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Employees' expectations towards corporate socially responsible behaviour: The case of Romania

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CSR development in post-communist economies: Employees' expectations towards corporate socially responsible behaviour: The case of Romania

Abstract

Drawing on stakeholder theory and the evolutionary approach to institutions, this paper investigates the channels through which CSR is developed in post-communist economies by focusing on the employee- background factors that shape the employees' expectations with regard to corporate socially responsible behaviour. We identify three channels through which *exogenous* and *endogenous CSR* are developed: employees with work experience in MNEs (leading to *exogenous CSR*), employees with CSR knowledge (leading to *exogenous CSR*) and employees with experience of the socialist system (leading to *endogenous CSR*). Furthermore, we argue that the interactions between these channels lead to *hybrid CSR* in transition economies. We use a questionnaire-based survey with employees of domestic and multinational enterprises in Romania and we conduct regression analysis. We find that employees with work experience in MNEs act as channels for *exogenous CSR* whilst employees with experience of the socialist system act as channels for *endogenous CSR*. Furthermore, employees with experience of the socialist system and CSR knowledge or work experience in an MNE act as channels for *hybrid CSR* in transition economies. Based on our results we put forward implications for theory, managers and policy makers.

Introduction

Since the fall of Communism, Central and Eastern European economies (CEECs) have faced complex political and economic change, including increased economic and political integration with the 'West' and for some of them- full membership of the European Union. With this process came new legislation and policies, new business practices as well as new expectations towards the social responsibility of the business, i.e. 'the minimum behavioural standard with respect to the corporation's relationship to its stakeholders' (Campbell 2007), responsibility that—in a 'Western' context- goes beyond the minimum requirements of the law (Freeman 1984).

In many cases multinational enterprises (MNEs) acted as drivers of corporate social responsibly behaviour in post-communist (transition) economies by instilling in their local subsidiaries their responsible practices- in a quest to acquire legitimacy (Koleva 2010; Stoian and Zaharia 2008). In other cases local state owned companies operating in highly competitive industries also adopted corporate social responsibility (CSR) (Koleva et al. 2010) in order to enhance their competitive advantages in their markets. Moreover, domestic private firms operating

in the CEECs embraced CSR if their managers had international work experience (Koleva et al. 2010) and hence a better understanding of the nature and benefits of adopting a corporate socially responsible behaviour.

However, this ‘transposition’ of Western responsible practices did not take place in a *vacuum*. Instead, it built on responsible practices ‘inherited’ from the previous socialist system, leading to CSR that is -to some extent- specific to post-communist economies and to their institutional fabric (Koleva et al. 2010; Pučėtaitė and Lāmsā 2010, 2008; Kooskora 2008; Kooskora 2008a; Lāmsā and Pučėtaitė 2006; Cordeiro 2003).). This transposition is a result of a dynamic process in which ‘old’ (internal- *endogenous CSR*) and ‘new’ CSR (external- *exogenous CSR*) interact, leading to *hybrid CSR* that is CEECs specific (Koleva et al. 2010). Understanding the channels through which this transformation occurs can highlight the dynamics of CSR adoption in post-communist economies. Furthermore, CSR adoption is driven by the expectations of various stakeholders, including managers and employees.

Within this context, the aim of this paper is to investigate the channels through which CSR is developed in post-communist economies by focusing on the employee- background factors (CSR knowledge, MNE work experience and age as a proxy for experience of the socialist system) that shape the employees’ expectations with regard to corporate socially responsible behaviour. We identify three channels through which *exogenous* and *endogenous CSR* are developed: employees with work experience in MNEs (leading to *exogenous CSR*), employees with CSR knowledge (leading to *exogenous CSR*) and employees with experience of the socialist system (leading to *endogenous CSR*). Furthermore, the interactions between these channels lead to *hybrid CSR* in transition economies. We investigate the employees’ expectations towards corporate socially responsible behaviour by drawing on the established definition of CSR. As such, we understand that a company is socially responsible when it meets the needs of several stakeholders (besides shareholders) (Campbell 2007), and beyond the minimum requirements of the law (Freeman 1984).¹

We focus on the employees’ expectations for several important reasons: Firstly, employees are a core stakeholder for companies (Ligeti and Oravecz 2008:140; Rodrigo and Arenas 2008:266) as they have legitimacy, urgency and power (Mitchell et al. 1997), seek identification with their employing firm (Rupp et al. 2006) and are crucial for organisational integrity (Paine 1997). Employees that have rights (and hence whose expectations are met) are crucial for organisational integrity and the sustainability of firms (Crane and Matten 2004). Furthermore, through developing workforce ethics [and employees engagement], firms enhance trust among employees, thus increasing their competitive advantage (Pučėtaitė and Lāmsā 2010; Lāmsā and Pučėtaitė 2006). Studies also find that a firm’s socially responsible behaviour can increase firm performance through motivating the staff, attracting talent and encouraging loyalty with the firm (Branco and Rodrigues

2006; Rodriguez et al. 2006; Brammer et al. 2007). According to social identity theory, this positive impact of CSR on performance is because employees are likely to identify strongly with positive organisational values (Peterson 2004). Furthermore, the resource based view suggests that sustained competitive advantage is based on “the attraction, accumulation, and the retention of resources that are difficult to substitute and hard to imitate” (Hart 1995; Prahalad and Hamel 1990; Brammer et al. 2007) and motivated and committed employees are such resources. Within the new knowledge based economy, employees are even more important assets, key to the success of a company beyond capital (Handy 2001). According to Kantian philosophy, employees should not be seen as a means to an end (Crane and Matten 2004), hence their expectations should be taken into consideration when developing CSR. However, companies tend to focus on external stakeholders (Ligeti and Oravecz 2008; Kooskora 2006; Abreu et al. 2005), thus failing to capitalise on the benefits of meeting the expectations of their employees with regard to corporate socially responsible behaviour. Firms that do not meet the ethical expectations of all stakeholders have a higher probability to damage their reputation and implicitly their sales and profits (Velasquez 1988).

Secondly, through ‘participative CSR’, employees act as drivers of CSR practices within their companies and encourage corporate socially responsible behaviour in post-communist societies (Koleva et al. 2010). However, due to various historical and socio-cultural reasons- including the socialist legacy- the scope for participative CSR is limited by the prevalent adoption of authoritarian management methods across firms in these countries (Pučėtaitė and Lāmsā 2008). Hence, many organisations in post-communist societies still suffer from the consequences of employees’ alienation to work, lack of loyalty to their organisations or employees’ instrumental relationship to an organisation (Ryan 1996; Pučėtaitė and Lāmsā 2008; Koleva et al. 2010). This makes imperative the investigation of employees’ expectations towards socially responsible behaviour in post-communist economies, so that the employees’ ‘voice’ becomes visible and contributes to enhancing CSR.

This study has several significant contributions as follows: Our first contribution is to the literature on corporate social responsibility in transition economies. This emergent literature has identified the specific nature of CSR in post-communist economies (Koleva et al. 2010; Lewicka-Strzalecka, 442; Mazurkiewicz et al. 2005a; Mazurkiewicz et al. 2005b) and Koleva et al. (2010 276) have called for a new approach ‘to deal with the specificity of the CSR development in CEECs’. In particular, we contribute to CSR theory by extending Koleva et al. (2010)’s framework of transition specific CSR through the inclusion of additional channels of CSR adoption and the formulation of specific hypotheses. By testing empirically these hypotheses we are able to further contribute to CSR theory.

