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POSITIVE ATTITUDE TOWARDS BUSINESS ETHICS AND SOCIAL RESPONSIBILITY FOR IMPROVING CORPORATE IMAGE

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Abstract

The paper deals with the elements of business ethics and social responsibility, as important factors for improving the corporate image of the organizations, and thus achieving a competitive advantage on the market. The competitiveness and development of the organization in conditions of more and more emphasized globalization depends on the ability of managers to make socially responsible decisions and to satisfy the different demands of the interested parties (individuals and groups). Social responsibility is a modern concept of leadership and managing organizations and the business in general, in which organizations voluntarily involve stakeholders, and sets social and environmental standards. The paper focuses on modern business ethics, ethical principles and social responsibility that managers need to have, since they are most expected to act responsibly and ethically, and thus to contribute to the promotion of the social values that represent the recognizable identity and corporate image of organizations.

Empirical research was conducted on 140 respondents, 40 of whom are managers and 100 are employed, in many organizations that have a top quality management and quality control standard. The research shows that employees and managers in business organizations have the necessary knowledge and positive attitudes regarding the concept of social responsibility.

Keywords: social responsibility, organization, ethics, business, corporate identity, management.

Jel Classification: A13; M14; M21

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INTRODUCTION

In conditions of accelerated globalization processes based on intense technical and technological development, strong competition and the demands for sustainable development, the image of any organization can be an asset but also a threat to all participants in the global marketplace. The competitiveness and the development of the organization depend heavily on the ability of managers to make socially responsible decisions and to meet the ethical demands of different groups, thereby improving their own corporate image.

Social responsibility in principle means awareness of the organizations themselves for their power, but also the responsibility they have in the modern way of social living and work (Mohr, Webb, and Harris 2001). Social responsibility as a concept and success factor was not a strong side of organizations until 1960. By contrast, today's modern managers in all their business decisions implement ethics and responsibility towards society.

Concepts of ethics and social responsibility, as a fair business relation, lead to the creation of a positive climate, a sense of security and trust that will enable the balance between business requirements and the ethical demands of all stakeholders to be maintained (Boatright 1994). From the other side, the employee's perception of social responsibility was found to be positively related to their pride, which in turn is related to stronger organizational embeddedness. (Ng, Yam, and Aguinis 2019).

It is very clear that no organization, especially a business organization, does not exist for itself, but through its work, which is an important part of the society as a whole, and with its actions, it participates in the economic and social life in a micro or macro environment.

Modern management is a way of carrying on business decisions from which managers are expected not to represent only "their" economic interests but also the interests of the community as a whole. Therefore, the management of human resources should start from the assumption that social responsibility becomes a business strategy in the operation and creation of the image of business organizations (Blumen 2015). So, good management through a responsible attitude towards the environment is a prerequisite for respecting written and unwritten moral rules and customs that will lead to improvement of the quality of life of stakeholders and sustainable economic development (Kouatli 2018). Managers are in a position to create decisions about employees, customers and the general public, and with such decisions to know how to deal with ethical dilemmas of corporate social responsibility, to recognize and anticipate the implications of management and accountability to society and towards all stakeholders (Dhanesh 2015). Business morale is compulsory for all participants in business activities, especially for managers. Naturally, managers should be moral figures with a developed sense of moral responsibility. Besides education and sense of management, the manager should be familiar with interpersonal relationships, social and natural environment, psychology of behaviour, mentality, ethical standards and moral systems, as well as value systems (Byun et al. 2018).

The insufficiently developed awareness of the need for social responsibility among employees and managers in business organizations is a problem that is dealt with in this

paper in terms of the small knowledge of the importance of social responsibility, and the benefits of respecting those rules are only a prerequisite for the emergence of the aforementioned problem in this paper.

1. CORPORATE IDENTITY AND CORPORATE IMAGE

The intense globalization process puts managers ahead of new challenges related to the way ethics and corporate responsibility are implemented as one of the key factors in building a good corporate identity and image, also crucial in the competitive edge race.

