

# “Corporate social responsibility and its influencing factors in Estonian and Japanese enterprises”

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## SECTION 1. Macroeconomic processes and regional economies management

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### Corporate social responsibility and its influencing factors in Estonian and Japanese enterprises

#### Abstract

The purpose of this paper is to investigate corporate social responsibility and its influencing factors in Estonian and Japanese enterprises. The results indicate significant differences, as well as similarities, between individual level factors – job satisfaction, meaning of work, attitude toward the firm; and between organizational level factors – powerfulness of firm in competition against rivals, behavior of management, policy of firm and in facets of corporate social responsibility – firm performance concerning social issues and firm respect concerning interests of agents. Differences and similarities in various countries concerning corporate social responsibility are influenced by different cultural and historical backgrounds.

**Keywords:** corporate social responsibility, job satisfaction, retail store enterprise, electronic enterprise, machine-building enterprise, Estonia, Japan.

**JEL Classification:** M1.

#### Introduction

This paper analyzes corporate social responsibility and its influencing factors in Estonian and Japanese retail store enterprises, machine-building industries and electronic industries.

The main research question is: Are there differences and similarities concerning corporate social responsibility in Estonian and Japanese retail store enterprises, machine-building industries and electronic industries and what are the factors that influence these differences and similarities?

Tanimoto and Suzuki (2005) argue that the Japanese approach to CSR is different from the Western one, given various peculiarities in the Japanese economy and society. Even though many companies are now acting on a global scale, they may still have national, or at least regional, characteristics.

This study, therefore, investigates how country's institutional framework influences corporate social responsibility and its different aspects. Data are collected from empirical studies in Estonian and Japanese retail store, machine-building and electronic enterprises and the results are discussed.

#### 1. Corporate social responsibility (CSR)

Different organizations have framed various definitions of CSR – although there is a considerably common ground between them.

CSR is about how companies conduct their business in an ethical way. CSR is about how companies manage

the business processes to produce an overall positive impact on society. The World Business Council for Sustainable Development in its publication “Making Good Business Sense” by Lord Holme and Richard Watts, used the following definition: “Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large”.

Corporate social responsibility is a concept whereby companies fulfil accountability to their stakeholders by integrating social and environmental concerns in their business operations (Tanimoto, Suzuki, 2005).

The European model is focused on operating the core business in a socially responsible way to a greater extent, complemented by investment in communities for solid business case reasons. But as with any process based on the collective activities of communities of human beings (as companies are) there is no “one size fits all”. In different countries, there will be different priorities, and values that will shape how business acts.

The Japanese approach to CSR may well differ from the Western one, given various differences in their socio-economic characteristics. The debate on CSR has not been settled yet, not only in Japan but also in the West. There is no consensus on the very definition of CSR (Tanimoto, Suzuki, 2005).

We should also remember that the ‘West’ is not monolithic. There is a great diversity in the approach to CSR even among Western countries (Adams et al., 1998; Maignam and Ralston, 2002).

Today, corporate social responsibility extends along the whole chain of value creation. For example, corporations must provide the necessary information, education and training to suppliers and clients to ensure that a product or service can be effectively and safely used. Corporate social entrepreneurship is strictly defined as the transformation of socially and environmentally responsible ideas into products or services. The last decade has seen many individuals come up with innovative ideas to address the specific social and environmental needs of the communities in which they are living. Today, pioneering enterprises integrate social entrepreneurship into their core activities by actively channelling their research-and-development capabilities in the direction of socially innovative products and services (Schwab, 2008).

## **2. Corporate social responsibility and individual-level factors**

CSR research has shown that job applicant and employee perceptions of a firm's CSR affect the way these individuals perceive the firm to be (Greening, Turban, 2000).

Indeed, meta-analytic evidence clearly shows positive outcomes resulting from perceptions of justice such as enhanced job satisfaction, organizational commitment, organizational citizenship, and job performance (Colquitt, Conlon, Wesson, Porter, Ng, 2001).

Folger's morality-based view argues that it is respect for human dignity and worth that influences an individual's justice needs. That is, working for an organization perceived as just in its interactions with the larger social milieu satisfies individuals' needs for a meaningful existence (Folger, Cropanzano, Goldman, 2005). Because this type of motive is other focused, the role of CSR perceptions in satisfying such needs is a natural extension. Indeed, employees hold organizations accountable for their actions because they need to know that they are affiliated with an entity that 'does the right thing' morally. Here the focus is primarily on what others view as ethically appropriate (Rupp, Ganapathi, Aguilera, Williams, 2006).

Both Frankl (1965) and Maslow (1973) emphasize that work becomes meaningful only when it entails contribution to a cause, or society, beyond selfish needs. Maslow talks about "offering oneself or dedicating oneself upon some altar for some particular task, some cause outside oneself and bigger than oneself, something not merely selfish", and Frankl

introduces his concept of responsibility by saying that "this meaning and value are attached to the person's work as a contribution to society, not to the actual occupation as such".

Corporate social responsibility mediated fully or partially the positive associations between ethics program variables and individual job satisfaction, suggesting that companies might better manage employees' ethical perceptions and work attitudes with multiple policies, an approach endorsed in the ethics literature (Valentine, Fleischman, 2008).