Our second contribution is to the literature on CSR from the point of view of employees. Employees are a crucial stakeholder for companies (Steurer and Konrad; Ligeti and Oravecz 2008; Rodrigo and Arenas 2008), and a significant driver of corporate socially responsible behaviour through ‘participative CSR’ (Koleva et al. 2010). Yet, the employees’ expectations with regard to CSR in the CEECs are under-investigated. The extant literature focuses mainly on the role of workplace ethics and practices in enhancing employees’ trust (Pučėtaitė and Lāmsā 2010,2008; Lāmsā and Pučėtaitė 2006; Ayios 2003), the employees’ attitudes towards CSR behaviour in developed economies (Papasolomou et al. 2005; Longo et al. 2005; Rodrigo and Arenas 2007; Lloyd et al. 2008), on general employees’ attitudes towards their work in transition economies (Alas and Rees 2006; Alas and Edwards 2005) or on ethical human resource management (Ryan 2006). Furthermore, Stoian and Zaharia (2009) have called for more research into CSR from the perspectives of various stakeholders. In particular, we extend Koleva et al.’s (2010) framework by looking at various employee background factors that shape the expectations of corporate socially responsible behaviour from the perspective of employees.

Our third contribution is to practice, by putting forward managerial and policy implications. In the CEECs the government’s role in fostering CSR appears to be very limited (Mazurkiewicz et al. 2005b). This raises the question of how to increase the role of governments in encouraging CSR and how to enhance CSR in transition economies in the absence of strong governmental support. Investigating the role that other stakeholders such as managers or employees can play in fostering more corporate socially responsible behaviour in transition economies becomes paramount. This study aims to achieve this by exploring the expectations of employees and by discussing implications for managers and policy makers.

The remainder of this paper is organised as follows: we first provide a review of the extant literature, followed by our theoretical framework; we then explain our methodology and discuss our results; finally, we present our conclusion, implications for managers and policy makers, as well as avenues for further investigation.

CSR in transition economies: a review of extant literature

Although the interest in researching Corporate Social Responsibility in transition economies is relatively new and research in this subject area is rather sparse, several strands of literature have emerged. We offer a brief overview of this research with the aim of ‘contextualising’ CSR and identifying a gap in the literature that this study aims to fill.

Contextualising CSR in transition economies

Studies on transition economies investigate CSR adopting various approaches: Kooskora et al. (2005), Vasiljeviene and Jeurissen (2002), Jaffe and Tsimmerman (2005), Barclay and Smith (2003), Cordeiro (2003), Fülöp et al. (2000), Sexty (1998), Bohatá (1997), Kozłowski (1997) and Apressyan (1997) look at business ethics in post-communist economies; Steurer and Konrad (2009), Steurer et al. (2008) and Habisch et al. (2005) adopt the business and society approach; finally, Koleva et al. (2010), Stoian and Zaharia (2008) and Kooskora (2006, 2008b) adopt a stakeholder approach to CSR. Whilst the above approaches are anchored in the ‘Western’ understanding of the social responsibility of firms, studies on CSR in transition economies highlight the contextual nature of CSR and the impact that the socio-economic and cultural context has on CSR development (Koleva et al. 2010; Pučėtaite and Lāmsā 2010, 2008; Kooskora 2008a,b,2006; Lāmsā and Pučėtaite 2006; Cordeiro 2003).

In terms of ‘contextualising’ the debate on CSR in transition economies, the research conducted so far supports Campell’s (2007) view that institutions shape the nature of CSR in a country, hence studies vary in focus. Many papers are country specific (Pučėtaite and Lāmsā 2010,2008; Stoian and Zaharia 2008; Alas and Tafel 2007; Soboleva 2006; Ryan 2006; Kooskora 2008, 2006; Jaffe and Tsimmerman 2005; Korka 2005; Bohatá 1997; Apressyan 1997); other studies adopt a comparative approach between several post-communist economies with the aim to identifying common CSR issues as well as cross-country differences in adoption of CSR (Rees and Miazhevch 2008); finally, some papers adopt a comparative approach between CSR in transition countries and CSR in the West (Koleva et al. 2010; Grubisić and Goić 1998). This latter strand of literature argues that CSR in transition economies is different than in the ‘West’ (Steurer and Konrad 2009).

Firstly, the very understanding of CSR in transition economies deviates from the Western European definition that emphasises that CSR activities are ‘voluntary’ and go ‘beyond the requirements of the law’ (European Commission 2002). Instead, in the CEECs CSR is often understood as compliance with the legislation in the country (UNDP 2007; Lewicka-Strzalecka 2006; Kooskora 2006; Mazurkiewicz et al. 2005) whilst, due to the *socialist heritage*, social responsibility and social caring are still seen by managers as the primary role of the government (UNDP 2007). Furthermore, also due to the *socialist heritage* and the employees’ alienation to work in post-communist societies, CSR needs to be related to economic benefits (Pučėtaite and Lāmsā 2008; Kooskora 2006). Secondly, in terms of scope, in transition economies CSR is often associated with ‘behaving ethically’ and ‘transparency in operations’ (Steurer and Konrad 2009). Environmental issues are regarded as important but social equity issues are not valued as much (Mazurkiewicz et al. 2005a; Mazurkiewicz et al. 2005b), perhaps as a *hangover* from the socialist

past (Steurer and Konrad 2009). Also as a *hangover* from the socialist past, in post-communist economies there is a distinctive lack of public ethics and personal ethics is often feeble (Cordeiro 2003). Thirdly, in transition economies the legitimacy and power of various stakeholders differs from the West. For example, companies do not see the civil society as an important stakeholder (Steurer and Konrad 2009; UNDP 2007), as NGOs see firms mainly as a source of funding rather than a ‘potential target of critical activism’ (Lewicka-Strzalecka 2006; Mazurkiewicz et al. 2005a; Mazurkiewicz et al. 2005b). The weakness of the civil societies in the CEECs is also part of their *socialist heritage*. Finally, in the CEECs the government’s role in fostering CSR appears to be very limited (Steuer et al. 2008; Habisch et al. 2005; Mazurkiewicz et al. 2005b).

If CSR understanding is different in the CEECs than in the ‘West’, then what are the underlying factors of these differences and what can be done about this? One recurring influence on the understanding and adoption of CSR in transition economies identified by the extant literature is the *socialist heritage* (Pučėtaitė and Lāmsā 2008; Steurer and Konrad 2009; Lāmsā and Pučėtaitė 2006; Koleva et al. 2010). However, the *extent* and the *direction* of this influence is widely debated in the literature. ‘conventional wisdom’ tells that corporate socially responsible behaviour did not exist during Communism and that in transition economies local firms generally act irresponsibly towards their employees, the broader communities or environment (OECD 1999; Varga et al. 2002; Paoli and Parent-Thirion 2005; Kooskora 2006; Koleva et al. 2010). As a result, this strand of literature argues that in transition economies the main drivers of corporate socially responsible behaviour are multinational enterprises (MNEs) as they are ‘exporting a tradition of commitment with regard to the community’, tradition that is acquired in the MNEs’ home country (Simpson 2003).