Image and identity represent the image of an organization that cannot be successful on its own. Identity is a means of identifying the organization and depends on the level of employee satisfaction and motivation, which is a measurable and continuous process, while the image is a metaphor consisting of a set of ideas, beliefs and impressions about the organization in the public. In this unity, a very important element is the way managers communicate with employees and the public. The essence of creating corporate identity and image of the organization is in the mutual cooperation, and the key to cooperation is communication. Therefore, the successful manager must be capable of interpersonal communication (Wren and Voich 1994).

How and the way managers communicate with employees, transferring important messages to them and how they lead them to achieve the goals of an organization depends on the way in which business managers create business ethics. Although it is thought that it is not good to “communicate too much” with employees, at the same time, there is a danger of lack of information to lead on misinformation and rumours, as well as leaking “confidential” information.

In certain theories it is said that the ideal corporate identity is equal to the corporate image (this also applies to institutions and organizations that are not corporations and to public figures as well). The identity of an organization is what essentially the organization itself is, while the image represents the picture that the organization has in public.

In general, three relations between these two categories are possible:

- When the image is better than the identity, i.e. when the public has a better picture of the organization or individual than it actually has or him;
- When the identity of the organization is better than the image, that is, when an organization or individual has a worse image in public than the true one and
- When the identity and image are on an equal footing, which would be an ideal state.

The identity and image of the organization are parameters that are formed even without doing anything in that field.

In order to create identity, organizations must have their own corporate image. A key element in shaping the image of an organization is human potentials that have a strong impact in creating a strong, or disrupting the already acquired good image of it.

The main role of corporate identity is to enable organizations to acquire, maintain, and improve their competitive edge, while the image can be easily transformed. If the

organization does not make a continuous effort to maintain a good image, the positive image of the organization can easily turn into a negative one.

Therefore, an important segment in creating the corporate identity and image is the level of organizational culture, in that context; the need is to introduce ethics and corporate social responsibility in the work. It should and must become a driving force for the development of good business practices and sustainable development, and ethical codes must also cover the harmonization of environmental mismatches that contribute to increase the value of the company (De George 1994; Lopez et al. 2007). It has been demonstrated that corporate social responsibility is positively connected with the brand choice (Zafran 2018).

2. BUSINESS ETHICS AND CORPORATE SOCIAL RESPONSIBILITY AS PART OF MODERN MANAGEMENT

Business ethics is a reflection of established norms of behaviour that are the basis of the business operations of organizations in each historical period. With the overall socio-economic development, norms are developed, causing the accepted existing behaviour to become unacceptable at a given moment. Ethical norms are mainly set by society on the basis of broad social policy. It can also be defined as an attempt to establish the responsibility and ethical obligations of business professionals, that is, conduct of managers (Chattopadhyay 2012).

The concept and practices of corporate social responsibility, commonly referred to as “social responsibility,” in the period prior to the rise and dominance of the corporate form of business organizations, was intended only to provide an overview of how the concept is implemented, manifested and developed. The concept of corporate social responsibility started in the 1920s (Laskovic 1920), but due to the economic and political situation in that period, it failed to become a serious topic among business leaders. From the 50’s of the 20th century, social responsibility has become a focus of attention, and later it is considered to have expanded the concept of social responsibility by focusing on several stakeholders close to each other (Klick, 1960). It is obvious today that, in many organizations, social responsibility strives to become a driving force with full integration of strategic management and corporate governance (Carroll 2008; Parum 2005).

The concept of corporate social responsibility is an interest of the European Commission through a concept by which organizations integrate in their entirety all their activities. Social responsibility, as pointed out by the European Commission, is a concept by which companies integrate social and environmental aspects into their business and in their interaction with participants on a voluntary basis (Dahlsrud 2008; De Schutter 2008). It strives to provide a balance between owners of the business sector, managers, shareholders, employees, customers and the public in general. Unlike the past, today it is not enough for businesses to aim solely to generate profits for investors, but they also have to strive for a positive impact on the life of the overall community in which they operate, which, on the other hand, generates financial returns. Nowadays, there is a trend

to develop the university social responsibility (USR) on similar principles, based on a new definition of USR (Kouatli 2018).