The underlying argument is that one of the ways companies can address an apparent lack of purpose and meaning in the workplace, which may in turn be associated with lower levels of employee motivation, job satisfaction and worker loyalty, is to actively engage in corporate social responsibility activities. By the same token, employees that make an effort to be involved in social responsibility initiatives in their workplace, be it through volunteering on community projects or in other ways, are likely to experience an enhanced their sense of meaning in the lives (Visser, Matten, Pohl, Tolhurst, 2008).

## **3. Corporate social responsibility and organizational level factors**

Several theoretical frameworks have been used to examine CSR. Friedman (1970) asserts that engaging in CSR is symptomatic of an agency problem or a conflict between the interests of managers and shareholders. He argues that managers use CSR as a means to further their own social, political, or career agendas, at the expense of shareholders. According to this view, resources devoted to CSR would be more wisely spent, from a social perspective, on increasing firm efficiency. This theory has been tested empirically by Wright and Ferris (1997), who found that stock prices reacted negatively to announcements of divestment of assets in South Africa, which they interpreted as being consistent with agency theory.

The agency theory perspective has been challenged by other researchers, such as Preston (1978) and Carroll (1979), who outline a corporate social performance (CSP) framework. As expounded by Carroll (1979), this model includes the philosophy of social responsiveness, the social issues involved, and the social responsibility categories (one of which is economic responsibility). An empirical test of the CSP framework is presented in the work of Waddock and Graves (1997), who report a positive association between CSP and financial performance. The CSP model has much in common with the

stakeholder perspective, which is the most widely used theoretical framework.

In a seminar paper on stakeholder theory, Freeman (1984) asserts that firms have relationships with many constituent groups and that these stakeholders both affect and are affected by the actions of the firm. According to Donaldson and Preston (1995), three aspects of this theory – normative, instrumental, and descriptive – are “mutually supportive”. Jones and Wicks (1999) propose “converging” the social science (instrumental) and ethics (normative) components of stakeholder theory to arrive at a normative “theory” that illustrates “how managers can create morally sound approaches to business and make them work”. The instrumental aspect and its relationship to conventional theories in economics and corporate strategy have also received considerable attention in the literature. For instance, Jones (1995) developed a model that integrates economic theory and ethics. He concluded that firms conducting business with stakeholders on the basis of trust and corporation have an incentive to demonstrate a sincere commitment to ethical behavior. The ethical behavior of firms will enable them to achieve a competitive advantage, because they will develop lasting, productive relationships with these stakeholders. Russo and Fouts (1997) examined CSR from a resource-based view of the firm perspective. Using this framework, they argue that CSP (specifically, environmental performance) can constitute a source of competitive advantage, especially in high-growth industries (McWilliams, Siegel, 2001).

Companies should fit into the ecological, social and cultural niche within which they are functioning. The most competitive companies are so unique in serving their stakeholders that their products and services have no substitutes, and they, therefore, have no real competitors at all (Zsolnai, 2006).

Based on the relevant literature we developed the following general propositions:

*P1: Facets of corporate social responsibility are assessed differently in different countries.*

*P2: Facets of corporate social responsibility are influenced by different factors in different countries.*

#### **4. A historical comparison of Estonia and Japan**

Estonia and Japan have different social, cultural, political and historical backgrounds.

Estonia was occupied by the Soviet Union in 1944. A state socialist society was built upon a centralized, hierarchical state coordinated through bureaucratically administered structures. Political, economic and other forms of institutional power

were drawn from the same source and operated in a unidirectional manner, providing for effective control and a concentration of information. Since, during the Soviet period the state was responsible for guaranteeing work for everyone, enterprises were overstaffed and passive. Workplaces were over-secured (Liuhto, 1999).

Having regained its independence in 1991, Estonia has undergone fundamental political and structural changes over the last decade, which have also affected the operation of its companies (Lääts, Haldma, 2002).

The three Baltic states – Lithuania, Latvia, and Estonia – have been deliberately moving away from the Soviet legacy toward liberal democracy and market capitalism. Lithuania, Latvia, and Estonia have reached a tangible accomplishment on their road toward reintegration with Western and Central Europe: in 2004 they were all admitted as full members of NATO and the European Union (Bilinsky, 2006).

Within a relatively short period of time Estonia has turned from an underdeveloped post-communist country to a politically and economically acceptable partner on the international arena the best evidence of which is the integration to NATO and EU. New situation creates new opportunities and sets up new tasks, but at the core of economic policy should still be ensuring ongoing development (Kaldaru, 2004).

The challenge of transformations in Central and Eastern Europe has involved a fundamental shift in the political order, from an authoritarian Communist Party rule to democracy (Bandelj, Radu, 2006).

Bunce (2003) has written an article on what lessons from the postcommunist experience say about the democratization processes in general. One of her conclusions was that the uncertainty surrounding the postcommunist transitions to democracy varied significantly. This influenced, in turn, the strategies of transition and their payoffs. Hence, the most successful transitions in the postcommunist context involved a sharp break with the old order.

Bandelj and Radu (2006) found that indeed those post-1989 governments with a proreform orientation, not run by the former communists or nationalists helped their countries to a faster democratic consolidation. This is also in line with McFaul's (2002) findings based on a qualitative comparison of country cases, which show that changes in power are key: not surprisingly, democratic consolidation happens when proponents of democracy constitute the ruling elite.