However, Baskin (2006) shows that CSR in developing economies (including transition economies) is ‘more extensive than [is] commonly believed’. Although multinationals do play an important role in fostering a corporate socially responsible behaviour, CSR in transition economies has been largely influenced by several responsible practices towards employees and local communities that have been developed during the socialist period and which have ‘survived’ during transition. During socialism a kind of ‘paternalistic’ relations existed between the firm and its employees or local communities (Kornai 1992) and that although not labelled as CSR, this type of behaviour has existed in the CEECs for years (Koleva et al. 2010; Bronchain 2003; Johnson and Brady 2004). The ‘employee-friendly’ policies of companies continued in some CEECS in the early years of the transition (Iankova 2006; Soulsby and Clark 2006). These policies were then threatened by the deepening of the post-1989 transitional transformation and the firms’ switch of focus towards short term gains (Murrell 2000; King 2001), leading to high levels of unemployment and ‘flexibilisation’ of the workforce (Rainnie et al. 2002), social marginalisation, poor access to

healthcare and poor training of the new generation of business people (Koleva et al. 2010). Finally, with the progress towards EU integration and the adoption of major institutional reforms (Woolfson 2006), the CSR agenda started to take gradually shape in the CEECs (Johnson and Brady 2004; Kooskora 2006,2008; Serenyi 2007) as a result of the determination of several stakeholders, including local employers, foreign firms, employees, public authorities, European institutions and NGOs (Stoian and Zaharia 2009; Kooskora 2006; Koleva et al. 2010).

Hence, the development of CSR in transition economies can be seen as the result of a *path dependent path shaping process* (Koleva et al. 2010; Nielsen et al. 1995; Jessop 2001) in which *hybrid CSR* prevails (Koleva et al. 2010), i.e. a combination of *endogenous and exogenous CSR* exists. Cordeiro (2003) argues that whilst the cultural, political and economic context has a strong influence on business ethics in transition economies, this should not lead to ethical relativism, i.e. MNEs should not adopt ‘acceptable’ local practices if these include poor waste disposal, the employment of children, paying bribes or not paying taxes. Instead, multinationals should use their power to ‘shape’ the ethical environment and lead by example. Pučėtaite and Lāmsā (2008) show that in post-communist Lithuania, socio- economic and cultural factors, including the socialist legacy, have affected the employees’ attitudes towards norms and behaviours at work and acknowledge the influence that changes in the institutional context can have on employees work ethics. This process of change is highlighted by Kooskora (2008b; 2006) who finds that in Estonia, during 1995-2004, the stakeholder interests and the corporate relations with society and environment have started to be considered important issues for business organisations in the second part of the time period examined. This change has been affected by the economic, political and social context of the Estonian society (Kooskora 2008ab, 2006).

This particular view that the development of CSR in transition economies can be seen as the result of a *path dependent path shaping process* represents a ‘building block’ for our theoretical framework and we discuss this in more depth in the theoretical framework section. As CSR development is enhanced by various stakeholders, including employees, we now review several studies that adopt the employees’ view when investigating CSR in transition economies.

CSR in transition economies: the employees’ viewpoint

Extant literature examines CSR from a country (macro level) perspective (Stoian and Zaharia 2008; Korca 2005; Apressyan 1997) or investigates the various understandings of CSR from the point of view of managers (Koleva et al. 2010), consumers (Al-Khatib et al. 2004), students (Grubisić and Goić 1998; Jaffe and Tsimerman 2005), education providers (Erakovich et al. 2006; Sexty 1998) or a combination of various stakeholders (Kooskora 2006). Although employees are a primary stakeholder for firms in transition economies (Steurer and Konrad 2009; Kooskora 2006), their

expectations with regard to CSR are largely overlooked in the literature. Instead, the literature focuses on the more general issues of the role of workplace ethics and practices in enhancing employees' trust (Pučėtaite and Lāmsā 2010,2008; Lāmsā and Pučėtaite 2006; Ayios 2003), employees' attitudes to work (Alas and Rees 2006; Alas and Edwards 2005), or ethical HRM (Ryan 2006).

Pučėtaite and Lāmsā (2010) conduct a quantitative study of the interrelations between organisational trust, ethics management tools and ethical organisational practices in post-communist Lithuania. They find that organisational practices that integrate ethical principles are important for building organisational trust, especially in a low trust societal context such as Lithuania. Whilst focusing on the employees' point of view, this study also highlights the contextual nature of CSR related issues in transition economies, although from a very specific angle, that of organisational trust. The findings support the theoretical framework previously put forward by Lāmsā and Pučėtaite (2006).

Alas and Rees (2006) conduct a comparative study between traditional and post-communist economies focusing on work-related employee attitudes and values and find significant differences with regard to job satisfaction and organisational commitment between the two types of economies. They find that, when considering job satisfaction, workers in post-socialist economies tend to focus on lower needs such as job security, welfare, and pay. Also, these workers associate organisational commitment with pay and fringe benefits (Alas and Rees 2006). However, Alas and Rees (2006) call for more research into how these attitudes were formed, how they vary from country to country and how they change over time and with the increasing adoption of market economy reforms. This is where our study makes a significant contribution by investigating the employees background factors that shape employees' expectations towards corporate socially responsible behaviour.

Alas and Edwards (2005) compare work related attitudes between two culturally related countries, Estonia and Finland. Adopting an institutional and cultural perspective, they investigate employees' attitudes towards society, trade unions, work, employer organisations and pay determinants. They find that the differences between work-related attitudes stem from the different ideologies, and the different levels of institutional development. In particular, they argue that in Estonia the transition process has affected the employees' attitudes towards work, as unstable institutions make people focus on basic needs such as 'survival' (Alan and Edwards 2005). However, their findings are country specific and they relate to general work related attitudes rather than expectations towards the social responsibility of firms. This is where our study makes a significant contribution by focusing on the expectations towards corporate socially responsible behaviour from the point of view of the employees.

Finally, Ryan (2006) explores current ethical issues in Polish HRM. Ryan (2006) finds that historical and cultural factors influence attitudes towards work, company discipline, property and ownership, as well as law and social expectations at work. Furthermore, Ryan (2006) argues that companies 'exploit' the current situation of unemployment, which leads to various un-ethical issues in recruitment, hiring, performance appraisals and promotions, including abuse of authority and 'mobbing'. However, some of these findings are country and HRM specific. Ethical HRM is just a facet of the firm's responsibility towards its employees and a wider view to the employees' expectations with regard to the social responsibility of firms is necessary. Our study fills in this gap in the literature by examining the determinants of employees' expectations towards corporate socially responsible behaviour in post-communist economies with a focus on Romania. In the next section we discuss the theoretical framework.

Theoretical framework

The 'building blocks'

In this study we extend Koleva et al. (2010)'s approach to CSR in transition economies through concept bridging. Koleva et al. (2010) combine the *social issue management* (or *stakeholder*) approach to CSR (Freeman 1984; Donaldson and Preston 1995) with the *evolutionary approach to institutions* (Campbell and Pedersen 1996; Aguilera and Dabu 2005). We review briefly the stakeholder approach to CSR, the evolutionary approach to institutions and the framework by Koleva et al. (2010) to explain the 'building blocks' of our theoretical framework.