The situation in this field in our country has changed lately due to strong external influence, communication and market dependence outside the national borders, globalization in all segments of society, and changing the perceptions of top management in organizations. Based on the National Agenda of the Economic and Social Council of the Government of the Republic of North Macedonia, as a contribution to the European integration efforts, many organizations and companies in the country understand the importance of business policies for social responsibility and pay more attention which is in function of achieving a good corporate image, and therefore a competitive advantage compared to others on the market.

Some large national enterprises use the notion of corporate citizenship (Agudelo, Johannsdottir, and Davidsdottir 2019; Rendtorff 2019) to indicate their engagement in certain areas of CSR. Sometimes these two terms are used as synonyms, although corporate citizenship focuses on the external aspect of social responsibility (for example, charity activities, donations, sponsorships, employee volunteering), while CSR takes into account the internal dimension (for example, the relationship to employees) (CSR 2008). It has been found that consumers perceive brands that sell goods and communicate messages about environmental sustainability activities more positively than services companies, while consumers perceive brands that provide services and communicate messages about social sustainability activities more positively than goods companies (Hanson et al. 2019).

Organizations should develop their own way of organizational behaviour in terms of social responsibility and ethics that fits with society.

Business ethics is one of the most important and at the same time one of the most sensitive business issues. It is regulated by norms and acts (Campbell 1999), but very often some personal interests lead to deviations that damage the established positive norms and rules. Business ethics is closely related to the cultural traits of a society in which the organization operates. The characteristic behaviour of an individual does not have a cultural value if it is not part of the group's customs and attitudes – social norms of behaviour represent the rules of behaviour in a culture (Boatright 1994).

The way business ethics will be valued is a way to confirm that an organization is recognized by certain moral norms and values. And this element in terms of business behaviour, growth and development of organizations is in the focus of management, that is, the ethical management.

In that sense, morally responsible management is obliged to carry out the work by accepting the responsibility for eventual failure or error. For that purpose, the management of the organizations prepares the corporate social responsibility strategies, which provides a competitive advantage over others. Dealing with corporate social responsibility is the same as to “do good” (Boatright 1994).

The business morale obliges all participants in the business activities, especially the managers.

3. ETHICS AND CORPORATE RESPONSIBILITY OF MANAGERS

Managers have a thorough responsibility and strong influence in the establishment and development of an organization because they build the strategy by involving all factors inside and outside the organization. One of these factors is the level of respect for ethical norms and the level of social responsibility as elements in creating the corporate identity and corporate image of the organization.

The attitude that the organization, that is, the company or the enterprise will take, in the application or while managing the ethical behaviour, can always apply one of the following four basic forms (Boatright 1994).

The first and basic form is the approach of indifference, followed by the second one concerning damage control, the third is the approach to satisfying ethics, and the fourth is the approach to incorporating ethical culture. In some companies, top managers or top management believes that high ethical standards or principles should and need to be strongly embedded within the organizational culture that exists in the organization and act as directives on “how we do it here” (Boatright 1994).

Regardless of the approach used in ethical behaviour, top management in organizations can make changes in certain situations in order to improve the business climate.

People are in an ethical dilemma and when they have to choose between two different courses of action, while being aware that one direction will cause damage on one side unlike the other one that will bring benefit or advantage, there is an ethical dilemma to choose the direction that carries least harm (Tenbrunsel 1998).

The majority of ethical problems exist because of conflicts of values and beliefs between different stakeholder groups. The stakeholders define ethical issues from all aspects and by all participants in the process.

The concept of stakeholders allows organizations to identify, monitor and adequately respond to the needs, values and expectations of different stakeholder groups (Boatright 1994).

Finally, business ethics can be defined from an aspect of the company where it is emphasized that it is a set of relationships and instructions for the behaviour of an organization to the environment in which it operates, covering the relationships inside and outside of it (Shuklev 2013).

4. METHODOLOGY

The socially responsible behaviour of organizations today is an imperative for modern management. Therefore, the subject of the research in this paper is the impact of social responsibility in improving public opinion, or the image of business organizations, and it starts from the fact that there is insufficient awareness of the need for social responsibility among the employees and managers in business organizations.