From the 1950s to the 1980s, Japan experienced its rapid development into a major economic power, through a process often referred to as the Japanese post-war economic miracle. Japan's biggest postwar political crisis took place in 1960 over the revision of the Japan-United States Mutual Security Assistance Pact. 1989 marked one of the most rapid economic growth spurts in Japanese history.

In 1960s during Japan's rapid growth era, as companies single-mindedly pursued profit, industrial pollution and other social problems emerged mainly in heavy and chemical industries. A strong anti-business sentiment emerged that regarded companies as inherently evil.

In 1970s a second land price surge occurred against the backdrop of the new plan to remodel the Japanese archipelago, and land speculation and rampant commodity speculation of trading companies became social issues. Key development in 1973 was the introduction of the floating exchange rate system, which, along with the above developments, symbolized the end of Japan's rapid growth era. The self-righteousness that companies acquired from rapid growth as well as corporate criticism both culminated at this time, and companies subsequently had little choice but to recognize CSR.

Following the 1985 Plaza Accord and the yen's surge, Japanese companies began to expand operations overseas, ushering in the era of globalization. In particular, companies entering the U.S. market experienced a culture shock due to differences in corporate culture and lifestyles. Domestically, while excess liquidity was fueling the imminent bubble economy, Japan's low standard of living – “rabbit hutch” dwellings, long work hours, and the unequal treatment of men and women – raised social issues which directly involved companies and employees.

In response, the idea of the “good corporate citizen” was introduced as companies actively financed social contributions in areas such as academics, the arts, welfare, and international exchange.

In 1990s land prices surged for a third time from the late 1980s as Japan's economy entered the bubble era, but plunged in 1991 when the bubble collapsed. Companies suffered a series of blows in the post-bubble 1990s: securities firms scurried to compensate the losses of large investors. Distrust of Japanese companies swelled to international proportions.

A new era of CSR began in 2000. Socially responsible investment (SRI) had reached Japan in the summer of 1999 with the emergence of Japan's first eco funds, and Japanese companies were bombarded with intrusive surveys by Western research agencies

for SRI screening purposes. While eco funds initially focused on the environmental stance of companies, the scope of SRI gradually expanded to corporate governance and social contribution. Since the surveys influenced corporate valuations in capital markets, Japanese companies grudgingly complied.

Ricoh became the first of several companies to set up a CSR department in 2003, and Japanese companies began to implement new CSR initiatives from the perspective of risk management and sustainability (Kawamura, 2004).

## 5. Empirical study

The authors of this article conducted the study in Estonian and Japanese enterprises. In order to find differences and similarities between corporate social responsibility in Estonian and Japanese enterprises, the authors conducted an empirical study in 2007-2008. The research was done in 8 Estonian enterprises with 623 respondents and in 6 Japanese enterprises with 1570 respondents. The companies were selected in a non-random manner, as the organization registers do not have a solid basis for random sampling because only a fraction of the registered enterprises are active in Estonia and Japan. Variety of industries were represented in the study: 38% were from electronic industries, 30% were from machine-building industries and 32% were from retail store.

**5.1. The sample.** The total number of respondents was 2193. According to personal data, 58% of respondents were male and 42% were female. The average age of the employees in Estonian enterprises was 37 years and in Japanese enterprises 35 years.

**5.2. Methodology.** A standardized corporate social responsibility questionnaire comprising 83 items was developed by the Denki Ringo research group (Ishikawa et al., 2006) and translated from English into Estonian and Russian. The questionnaire was administered in Estonian and Japanese retail store, electronic and machine-building enterprises. The questions in the survey addressed job satisfaction, meaning of work, powerfulness of firm in competition against rivals, behavior of management, attitude toward the firm, policy of firm and some other issues. Data from the two countries were compared by means of the ANOVA-test. The linear regression analysis was used in order to find statistically relevant connections between corporate social responsibility and individual and organizational level factors. The main research question is: Are there differences and similarities concerning corporate social responsibility in Estonian and Japanese retail store

enterprises, machine-building industries and electronic industries and what are the factors that influence these differences and similarities?

**6. Results**

**6.1. Job satisfaction.** Table 1 shows respondents' job satisfaction. Respondents from both countries value security of employment, range of their compe-

tence at work and self-actualization of their ability at work as important factors of job satisfaction. Respondents from Estonia are more satisfied with length of working time and interaction with their boss. Whereas respondents from Japan are more satisfied with interaction with their colleagues. There are statistically significant differences between the countries in all 16 items.

Table 1. Job satisfaction among Estonian and Japanese respondents

Country		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	Sum
Estonia N = 621	M	4.14	4.34	3.77	3.71	3.82	4.61	3.48	3.90	3.61	3.29	4.18	3.93	3.61	4.18	4.01	3.75	3.89
	SD	0.94	0.76	1.02	1.22	1.10	0.66	1.27	1.07	1.03	1.36	1.00	1.08	1.33	0.93	0.61	0.86	0.64
Japan N = 995	M	3.14	3.16	3.02	2.99	2.79	2.82	2.67	2.83	2.76	2.77	3.29	3.05	3.06	3.19	3.52	2.95	3.00
	SD	0.83	0.81	1.07	0.93	0.92	0.96	1.03	0.93	0.82	0.95	0.90	0.79	1.02	0.94	0.81	0.85	0.57

Notes: 1 – self-actualization of your ability at work; 2 – range of your competence at work; 3 – labor conditions (e.g., light, heating, noise); 4 – trust between workers and management; 5 – work load; 6 – length of working time; 7 – payments and bonuses; 8 – competence of management; 9 – promotion possibilities; 10 – training and retraining; 11 – security of employment; 12 – equal opportunities for men and women; 13 – welfare provisions in the firm; 14 – interaction with your boss; 15 – interaction with your colleagues; 16 – access to information about organization: A five-point scale was used, where 1 signifies dissatisfaction and 5 – satisfaction. All indicators are statistically different between countries according to ANOVA-test,  $p < 0.05$ .