The *social issue management* (stakeholder) approach helps us understand the interaction between firms and their stakeholders and it tends to integrate some elements of neo-institutional approaches to organisations (Suchman 1995; Oliver 1991). The stakeholder approach posits that companies improve their performance by taking into consideration the expectations expressed by various stakeholders (Freeman 1984; Donaldson and Preston 1995). Stakeholders are various groups that are affected by the firm and that can affect the survival of the company and include: shareholders, employees, customers, suppliers, civil society, competitors and the government (Freeman 1984; Donaldson and Preston 1995). However, the relative power of the stakeholders as well as their expectations are context and time specific (Mitchell, Agle and Wood 1997). This raises the question of how to identify and address the expectations of various stakeholders and highlights the need to conduct studies that are country or time specific. Furthermore, this approach does not take into consideration the interaction between old and new forms of CSR that occurs in transition economies. To account for these institutional changes -CSR being an institution in itself (Koleva et al. 2010)- we need to build on the *evolutionary approach to institutions*.

The *evolutionary approach to institutions* (Kornai 2000; Whitley and Czaban 1998; Murrell 1992; Stark 1992) posits that quick legal and formal changes, such as those proposed by neo-liberal economists, were not able to lead to the ‘spontaneous selection of market processes’ (Mlčoch, 1998). Instead, the process of closing the institutional gap between the ‘West’ and the post-communist economies is affected by the inertial drag of embedded customs and practices which are accepted as legitimate and that are routinely reproduced by economic actors. As a consequence, the process of institutional change is gradual and inevitably an evolutionary process (Campbell and Pedersen 1996; North 1990). This view applies to CSR, as one of the institutions in post-communist economies, and implies that CSR is a process rather than a state (Bronchain 2003). This also implies that post-communist societies are characterised by hybrid systems and practices that are path dependent, i.e. embedded in the former economic and political system (Aguilera and Dabu 2005; Granovetter 1985). Furthermore, the introduction of new socially responsible behaviour and the evolution of previous practices occur and interact within an already existing institutional context (Clark and Soulsby 1999; Soulsby and Clark 2006).

Combining the *social issue management* (or *stakeholder*) approach to CSR (Freeman 1984; Donaldson and Preston 1995) with the *evolutionary approach to institutions* -CSR being an institution in itself-, Koleva et al. (2010: 288) explain the *causes* of emergence of interest in CSR in the CEECs, the interactions of *actors* that affect the definition of CSR in this context and the *processes* of the emergence and development of responsible practices. When discussing the *processes* of CSR development, Koleva et al. (2010) distinguish between *endogenous*, *exogenous* and *hybrid CSR*. *Endogenous CSR* consists of ‘old’ CSR practices (inherited from the *socialist heritage*) that have survived during transition. These practices include the ‘old rule of right to work’ (regardless of need or match with the company) or the employees’ individual responsibilities with regard to the local community and natural environment. *Exogenous CSR* is ‘deliberately’ introduced by managers who believe that the mechanisms of conducting business in the socialist economic system ‘have no value in the context of a market economy’ (Koleva et al. 2010: 286).

Three channels facilitate this transposition: multinationals that ‘import’ their CSR from the home country and attempt to instil their models in their CEECs subsidiaries; local owners of private firms that have an educational or professional background abroad and who set up CSR in their firms based on this knowledge; finally, efforts by state owned companies that operate in highly competitive international markets (textile, transports) and that need to comply with the best practices in these markets (Koleva et al. 2010).

Koleva et al. (2010) propose that the models of CSR ‘imported’ from the West will be subject of a ‘reinterpretation’ by the actors involved in the CEECs, and as a result CSR in transition economies will be ‘partially distinct from the original model’. In the same way, the relevance of the

'old' understandings of CSR will be 'challenged' by the 'imported models' which will lead to the abandonment, the reinterpretation or combination of the 'old' models. The emerging CSR institutions in the CEECs will be the result of a 'double institutional dynamic': the short run, the 'importation' of foreign principles is a result of a process of 'artificial selection of [foreign] institutions'; in the long run, the adaptation of the CSR practices existent before 1989, the combination and the reinterpretation of 'imported institutions' are a product of a process of 'natural selection' of institutions, both local and 'imported'. Hence, *hybrid CSR* is a mix of *endogenous* and *exogenous* CSR or a 'complex combination of an artificial and a natural selection of corporate socially responsible behaviour' (Koleva et al. 2010: 287). Premises of this *hybridisation* process are already noticeable (Meardi and Tóth 2006; Kahancová 2007). However, more research is needed to investigate empirically the *extent* to which multinationals, CSR knowledge and the *socialist heritage* affect CSR development in transition economies and to examine how various stakeholders influence CSR development in transition economies. This is where our study makes a significant contribution.

Employees' expectations towards socially responsible behaviour: A theoretical framework

We believe that CSR development in transition economies is influenced by expectations of various stakeholders and in particular by the expectations of employees, as part of 'participative' CSR (Koleva et al. 2010). We investigate the channels through which CSR is developed in post-communist economies by focusing on the employee background factors that shape the employees' expectations with regard to corporate socially responsible behaviour. These factors include: CSR knowledge, MNE work experience and age- as a proxy for experience of the socialist system. In doing so we build on Koleva et al.'s (2010) typology of *exogenous, endogenous and hybrid CSR* and we adapt their proposed *channels of exogenous CSR* 'transposition' by adopting the perspective of employees, rather the perspective of managers. Based on the *evolutionary approach to institutions*, -CSR being an institution in itself- we consider *work experience in an MNE* and *CSR knowledge* as employee background factors leading to exogenous CSR 'transposition' and thus affecting the *process* of institutional evolution in the CEECs (Bronchain 2003). We also identify *experience of the socialist system* as an employee background factor facilitating *endogenous CSR*. Experience of the socialist system is part of the 'genetic' character of CSR development and part of the institutional context that affects CSR in transition economies (Pučėtaitė and Lāmsā 2010,2008; Koleva 2010). Finally, also based on the *evolutionary approach to institutions* (Campbell and Pedersen 1996; Aguilera and Dabu 2005) we believe that ultimately CSR in transition economies is a *hybrid CSR*, i.e. the result of the interaction between *endogenous* and *exogenous CSR* and hence CSR development is affected by the interaction between the factors identified above. We present in

Diagram 1 how our theoretical framework extends the framework put forward by Koleva et al. (2010). We then discuss the hypotheses.

Insert Diagram 1 here.