The emergence of this research is related to the management of intellectual capital in business organizations from the aspect of their influence in the creation of corporate

identity and image, while the aim of the research is to identify the benefits that can be achieved by organizations and the society itself as a whole and thus to encourage their application to build a strategy of social responsibility in them.

Empirical research was conducted on 140 respondents, 40 of whom are managers and 100 are employed, in many organizations that have a top quality management and quality control standard.

The methodology used in the research is a quantitative and qualitative data analysis, through which an attempt was made to prove that “if employees and managers in a business organization have knowledge and formed attitudes regarding the strategy of social responsibility, then the image of business organizations can be expected to improve”.

The survey is expected to provide information that will be used to improve ethical corporate thinking in the business sector, which in the future will result in multiplied results in terms of image, goals and financial success.

5. RESEARCH RESULTS

First, the distribution of the respondents by age was determined. It was found that 33 out of 140 covered by the survey were aged between 25 to 35 years old, representing 24%. Next, a total of 59 respondents or 42% from 26 to 45 years old, while at the age of over 45 years old were a total of 48 respondents or 34% of all. This allocation is relatively even, so the results obtained from the survey are expected to be relatively independent of the age of employees and managers.

In order to get information on how employees and managers have an idea about the meaning of social responsibility, the question was raised: “*Social responsibility is a policy and practice in which the organization takes care of its employees and the conditions in which they work?*” with options: *I agree, I completely agree, I partly agree* and *I completely disagree*. 44 respondents or 31% responded to this question by *agreeing*, 96 or 69% answered *I completely agree*, with *I partly agree* and *I disagree completely*, answered 0 respondents.

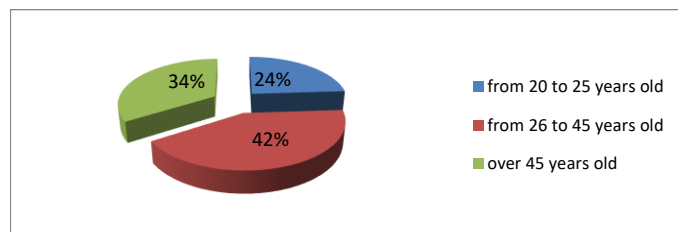


Figure 1. Distribution of the respondents by age

Source: MakStat database

According to the dominant representation of respondents' answers (*I completely agree*), it follows that employees and managers have an idea of the sense of social responsibility, which may be due to the fact that the organization in which the survey is conducted takes care of its employees and the conditions in which they work, which is a positive example of a socially responsible organization.

In order to obtain information on how many employees and managers are committed to social responsibility towards users and the environment, the question was asked: “*Social responsibility is the pursuit of creating reliable products for people and the environment*” with options: *I agree*, *I completely agree*, *I partly agree* and *I completely disagree*. *I fully agree* answered with a total 89 or 63%; *I agree* answered 39 or 28%, *I partly agree* 12 or 9% and *I completely disagree*, 0 respondents answered.

As can be seen from the results, managers and employees agree that social responsibility is an aspiration to create reliable products for both people and the environment, which means that the organization has awareness of the importance of social responsibility towards users and the environment. This is a significant prerequisite, along with the existence of appropriate human potential, to create a strategy for developing modern management in which social responsibility and ethical standards are implemented.

In order to obtain information on how social responsibility affects improving the quality of life of the population, the question was raised: “*Social responsibility is a policy and practice in which the organization takes care of its employees and the conditions in which it operates*”, with options: *I agree*, *I completely agree*, *I partly agree* and *I completely disagree*. *I completely agree* to this question answered 84 or 60%, *I agree* have answered 48 or 43% respondents, *I partly agree* answered 8 or 6%, and *I completely disagree*, 0 respondents.

According to the dominant representation of the respondents' answers, the employees in the organization consider the largest percentage that the social responsibility is determined by investing in the development of the community in which the company acts and improves the quality of life of the population.

In order to obtain information on how many employees and managers have an idea of the meaning of social responsibility in relation to the environment in which they operate, the question “*Social responsibility means the environmental responsibility of the organization to the environment where it operates*” was posed with options: *I agree*, *I completely agree*, *I partly agree* and *I completely disagree*. *I completely agree* with this question answered 128 or 91%, *I agree* answered 12 or 9%, *I partly agree* and *I completely disagree*, 0 respondents answered.