**6.2. Meaning of work.** Table 2 shows respondents' opinions concerning meaning of work. Respondents from Estonia rated highly the statements "Work provides you with social contact with other people", and "Work is in itself interesting". Whereas respondents from Japan rated highly the statement "Work provides you with income that is needed". The Japanese respondents rated higher the statement "Work is a way for you to serve for society" than Estonian respondents. The ANOVA-test found statistically significant differences between the countries in all items, except no. 4.

Table 2. Meaning of work among Estonian and Japanese respondents

Country		1	2	3	4	5	6	Sum
Estonia N = 621	M	3.20	3.65	3.16	3.92	3.10	3.72	3.46
	SD	1.05	1.19	1.34	0.84	1.00	1.25	0.62
Japan N = 995	M	2.25	3.91	3.09	3.33	3.36	3.23	3.19
	SD	0.94	0.79	0.88	0.93	0.90	0.94	0.56

Notes: 1 – work gives you status and prestige; 2 – work provides you with income that is needed; 3 – work keeps you absorbed in and excited; 4 – work provides you with social contact with other people; 5 – work is a way for you to serve for society; 6 – work is in itself interesting: A five-point scale was used, where 1 signifies entirely disagree and 5 – completely agree. All indicators, except no. 4, are statistically different between countries according to ANOVA-test,  $p < 0.05$ .

**6.3. Attitude toward the firm.** Table 3 shows respondents attitude toward the firm. Respondents from both countries rated highly the statements "Sometimes I feel myself a screw in a large machine", "I always have ideas that can be approved by management and I would like to take part in company's decision making, because I think my opinion is important". Respondents from Estonia rated also highly the statement "It is

normal to sacrifice something for organization's sake". Whereas respondents from Japan rated highly the statement "I am ready to take risk if it is approved". The ANOVA-test found statistically significant differences between the countries in all items.

Table 3. Attitude toward the firm among Estonian and Japanese respondents

Country		1	2	3	4	5	6	Sum
Estonia N = 621	M	3.19	3.47	3.49	3.36	3.48	3.52	3.42
	SD	1.02	0.82	1.10	1.03	1.23	0.85	0.58
Japan N = 995	M	2.71	2.90	2.86	2.91	2.63	2.95	2.83
	SD	0.80	0.82	0.97	0.88	0.99	1.00	0.65

Notes: 1 – I always have ideas that can be approved by management; 2 – I would like to take part in company's decision making, because I think my opinion is important; 3 – I could take managerial position in situation demanded it; 4 – I am ready to take risk if it is approved; 5 – it is normal to sacrifice something for organization's sake; 6 – sometimes I feel myself a screw in a large machine: A five-point scale was used, where 1 signifies disagreement and 5 – agreement. All indicators are statistically different between countries according to ANOVA-test,  $p < 0.05$ .

**6.4. Powerfulness of firm in competition against rivals.** Table 4 shows respondents' opinions concerning powerfulness of firm in competition against rivals. Respondents from Estonia rated highly the statement "Powerfulness of firm in competition against rivals concerning aftercare service and quality of products and service". Whereas respondents from Japan rated highly the statement "Powerfulness of firm in competition against rivals concerning brand and image of the firm". The ANOVA-test found statistically significant differences between the countries in all items, except no. 7.

Table 4. Powerfulness of firm in competition against rivals among Estonian and Japanese respondents

Country		1	2	3	4	5	6	7	8	9	10	Sum
Estonia N = 621	M	3.43	4.14	3.82	3.23	3.79	3.23	3.56	4.15	3.35	3.87	3.66
	SD	0.87	0.66	0.68	1.14	0.69	1.01	0.85	0.86	1.42	1.04	0.73
Japan N = 995	M	3.64	3.54	2.66	3.91	3.61	3.21	3.35	3.32	3.07	3.13	3.34
	SD	0.85	0.85	0.89	0.80	0.83	0.87	0.76	0.87	0.78	0.85	0.82

Notes: Powerfulness of firm in competition against rivals concerning following aspects: 1 – image of the firm; 2 – quality of products and service; 3 – cost; 4 – brand; 5 – technology; 6 – marketing; 7 – scale merit; 8 – aftercare service; 9 – quality of human resources; 10 – capability of top management: A five-point scale was used, where 1 signifies powerless at all and 5 – powerful enough. All indicators, except no. 7, are statistically different between countries according to ANOVA-test,  $p < 0.05$ .

