussed the results and how they have been interpreted by the Czech breweries employees' in perspective of previous studies. However, based on the study results CSR activities implications should be discussed in the broadest context, as at some breweries particular CSR activities are viewed and absorbed differently by the respective employees at their functional departments. Future research directions may also be highlighted, especially into mapping secular CSR approach into recognizing and

incorporating of global CSR initiatives in Czech breweries strategies. Provide an overview of the study limitations i.e. sample size, time-series, methods employed etc. Future research on CSR activities should cover bigger sample of companies and more industries from the Czech Republic, as Corporate Social Responsibility has been emerging throughout the world.

**Conflict of interest:** none

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