According to the dominant representation of the respondents' answers, managers and employees agree that social responsibility also means environmental responsibility for the environment where it operates.

In order to obtain information on how employees and managers have an understanding of the importance of ethical behaviour in relation to other organizations and individuals, the question “*Social responsibility is ethical and transparent behaviour of the organization in relation to other organizations and individuals*”, with options: *I agree*, *I completely agree*, *I partially agree* and *I completely disagree*. *I completely agree*

answered 109 or 78%, *I agree* answered 29 or 21%, *I partly agree* answered 2 or 1%, and *I completely disagree*, 0 respondents answered.

As it can be seen from the results, managers and employees agree that the responsible, ethical and transparent behaviour of the organization in relation to other organizations and individuals is an important segment in the creation of strategic modern management.

In order to obtain information on how many employees and managers have an idea of the importance of social responsibility is ethical behaviour for the category of poor and social families, were asked “*Social responsibility is helping and donating to the poor and social families*”, with options: *I agree*, *I completely agree*, *I partly agree* and *I completely disagree*. *I completely agree* has answered 94 or 67%, *I agree* 44 or 31%, *I partly agree* with a total of 2 or 1%, and *I completely disagree*, 0 respondents answered.

According to the dominant representation of respondents' answers, managers and employees agree that social responsibility is helping and donating to the poor and social families, it is also one of the obligations for organizations in creating a good corporate image.

In order to obtain information on how many employees and managers have an idea of the importance of social responsibility, ethical behaviour in creating professional and competent staff, the question “*Social responsibility is the care and financing of talented, professional and competent staff*”, with answer options: *I agree*, *I completely agree*, *I partly agree* and *I completely disagree*. 75 or 53% responded to this question with *I completely agree*, 53 or 38% answered *I agree*, *I partly agree* answered 12 or 9%, and *I completely disagree*, 0 respondents.

In order to obtain information on how many employees and managers have an idea of the importance of social responsibility, ethical behaviour in creating a healthy organizational climate, the question “*Social responsibility is building a good attitude of managers towards employees and a healthy organizational climate*” was asked with options: *I agree*, *I completely agree*, *I partly agree* and *I completely disagree*. *I completely agree* answered 74 or 53%, *I agree* answered 41 or 29%, *I partly agree* answered 12 or 9%, and *I completely disagree*, 13 or 9% respondents answered.

According to the dominant representation of respondents' answers, managers and employees agree that a healthy organizational climate represents building a good mutual relationship between managers and employees.

CONCLUSION

The research, which was focused on identifying the impact of ethics and corporate responsibility in improving the corporate image of business organizations, highlighted the importance of the concept of corporate social responsibility and implementation in organizations, in order to improve corporate image. Through the concept of responsible social work and building an ethical culture towards the community, organizations are trying to improve their performance, thus achieving competitive advantage on the market and reliable profit in the long run. The research shows that employees and managers in business organizations have the necessary knowledge and positive attitudes regarding the concept of social responsibility, and if in the community there is a possibility for

certain benefits for the companies, then it can be expected to improve the image of business organizations.

Social responsibility and business ethics as factors for improving the corporate image of business organizations is a problem that arises from the insufficiently built awareness of the need for social responsibility, primarily with managers in business organizations. It is complemented with a very weak knowledge of the essence and significance of social responsibility, as well as the benefits of nurturing for building a good image.

Business ethics and socially responsible behaviour contribute to business success and help in the personal upgrade of managers and employees, that's why today they represent the imperative of modern ethical management.

The success of each business entity depends on investing in ethical management and social responsibility, which is certainly a major step forward with regard to the boundaries set for more than two centuries when managers and business owners were focused on creating profits. The changes in the society and by changing the perception of all stakeholders in the process regarding the treated subject, business organizations are today increasingly focused on responsible social work, care for the social community and the environment. Today, more and more, they become criteria without which the prosperity and work of business organizations cannot be assessed.

Results of our study confirm that there is a positive attitude in the environment of the national economy for progressing towards business ethics and socially responsible economy.

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