**6.5. Behavior of management.** Table 5 shows respondents' opinions concerning behavior of management. Respondents from both countries rated highly the statements "There is a clear set of principles that are followed by organization in its activity" and "Leaders of organization have long-term goals". Respondents from Estonia rated also highly the statement "If management promised something, than it will do what promised". Whereas respondents from Japan rated highly the statement "Management puts clear goals for workers". The ANOVA-test found statistically significant differences between the countries in all items.

Table 5. Behavior of management among Estonian and Japanese respondents

Country		1	2	3	4	5	6	Sum
Estonia N = 621	M	3.91	3.72	3.91	3.60	3.79	3.98	3.82
	SD	1.08	0.82	0.99	1.25	1.02	1.00	0.74
Japan N = 995	M	3.14	2.71	3.40	3.26	3.22	3.79	3.25
	SD	0.85	0.92	0.91	0.92	0.85	0.93	0.79

Notes: 1 – if management promised something, than it will do

Table 6. Policy of a firm among Estonian and Japanese respondents

Country		1	2	3	4	5	6	7	8	9	10	11	12	13	SUM
Estonia N = 621	M	2.26	3.89	3.52	3.73	2.23	3.27	3.68	3.58	2.33	3.55	2.69	2.56	3.19	3.16
	SD	1.18	1.07	1.02	1.28	1.22	1.03	1.14	0.82	0.93	1.36	1.36	1.36	1.20	0.94
Japan N = 995	M	3.24	3.61	2.91	3.34	3.37	3.05	2.99	2.62	3.01	3.18	3.27	3.24	2.99	3.11
	SD	0.90	0.86	0.81	0.86	0.80	0.92	1.01	0.84	0.83	0.86	0.88	0.83	0.82	0.95

Notes: 1 – management is apt to be behind the time for reacting to changing market; 2 – we always try to overcome our rivals; 3 – if market demands it, our organization can quickly restructure; 4 – the goals of an organization are clearly set on all organization's levels; 5 – in some situations instructions and regulations are obstacles to effective work; 6 – it is possible to be a good manager even not knowing answers to all questions of subordinates; 7 – in some cases one worker is under two managers; 8 – every process of work is governed in detail by instructions and rules; 9 – the order of organization is not hierarchically structured rigidly; 10 – employees qualification is considered to be a very important source of competitive domination; 11 – resources including human resources are neither allocated properly nor integrated totally; 12 – reward for success does not go to the department although everyone put an effort; 13 – we realize our input into society and feel our importance: A five-point scale was used, where 1 signifies disagreement and 5 – agreement. All indicators are statistically different between countries according to ANOVA-test,  $p < 0.05$ .

**6.7. Firm performance concerning social issues.** Table 7 shows respondents opinions about firm performance concerning social issues. Respondents from both countries rated highly the statement "The firm pays effort to perform for compliance with the laws for business activities and for realization of the best quality of products and services". Respondents from Estonia also

what promised; 2 – management is sure that it controls the activity of all departments; 3 – leaders of organization have long-term goals; 4 – management puts clear goals for workers; 5 – leaders & managers follow principles they set for the organization; 6 – there is a clear set of principles that are followed by organization in its activity: A five-point scale was used, where 1 signifies disagreement and 5 – agreement. All indicators are statistically different between countries according to ANOVA-test,  $p < 0.05$ .

**6.6. Policy of a firm.** Table 6 shows respondents opinions concerning policy of a firm. Respondents from both countries rated highly the statement "We always try to overcome our rivals and the goals of the organization are clearly set on all organization's levels". Respondents from Estonia also rated highly the statement "In some cases one worker is under two managers and every process of work is governed in detail by instructions and rules". Whereas respondents from Japan rated highly the statement "In some situations instructions and regulations are obstacles to effective work and resources including human resources are neither allocated properly nor integrated totally".

rated highly the statement "The firm pays effort to perform for trustful relations with customers". Whereas respondents from Japan rated highly the statements "The firm pays effort to perform for safety" and "Security of products and services". The ANOVA-test found statistically significant differences between the countries in all items, except no. 10.

Table 7. Firm performance concerning social issues among Estonian and Japanese respondents

Country		1	2	3	4	5	6	7	8	9	10	11	Sum
Estonia N= 621	M	4.37	4.11	3.98	4.20	4.54	4.22	4.40	4.29	3.33	3.21	2.88	3.96
	SD	0.80	0.95	1.12	1.02	0.62	0.85	0.71	0.77	1.14	1.09	0.96	0.96
Japan N = 995	M	3.97	3.56	3.55	3.68	3.63	3.80	3.85	3.63	3.33	3.10	3.03	3.56
	SD	0.85	1.04	0.84	0.87	0.78	0.82	0.87	0.85	0.88	0.93	0.97	0.83

Notes: The firm pays effort to perform for the following issues: 1 – compliance with the laws for business activities; 2 – compliance with the laws for worker protection; 3 – care and service for consumers; 4 – environmental protection; 5 – trustful relations with customers; 6 – safety and security of products and services; 7 – realization of the best quality of products and services; 8 – aftercare for users; 9 – publicity of company information for society; 10 – contribution to science and culture; 11 – public activities for local community: A five-point scale was used, where 1 signifies “not at all” and 5 – “actively”. All indicators, except no. 10, are statistically different between countries according to ANOVA-test,  $p < 0.05$ .