Work experience in an MNE and employees' expectations towards corporate socially responsible behaviour

Extant literature on transition economies supports the idea that multinationals act as drivers of CSR (Stoian and Zaharia 2009) by 'exporting' their CSR practices into the new institutional context. Although the 'imported practices' are subject of reinterpretation within the institutional context of the country, MNEs play, nevertheless, a significant role in enhancing the CSR agenda in the CEECs and represent-among others- a crucial 'channel' for *exogenous CSR* adoption (Koleva et al. 2010). Often MNEs instil in their CEECs subsidiaries socially responsible practices such as: ethical HRM; improved remuneration, promotion and training opportunities; improved working conditions and strict health and safety regulations or staff involvement with charitable or voluntary activities (Ryan 2006). This process is part of the institutional building that characterises transition economies. In tune with the *evolutionary approach to institutions* (Campbell and Pedersen 1996; Aguilera and Dabu 2005), we believe that present and former employees of MNEs become more aware of CSR practices and act as 'channels' for *exogenous CSR* by having higher expectations with regard to the social responsibility of the firm. We hence put forward our first hypothesis, H1:

H1: Employees with work experience in an MNE expect firms to adopt a corporate socially responsible behaviour.

CSR knowledge and employees' expectations towards corporate socially responsible behaviour

Extant literature identifies the still relative limited awareness of CSR within transition economies (Kooskora 2006; Stoian and Zaharia 2008). This limited understanding of CSR affects the general support for the further adoption of corporate socially responsible behaviour in these economies. Whilst managers that have work or education experience abroad can act as 'channels' for *exogenous CSR* (Koleva et al. 2010) by having an enhanced understanding and knowledge of CSR, we propose that employees with CSR knowledge are also likely to act as 'channels' for *exogenous CSR*. This proposition is in tune with the *evolutionary approach to institutions* (Campbell and Pedersen 1996; Aguilera and Dabu 2005) and consistent with the broader literature that shows that prior CSR knowledge shapes attitudes towards the social responsibility of the firms (Kraft and Singhpadki 1995; Glyptis 2000). We thus put forward our second hypothesis, H2:

H2: Employees with CSR knowledge expect firms to adopt a corporate socially responsible behaviour.

Experience of the socialist system and employees' expectations towards corporate socially responsible behaviour

The opinions are divided over whether corporate socially responsible behaviour in the CEECs starts post- 1989 or whether it builds on practices that existed during the communist system and have been incorporated in the new context (Koleva et al. 2010). There is evidence that in the early transition some companies continued their paternalistic approaches to their workforce that they practiced during the socialist period (Koleva et al. 2010). However, some studies argue that with the intensification of the transitional transformation many firms gave up previous 'inherited' responsible practices and began acting irresponsibly or unethically, focusing on short term gains and exploiting various loopholes in the legislation (Murrell 2000; King 2001). In tune with the *evolutionary approach to institutions* (Campbell and Pedersen 1996; Aguilera and Dabu 2005), we believe that the expectations of employees towards the responsibility of firms have been shaped both by the *socialist heritage* and by this dynamic environment of *institutional transformation*. We believe that employees with experience of the former economic system continued to favour a 'paternalistic' management approach and hence support CSR. These older employees represent a 'channel' for *endogenous CSR*. Instead, younger employees understand the pressures that firms face during these challenging economic transformations and the need for firms to focus on profit maximisation within this context. Also, by having little or no work experience, these younger employees are less aware of the types of abuses that can occur if firms are not socially responsible

and hence are less likely to have a strong support for CSR. The employees with experience of the socialist system represent a channel for *endogenous CSR* whilst younger employees are a channel for *hybrid CSR*. These propositions are generally consistent with the broader literature that shows (albeit with mixed results) that age determines people's expectations towards the social responsibility of companies (Lloyd et al. 2008; Weeks et al. 1999) and that older respondents tend to show higher support for CSR. We put forward our third hypothesis, H3:

H3: Employees with experience of the socialist system expect firms to adopt a corporate socially responsible behaviour.

To account for additional factors that may affect the employees' expectations towards corporate socially responsible behaviour we include *Gender* as a control variable in our theoretical framework. The extant literature generally identifies gender-based differences with regard to perceptions and expectations of corporate ethical and corporate socially responsible behaviour (Caccioppe et al. 2008; Elias 2004; Paul et al. 1997; Cohen et al. 1998; Burton and Hegarty 1999; Borkowski and Ugras 1998). A study of CSR from the employees' perspective shows that females are more critical about their employer's level of social responsible involvement than their male co-workers and that females feel more strongly than males about including a 'community component' as part of a firms' responsibilities (Lloyd et al. 2008). We anticipate that females expect firms to adopt a corporate socially responsible behaviour. Having put forward the theoretical framework and hypotheses, we now discuss the methodology.

Methodology

Research context

This study is based on a questionnaire-based survey with 194 employees of domestic and multinational companies operating in Romania. The questionnaire-based survey is an adequate data collection method for explanatory research (Robson 2002). It is practical, allows us to collect a relatively large quantity of data within a short period of time and allows for the generalisation of results (Popper 2004). Furthermore, there is less sensitivity involved when administering questionnaires compared to conducting face to face interviews (Saunders et al. 2009), which ensures better accuracy of answers. We deal with the potential disadvantages of using questionnaires such as validity and reliability to ensure the quality of our investigation. We explain this later in the paper. The remaining disadvantages are discussed in the section on the limitations of the paper and avenues for further research.

Romania is an ideal research context for our research for several reasons: Firstly, despite common historical, economic and political background, post-communist economies in CESEE are a heterogeneous group (Stoian and Zaharia 2009) and investigating the country specific expectations of stakeholders is crucial for companies to formulate their most effective CSR strategies and practices (O’Riordan and Fairbrass 2008:746; World Bank 2005) in general and in these societies in particular. Secondly, a country that has witnessed one of the most severe Communist regimes before 1989, Romania has experienced a change towards more corporate socially responsible behaviour (Dehelean 2008; Stoian and Zaharia 2009) and has become a top destination for foreign direct investment in the area. This makes Romania an ideal case to test our hypotheses with regard to the role that the socialist legacy, work experience with the MNEs and CSR knowledge play in shaping employees’ expectations towards corporate socially responsible behaviour and hence CSR development. Thirdly, Romania is the second largest market of the CEECs after Poland (in terms of population) (Eurostat 2009) and a new member of the European Union as of January 2007. Because of its size and economic and political significance in the area, Romania is an ideal case to study and put forward implications for managers and policy makers.

We administered questionnaires to full time employees of domestic and multinational enterprises who were enrolled in studies at the Faculty of International Business and Economics in Bucharest and the Faculty of European Studies in Iași. This allowed easy and quick access to employees and thus we overcame one of the main barriers for conducting employees related research (Lloyd et al. 2008). Also, this allowed us to obtain a 98% return rate, as all respondents had to complete the questionnaires at a set time in a set place. This is an excellent return rate for a study (Saunders et al. 2009). We administered questionnaires in two towns, Bucharest (the capital of Romania) and Iași (the capital of Moldova, a region of Romania) in order to capture a wide range of respondents. Bucharest is the capital and an ‘economic engine’ of Romania that hosts 49.2% of the total businesses with foreign participation set between 1991 and 2007 whilst Iași- the regional capital of Moldova, a region within Romania- only hosts 1.4% of the companies with foreign capital established between 1991 and 2007 (Registrul Comerțului 2009). In Iași these companies account for 0.5% of the total capital investment in Romania and in Bucharest they account for 40.4% (Registrul Comerțului 2009). In Bucharest, the average gross nominal monthly earnings are highest than the Romanian average, whilst Iași has an average gross nominal monthly earnings lower than the Romanian average (INS 2010). The sample composition in terms of gender, age and income ensures that the sample is representative.