**6.8. The firm respects the interests of agents.** Table 8 shows respondents’ opinions about the firm respect for the interests of agents. Respondents from both countries rated highly the statement “The firm respects the interests of customers, consumers and subsidiary, subcontract firms”. Respondents from Estonia rated

also highly the statement “The firm respects the interests of employees”. Whereas respondents from Japan rated highly the statement “The firm respects the interests of stockholders”. The ANOVA-test found statistically significant differences between the countries in all items, except no. 3 and 4.

Table 8. Firm respect for the interests of agents among Estonian and Japanese respondents

Country		1	2	3	4	5	6	7	8	Sum
Estonia N = 621	M	4.26	3.51	3.83	2.91	3.54	2.42	2.76	2.64	3.23
	SD	1.21	1.38	1.33	1.35	1.41	1.40	1.28	1.36	1.13
Japan N = 995	M	3.89	3.48	3.91	3.56	3.09	3.10	3.24	3.10	3.42
	SD	0.77	0.85	0.88	0.86	0.91	0.92	0.81	0.88	0.93

Notes: The firm respects the interests of the following agents: 1 – customers; 2 – subsidiary, subcontract firms; 3 – consumers; 4 – stockholders; 5 – employees; 6 – trade union; 7 – public administration; local community: A five-point scale was used, where 1 signifies “not at all” and 5 – “fully”. All indicators, except no. 3 and 4, are statistically different between countries according to ANOVA-test,  $p < 0.05$ .

**7. Connections between corporate social responsibility and job satisfaction, meaning of work, attitude toward the firm, powerfulness of firm in competition against rivals, behavior of management and policy of a firm**

Different groups may have a different understanding and perspective concerning corporate social responsibility. Our main purpose was to evaluate the influence of corporate social responsibility on the job satisfaction, meaning of work, attitude toward the firm, powerfulness of firm in competition against rivals, behavior of management and policy of firm. The authors analyzed the relationships between corporate social responsibility and job satisfaction, meaning of work, attitude toward the firm, powerfulness of the

firm in competition against rivals, behavior of management and policy of the firm. In the analysis corporate social responsibility was taken as an independent variable, while job satisfaction, meaning of work, attitude toward the firm, powerfulness of firm in competition against rivals, behavior of management and policy of the firm as dependent variables. We calculated a standardized regression coefficient Beta, which enabled us to predict how strongly corporate social responsibility forecasted job satisfaction, meaning of work, attitude toward the firm, powerfulness of the firm in competition against rivals, behavior of management and policy of the firm (Table 9). The analysis was applied separately for two different countries and every dependent variable.

Table 9. Connections between corporate social responsibility and job satisfaction, meaning of work, powerfulness of the firm in competition against rivals, behavior of management, policy of the firm and attitude toward the firm (according to standardized regression coefficient Beta)

		B	Beta	t	Sig.
<i>Job satisfaction</i>					
Estonia: n = 623, R <sup>2</sup> = .315, F(2.620) = 143.18, p < .000	FP	.908	.562	16.478	.000*
	FR	-.772	-.256	-7.524	.000*
Japan: n = 994, R <sup>2</sup> = .274, F(2.916) = 173.66, p < .000	FP	.345	.272	6.466	.000*
	FR	.542	.288	6.836	.000*

Table 9 (cont.). Connections between corporate social responsibility and job satisfaction, meaning of work, powerfulness of the firm in competition against rivals, behavior of management, policy of the firm and attitude toward the firm (according to standardized regression coefficient Beta)

		B	Beta	t	Sig.
<i>Meaning of work</i>					
Estonia: n = 623, R <sup>2</sup> = .101, F(2.620) = 34.994, p < .000	FP	.187	.322	8.239	.000*
	FR	-.020	-.018	-.479	.631
Japan: n = 994, R <sup>2</sup> = .130, F(2.935) = 69.871, p < .000	FP	.075	.045	3.423	.000*
	FR	.162	.045	4.970	.000*
<i>Powerfulness of firm in competition against rivals</i>					
Estonia: n = 623, R <sup>2</sup> = .378, F(2.620) = 188.90, p < .000	FP	.514	.631	19.402	.000*
	FR	-.275	-.181	-5.576	.000*
Japan: n = 994, R <sup>2</sup> = .420, F(2.913) = 330.61, p < .000	FP	.356	.430	11.325	.000*
	FR	.318	.259	6.842	.000*
<i>Behavior of management</i>					
Estonia: n = 623, R <sup>2</sup> = .340, F(2.620) = 160.10, p < .000	FP	.397	.566	16.918	.000*
	FR	.078	.060	1.796	.072
Japan: n = 994, R <sup>2</sup> = .443, F(2.933) = 372.16, p < .000	FP	.260	.434	11.802	.000*
	FR	.246	.275	7.498	.000*
<i>Attitude toward the firm</i>					
Estonia: n = 623, R <sup>2</sup> = .426, F(2.620) = 230.40, p < .000	FP	.340	.623	19.965	.000*
	FR	.098	.096	3.098	.002*
Japan: n=994, R <sup>2</sup> =.026, F(2.935)=12.578,p<.000	FP	.044	.088	1.821	.068
	FR	.063	.084	1.749	.080
<i>Policy of firm</i>					
Estonia: n = 623, R <sup>2</sup> = .445, F(2.620)=248.90,p<.000	FP	.579	.464	15.124	.000*
	FR	.891	.384	12.499	.000*
Japan: n = 994, R <sup>2</sup> = .154, F(2.927) = 84.482, p < .000	FP	.211	.280	6.149	.000*
	FR	.153	.136	2.993	.002*

Notes: \* – coefficient statistically significant, p < 0,01. FP – Firm performance concerning social issues. FR – The firm respects the interests of agents.