The survey instrument and variables description

We developed a survey instrument in order to investigate the factors that affect employees' expectations towards corporate socially responsible behaviour in Romania. In doing so we draw on the stakeholder theory, the evolutionary approach to institutions and employee-related CSR literature to design the questions and the variables needed. To ensure the reliability of our survey instrument (Saunders et al. 2009), we build on a previous study by Jaseem Ahmad (2006) that investigates CSR in an emerging economy; we then adapt the survey instrument to the Romanian context based on interviews with Romanian employees of domestic and multinational enterprises. The background of the researcher was crucial in ensuring that the content of the questionnaire was culturally sensitive and reflected the contextual nature of CSR in post-communist economies. This strength when conducting international research is also acknowledged Doz (2011).

The survey instrument was administered in Romanian to facilitate access to a wide variety of respondents. The questions were translated into Romanian and then translated back into English to ensure a correct translation. We did a pilot study and administered the questionnaires to a sample of 20 respondents to check that they were properly formulated and understood. Any constructive feedback was then incorporated in the questionnaire design and the final version was then used in the survey. This ensured the quality and the face validity of the survey instrument (Saunders et al. 2009). To ensure construct and content validity we asked two experts to check whether the measurements used are appropriate and whether the questions are 'essential', 'useful but not essential' or 'not necessary' (Saunders et al. 2009). Following the experts' advice, we retain the essential and the useful but not the non-essential questions. We further test the reliability of the survey instrument by calculating the Cronbach's Alpha statistics for the items used. The alpha coefficients for the items are above .70 and hence show the reliability of the survey instrument.

The survey instrument was organised in two sections: section A aimed to gather socio-demographic data regarding the respondents' gender, age MNE work experience, knowledge of CSR, and town of study; section B referred to the expectations towards the importance of various stakeholders; the importance of various CSR activities; and finally, the importance of various written codes of conduct (Appendix 1). Respondents were expected to specify the importance of various issues regarding their expectations towards firm's corporate socially responsible behaviour. These issues are measured with a six-point Likert-type scales, consistent with other similar studies (Husted and Allen 2006; Luk et al. 2008; Elias 2004). The six point scales were used to encourage respondents to make a real decision rather than choose the middle option. Based on the questionnaire, we create several numerical variables. Based on section A we create our employee background independent variables (*MNEWorkExperience*, *CSRKnowledge* and *Age*) and our control variable (*Gender*). We use *Age* as a proxy for the employee' experience of the socialist system. To

capture the interaction between the three factors that facilitate CSR adoption we also compute interaction variables i.e. *InterCSRAge*, *InterAgeMNE* and *InterCSRMNE*. Based on the specific expectations captured by the questions in section B we build a construct of *expectations towards corporate socially responsible behaviour (CSRExpectations)*. This is our dependent variable and allows us to conduct linear regression analysis. All variables are described in detail in Appendix 2.

Results and discussion

We run linear regression analysis for two model specifications: first, with our main independent variables (*MNEWorkExperience*, *CSRKnowledge*, *Age*) and *Gender*- as control variable, and second, using interactions of the main independent variables. We include interactions-*InterCSRAge*, *InterAgeMNE* and *InterCSRMNE*- in order to capture better the dynamic process of institutional building in transition economies-as in our theoretical framework. Because of correlations with our main independent variables (Appendix 3), we only include the interaction variables and the control variable in the second specification. We present our results in Table 1. We report the standardised coefficients, the F-statistic, the R-squared and the Durbin Watson statistic. The Durbin Watson statistic for our estimators are reliable.

Insert Table 1 here.

The results of our first model specification (model 1) confirm our first hypothesis with regard to the role played by *work experience in an MNE* in enhancing the employees' expectations towards corporate socially responsible behaviour -as the relevant variable is significant. This is in tune with studies that find that MNEs have acted as drivers of corporate socially responsible behaviour in transition economies (Koleva et al. 2010, Stoian and Zaharia 2009). Employees with work experience in MNEs act as channels of *exogenous CSR* and its transposition in Romania. These employees shape CSR development and contribute to the general institutional building process experienced by transition economies.

We find mixed evidence with regard to our second hypothesis, i.e. the role played by *CSR knowledge* in enhancing employees' expectations towards corporate socially responsible behaviour. In model 1 we find no support for our second hypothesis, as the variable *CSR knowledge* is not significant. This shows that CSR knowledge alone does not act as a channel for *exogenous CSR* and CSR development in Romania. This suggests that the CSR knowledge that our respondents have is not specific enough to highlight the advantages that various stakeholders can reap through firms adopting a corporate socially responsible behaviour. This finding further implies that more awareness of CSR and its benefits is needed within the Romanian society.

However, in model 2 we find that the variable *InterCSRAge* is significant and has a high (positive) coefficient. This suggests that employees with experience of the socialist system and with CSR knowledge have high expectations towards corporate socially responsible behaviour, perhaps as a result of an advanced understanding of the benefits brought by adopting a corporate socially responsible behaviour. However, this also may suggest that the expectations of the younger employees are not shaped by CSR knowledge. This raises the question of how to effectively communicate CSR to younger employees so that they understand better the benefits of CSR and show higher expectations towards firms with regard to corporate socially responsible behaviour. This interaction between CSR knowledge and experience of the socialist system (*Age*) can be interpreted as a ‘channel’ for *hybrid CSR*, *i.e.* CSR that is rooted both in the legacy of the socialist system (*endogenous CSR*) and in the broader understanding of CSR (*exogenous CSR*).

We also find evidence to support our third hypothesis with regard to the role played by experience of the socialist system in enhancing support for CSR, as *Age* is significant and has a high positive coefficient (Model 1). Employees that have experience from the socialist system appear to act as ‘channels’ for *endogenous CSR*, as they continue to expect –to some extent- a paternalistic management approach, as the one that prevailed in the previous system. This creates some continuity in the CSR in transition economies, but also leads to CEECs specific (*hybrid*) CSR. These results complement findings by Koleva et al. (2010) who argue that some managers in transition economies continued to implement responsible practices inherited from the previous system. This is also in tune with the extant literature on the impact of age on attitudes towards CSR (Lloyd et al. 2008; Weeks et al. 1999) and highlights the need for managers to be aware of their employees’ expectations in order to design the most effective CSR strategies for managing their workforce.

Furthermore, in model 2, the variable capturing the interaction between experience of the socialist system and work experience in an MNE (*InterAgeMNE*) is significant. This suggests that employees with experience of the socialist system and with work experience in an MNE show high expectations for corporate socially responsible behaviour, perhaps as a result of experiencing CSR whilst employed by multinationals. This interaction between work experience in an MNE and experience of the socialist system (*Age*) can be interpreted as a ‘channel’ for *hybrid CSR*, *i.e.* CSR that is rooted both in the legacy of the socialist system (*endogenous CSR*) and in the broader CSR as practiced by MNEs (*exogenous CSR*).

Also, younger employees (with no experience in the previous system) show less support for CSR. This may reflect the fact that the younger employees’ expectations have been shaped by witnessing the major effects that the transition to market economy has had on firms’ behaviour, including the firms’ profit-maximisation approach to business (Friedman 1970) and the rise in

corporate irresponsible behaviour. These younger employees may thus act as a barrier in the development of *exogenous CSR* and may have a significant influence on the type of *hybrid CSR* adopted in Romania. This raises the question of how government policies can prevent potential corporate social irresponsible behaviours that may result from such low expectations from young employees. Finally, the control variable has the expected sign in both specifications.

Conclusion

Contribution to theory

This paper aimed to investigate the channels through which CSR is developed in post-communist economies by focusing on the employee- background factors that shape the employees' expectations with regard to corporate socially responsible behaviour. This study answers the need to investigate corporate social responsibility within specific contexts (Matten and Moon 2008; Rodriguez et al. 2006; Kooskora 2006).

Our first contribution is to the literature on CSR in transition economies. Combining the *stakeholder approach* (Freeman 1984; Donaldson and Preston 1995) with the *evolutionary approach to institutions* (Campbell and Pedersen 1996; Aguilera and Dabu 2005, we extend Koleva et al.'s (2010) framework and test it empirically from the employees' point of view. We argue that the development of CSR in transition economies can be seen as the result of a *path dependent path shaping process* (Koleva et al. 2010; Nielsen et al. 1995; Jessop 2001). We identify three channels through which *exogenous* and *endogenous CSR* are developed: employees with work experience in MNEs (leading to *exogenous CSR*), employees with CSR knowledge (leading to *exogenous CSR*) and employees with experience of the socialist system (leading to *endogenous CSR*). Furthermore, we argue that the interactions between these channels lead to hybrid CSR in transition economies.

Consistent with the extant literature (Kooskora 2008a, 2006; Pučėtaitė and Lāmsā 2010, 2008; Lāmsā and Pučėtaitė 2006), we have shown that the institutional context matters when investigating CSR in post-communist societies. We illustrate the *evolutionary approach to institutions* by finding that the socialist heritage has affected employees' expectations towards socially responsible behaviour, and employees with experience of the socialist system act as channels for *endogenous CSR*. This is a unique contribution of our study. We further illustrate the *evolutionary approach to institutions* by showing that MNE work experience has affected employees' expectations towards socially responsible behaviour, and employees with MNE work experience act as channels for *exogenous CSR*. This is another unique contribution of our study. Finally, we demonstrate the dynamic nature of the institutional building process in post-communist economies by highlighting that employees with experience of the socialist system and CSR

knowledge or MNE work experience act as channels of hybrid CSR in transition. Whilst CSR knowledge alone does not influence the employees' expectations towards socially responsible behaviour, CSR knowledge acquired by employees with experience of the socialist system influences the employees' expectations. It is particularly these interactions and *hybrid CSR* that highlight the evolutionary process of change that characterises post-communist institutions such as corporate social responsibility. To our knowledge this is the first study to conceptualise and test empirically these relationships from the point of view of employees in a post-communist society.

Our second contribution is to the literature on CSR in transition economies from the employees' point of view. Although employees are an important stakeholder for companies, the employees' expectations with regard to CSR in the CEECs are under-investigated. Our findings are unique and complement extant literature by highlighting the impact of several employee background factors (such as CSR knowledge, MNE work experience and experience of the socialist system) on the employees' expectations towards corporate socially responsible behaviour in post-communist economies. In doing so we answer the call by Alan and Rees (2006) to investigate how various work-related employee attitudes are formed and whether they are context specific. By showing that MNE work experience and knowledge of social responsibility increase employees' expectations with regard to socially responsible behaviour, we complement Alas and Edwards (2005) who find that ideologies and institutional development affect employees' work related attitudes. Whilst MNEs are mainly driven by the 'Western' ideology rather than post-communist ideologies, CSR knowledge is also a reflection of 'Western' ideology, whilst also being an institution in itself. By showing that experience of the socialist system affects the employees' expectations towards socially responsible behaviour we also complement findings by Pučėtaitė and Lāmsā (2010), Lāmsā and Pučėtaitė (2006) and Ryan (2006), who find that historical and cultural factors affect attitudes towards work and expectations at work. By highlighting that younger employees have lower expectations towards socially responsible behaviour and that this may encourage corporate irresponsible behaviour, we also complement Ryan (2006) who finds evidence of corporate unethical behaviour in post-communist Poland.

In summary, the development of CSR in transition economies can be seen as the result of a *path dependent path shaping* process and employees act as channels of *exogenous, endogenous* and *hybrid CSR* through their expectations towards corporate socially responsible behaviour.

Implications for managers and policy makers

Our third contribution is to practice. In doing so this study addresses the need to identify the expectations of employees in order for managers to be able to construct more effective CSR strategies (Ligeti and Oravecz 2008) and to counteract the negative impact of employees' alienation

to work (Pučėtaitė and Lāmsā 2008). Based on our results, we put forward several implications for managers and policy makers as follows. Managers need to be aware that there is an age ‘divide’ within the workforce with regard to the support for CSR. Hence, managers need to investigate closer the expectations of their workforce and to adapt their CSR strategies to these expectations, whilst also encouraging participative human resource management. In particular, managers of companies whose workforce has significant experience of the socialist system should consider putting in place a CSR strategy, as they are also likely to benefit from this. In-house training on CSR issues can also increase the employees’ awareness of and support for these issues and the benefits of CSR. Furthermore, managers of multinational companies need to be aware that they cannot just ‘import’ their CSR practices from their home country. Instead, they need to adapt these practices to the local expectations and to focus on fostering *hybrid CSR*.

The media, the government and the education providers need to increase the CSR awareness in society, so that the benefits of adopting a corporate socially responsible behaviour are understood, especially by younger employees. These implications complement recommendations by Pučėtaitė and Lāmsā (2008) who also argue that business ethics education is needed to foster change in employees’ work ethic in a post-socialist context. Furthermore, policy makers need to put in place stricter regulation with regard to the general responsibilities of firms, as the relatively low expectations of younger employees towards firms may lead to firms behaving irresponsibly.

Limitations and avenues for further investigation

This study has several limitations. Firstly, this study presents the disadvantages of survey-based research. By administering questionnaires we are not able to capture some more in depth information related to the topic. Moreover, we are not able to tell how much thought the respondent has put in answering these questions (Popper 2004). Furthermore, we use age as a proxy for experience of the socialist system and this may have affected the results. However, at the time of study this appeared an appropriate approach. Further research may want to use alternative measures to capture the experience of the socialist system, by including corresponding questions in the questionnaire. Secondly, the sample is rather small, although sufficient to run meaningful statistical analysis. More insights could be gathered from a larger sample across several cities or even across several post-communist countries. This will also strengthen the reliability of the study, by making possible to compare results across time and contexts. Thirdly, respondents are associated with the two main business-education institutions in Bucharest and Iași, leading potentially to a bias of selection. This sampling method had, however, the advantage of offering easy access to employees and ensuring their willingness to take part in such a survey. Access to employees is one of the main barriers of conducting research into business practices (Lloyd et al. 2008). Further research should

include a broader sample of employees from across various industries and not necessarily connected with a certain university. Further research can also investigate the expectations towards a specific company, a large employer or a significant player in the Romanian market. More research can also be directed towards investigating the expectations towards the social responsibility of small and medium enterprises. Finally, further studies can investigate the expectations of other stakeholders such as consumers, investors and the government in order to identify the gap between these expectations, as well the most CSR effective strategies to bridge this gap in Romania and then verify these results across other post-communist societies.