## Conclusions

The findings indicate both similarities and differences according to corporate social responsibility in Estonian and Japanese enterprises. Corporate social responsibility is an important value in Estonian and Japanese enterprises according to this study.

There were statistically significant differences between Estonian and Japanese respondents in terms of connections between job satisfaction, meaning of work, attitudes toward the firm, powerfulness of the firm in competition against rivals, behavior of management, policy of the firm and 2 facets of corporate social responsibility (Fig. 1, see Appendix).

Respondents from Estonia are more satisfied with length of working time and interaction with their boss. Whereas respondents from Japan are more satisfied with interaction with their colleagues. Respondents from Estonia rated highly the statements “Work provides you with social contact with other people” and “Work is in itself interesting”. Whereas respondents from Japan rated highly the statement “Work provides you with income that is needed”. The Japanese respondents rated higher the statement “Work is a way for you to serve for society”

than Estonian respondents. Respondents from Estonia rated highly the statements “Powerfulness of firm in competition against rivals concerning after-care service” and “Quality of products and service”. Whereas respondents from Japan rated highly the statements “Powerfulness of firm in competition against rivals concerning brand” and “Image of the firm”.

Respondents from Estonia rated also highly the statement “If management promised something, than it will do what promised”. Whereas respondents from Japan rated highly the statement “Management puts clear goals for workers”. Respondents from Estonia rated also highly the statement “It is normal to sacrifice something for organization’s sake”, whereas respondents from Japan rated the same statement the lowest. Respondents from Japan rated highly the statements “I am ready to take risk if it is approved”. Respondents from Estonia rated also highly the statements “In some cases one worker is under two managers and every process of work is governed in detail by instructions and rules”. Whereas respondents from Japan rated highly the statement “In some situations instructions and regulations are obstacles to effective work and

resources including human resources are neither allocated properly nor integrated totally”.

Respondents from Estonia rated also highly the statement “The firm pays effort to perform for trustful relations with customers”. Whereas respondents from Japan rated highly the statement “The firm pays effort to perform for safety and security of products and services”. Respondents from Estonia rated also highly the statement “The firm respects the interests of employees”. Whereas respondents from Japan rated highly the statement “The firm respects the interests of stockholders”. Concerning respondents opinions about the firm respects the interests of agents the respondents from Japan rated highly the statements “The firm respects the interests of public administration, local community, trade union and stock holders”. Respondents from Estonia rated highly the statement “The firm respects the interests of customers”.

Corporate social responsibility in an enterprise is strongly influenced by society the enterprise is operating. In Japan enterprises respondents are more satisfied with contacts with their colleagues, work is for them a way to serve for society which is common to collectivist cultures. Economic growth and success can be also seen from answers of Japanese respondents. They rated highly the statements “The firm respects the interests of stockholders”, “Work provides you with income that is needed”, “I am ready to take risk if it is approved”.

The Japanese approach is different from the Western one, given various peculiarities in the Japanese economy and society. Even though many companies are now acting on a global scale, they may still have national, or at least regional, characteristics.

Similarities according to corporate social responsibility in both countries are as follows. Respondents from both countries value security of employment, range of their competence at work and self-actualization of their ability at work as important factors of job satisfaction. Respondents from both countries rated highly the statements “There is a clear set of principles that are followed by an organization in its activity” and “Leaders of the organization have long-term goals”, “Sometimes I feel myself a screw in a large machine”, “I always have ideas that can be approved by management and I would like to take part in company’s decision making, because I think my opinion is important”, “We always try to overcome our rivals” and “Goals of an organization are clearly set on all organization’s levels”, “The firm pays effort to perform for compliance with the laws for business activities and for realization of the best quality of products and services” and “The firm respects the interests of

customers, consumers and subsidiary, subcontract firms”.

The propositions discussed at the beginning of the paper will now be re-evaluated. *P1* which postulated that facets of corporate social responsibility are assessed differently in different countries appears to have some validity. Estonian respondents assessed the facet “Firm performance concerning social issues” higher than their counterparts in Japan. Japanese respondents assessed the facet “The firm respects the interests of agents” higher than Estonian respondents. This may reflect the greater connection between corporate social responsibility and the cultural framework, whereas in Japan it is important for successful business to respect and take into account the interests of agents, and in Estonia firm performance concerning social issues has become crucial for success in business organizations. *P2* postulated that facets of corporate social responsibility are influenced by different factors in different countries. *P2* postulate is partially supported by the findings. The biggest similarities were found concerning the facet of corporate social responsibility – firm respects the interests of agents, which predicts in both countries job satisfaction, powerfulness of firm in competition against rivals, behavior of management and policy of a firm. The differences were found concerning the facet of corporate social responsibility – firm performance concerning social issues, which predicts powerfulness of firm in competition against rivals and policy of a firm in both countries but also meaning of work and attitude toward the firm in Estonia and job satisfaction and behavior of management in Japan. The differences can be explained by organizational culture in both countries which is different. In Estonia corporate social responsibility brings along meaningful work and employees positive attitude toward the firm, whereas in Japan it brings along job satisfaction and behavior of management. Therefore, in Estonian enterprises the firm performance concerning social issues assures meaningful work and positive attitude toward the firm among employees, whereas in Japan it assures behavior of management and employees job satisfaction.