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Diagram 1. Theoretical framework: Employees' expectations towards corporate socially responsible behaviour

Koleva et al. (2010)'s framework		Our theoretical framework		
CSR Types	Channels of CSR development (managers' perspective)	Channels of CSR development (employees' perspective)	Employees background factors that shape employees' expectations towards corporate socially responsible behaviour	CSR Types
<i>Exogenous CSR</i>	Multinationals 'importing' CSR	Employees with work experience in an MNE and expecting corporate socially responsible behaviour	Work Experience in an MNE	<i>Exogenous CSR</i>
	State owned companies adopting CSR to compete in highly competitive markets		CSR Knowledge	
	Private domestic companies adopting CSR as a result of manager's education abroad	Employees with CSR knowledge and expecting corporate socially responsible behaviour		
<i>Endogenous CSR</i>	Managers adopting paternalistic management practices and other CSR 'inherited' from the previous system	Employees with experience of the socialist system and expecting a paternalistic management approach	Experience of the socialist system	<i>Endogenous CSR</i>
<i>Hybrid CSR</i>	Interaction between <i>exogenous</i> and <i>endogenous CSR</i>	Interaction between <i>exogenous</i> and <i>endogenous CSR</i>	Interaction of the above	<i>Hybrid CSR</i>

Appendix 1.

QUESTIONNAIRE
Corporate Social Responsibility in Romania

This questionnaire is aimed at identifying employees' expectations towards corporate socially responsible behaviour in Romania. In this context, stakeholders are all the individuals, groups, organisations or entities who are affected by the operations of firms (domestic or multinational companies) within the Romanian context. A company is believed to be socially responsible when it meets the needs of several stakeholders (besides shareholders) and beyond the minimum requirements of the law.

A. SOCIO-DEMOGRAPHIC DATA

Age Years

Gender (Please tick as appropriate.) Female Male

Faculty

Year

Town where you are studying

Have you studied about Corporate Social Responsibility? Yes No

Do you have work experience in a multinational company? Yes No

Are you at present an employee of a company? Yes No

**B. CORPORATE SOCIAL RESPONSIBILITY AND THE STAKEHOLDERS
WITHIN THE ROMANIAN CONTEXT**

1. How important do you think the following stakeholders should be to a company?

Not important 0 1 2 3 4 5 Very important

Type of stakeholder	
Employees	
Customers	
Shareholders	
Local community	
Suppliers	
Distributors	
Business partners	
Society at large	
Environment	
Other (Please, name.)	

2. How important do you think the following activities should be as ways for companies to be socially responsible?

Not important 0 1 2 3 4 5 Very important

Type of activity	
Making regular financial contributions	
Making occasional financial contributions	
Collecting donations from employees	
Sponsoring events	
Allowing employees to volunteer expertise	
Providing free use of company facilities	
Donating surplus office equipment	
Providing training opportunities for employees	
Accurate profit and loss reporting	
Fair human resource management practices	
Other activities (Please, name.)	

3. I believe that companies should have written codes of conduct regarding:

Strongly disagree 0 1 2 3 4 5 Strongly agree

Aspects of corporate social responsibility	
Environmental protection	
Employee welfare	
Health and safety	
Philanthropic and charitable activities	
Investment in local community development	
Ethical management of the supply chain	
Ethical and socially responsible marketing	
Corruption	
Other (Please, name.)	

Thank you very much for your participation.

Appendix 2. List of variables definitions

Variable	Variable code	Scale/ Range	Source
<i>CSR Expectations</i> (dependent variable)	<i>CSRExpectations</i>	Numerical	Authors' contribution based on Jaseem Ahmad (2006).
<i>Work experience in an MNE</i> (independent variable)	<i>MNEWorkExperience</i>	0.00= No MNE experience 1.00= MNE experience	Authors' contribution.
<i>CSR knowledge</i> (independent variable)	<i>CSRKnowlege</i>	0.00= No CSR knowledge 1.00= CSR knowledge	Gordon (1998).
<i>Age</i> (independent variable)	<i>Age</i>	Numerical	Lloyd et al. (1999).
<i>Gender</i> (control variable)	<i>Gender</i>	1.00= Female 0.00= Male	Caccioppe et al. (2008); Elias (2004).
<i>InterCSRAge, InterAgeMNE and InterCSRMNE</i> (interaction variables)	<i>InterCSRAge</i> <i>InterAgeMNE</i> <i>InterCSRMNE</i>	= <i>CSRKnowledge</i> * <i>Age</i> = <i>Age</i> * <i>MNEWorkExperience</i> = <i>CSRKnowledge</i> * <i>MNEWorkExperience</i>	Authors' contributions.

Appendix 3. Correlations matrix (Spearman's coefficient)

	<i>CSRExpectations</i>	<i>MNEWorkExperience</i>	<i>CSRKnowledge</i>	<i>Age</i>	<i>Gender</i>	<i>InterCSRMNE</i>	<i>InterCSRAge</i>	<i>InterAgeMNE</i>
<i>CSRExpectations</i>	1.000	-.022	.033	.088	.290**	.048	.173*	.066
<i>MNEWorkExperience</i>	-.022	1.000	-.014	-.219*	-.035	.410**	-.193*	.993**
<i>CSRKnowledge</i>	.033	-.014	1.000	.017	-.073	.388**	.552*	-.008
<i>Age</i>	.088	-.219*	.017	1.000	-.089	-.048	.801*	-.174
<i>Gender</i>	.290**	-.035	-.073	-.089	1.000	-.044	-.105	-.051
<i>InterCSRMNE</i>	.048	.410**	.388**	-.048	-.044	1.000	.195*	.419*
<i>InterCSRAge</i>	.173*	-.193*	.552*	.801*	-.105	.195*	1.000	-.155
<i>InterAgeMNE</i>	.066	.993*	-.008	-.174	-.051	.419*	-.155	1.000

*Significant at .05 level.

**Significant at .01 level.

Table 1. Results: Regression analysis (dependent variable *CSRExpectations*)

Variable	Model 1	Model 2
<i>MNEWorkExperience</i>	.073* (.3.034)	-
<i>CSRKnowledge</i>	.028 (1.120)	-
<i>Age</i>	.583* (13.520)	-
<i>Gender</i>	.385* (9.133)	.464* (10.615)
<i>InterCSRMNE</i>	-	-.032 (1.128)
<i>InterCSRAge</i>	-	.520* (11.966)
<i>InterAgeMNE</i>	-	.089* (3.017)
R-squared	.951	.969
F statistic	483.884	382.859
Durbin Watson statistic	1.51	1.59

*Significant at .05 level.

**Significant at .01 level.

ⁱ This is the definition of corporate social responsibility (corporate socially responsible behaviour) that we adopt in this study and in the questionnaire-based survey. By adopting initially the generally established definition of CSR we are able to then highlight the contextual nature of CSR in transition economies, based on the results of our survey.