Differences and similarities concerning corporate social responsibility indicate that corporate social responsibility is influenced by similar factors in different countries as well as by different factors in different countries. The differences are influenced by different cultural background which influences organizational culture.

The conclusion from this study is that the similarities concerning corporate social responsibility are influenced by similar democratic system in both

countries and the differences are influenced by different cultural and historical background.

**Implications for managers.** Corporate social responsibility is a complex entity which depends on different factors on both individual and organizational levels. Corporate social responsibility is understood and evaluated differently in different countries.

### Limitations of the study

There are also limitations in this study connected with its general framework. Due to the limitations of thesis documents, the authors have focused only on certain factors, but there could also be other factors influencing corporate social responsibility. The authors explored concrete connections between a limited number of factors and the other influences have been left for future research. Innovation management, ethical values in business could be studied and analyzed concerning corporate social responsibility.

This research was done in retail store, electronic

and machine-building enterprises. The research results cannot be generalized for public sector organizations.

### Further research proposal

In order to get more information about the influence of institutional stage, comparative studies could be done in other countries such as European Union countries, USA, China, Russia, etc. Attention should also be turned to several industries and socio-demographic groups.

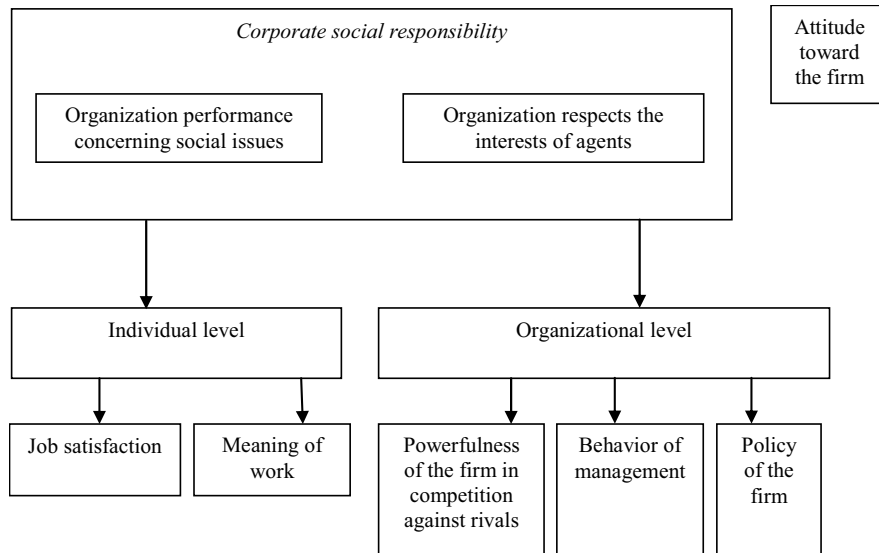
The concept of corporate social responsibility could be studied in more detail by using the model developed in this research. Corporate social responsibility is understood and valued differently in different countries with different cultural backgrounds. Firstly, cultural differences concerning the concept of corporate social responsibility should be studied. Secondly, factors that influence corporate social responsibility in different countries should be found out.

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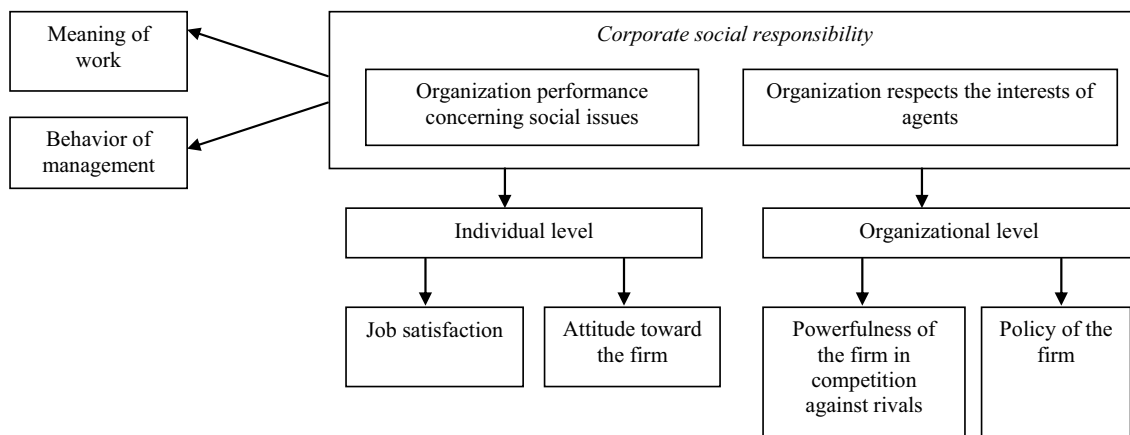
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**Appendix**



**Fig. 1. The impact of corporate social responsibility on individual and organizational level factors in Japanese enterprises**



**Fig. 2. The impact of corporate social responsibility on individual and organizational level factors in Estonian enterprises**