

## Factors affecting perception of Corporate Social Responsibility by Algerian entrepreneurs

العوامل المؤثرة في إدراك المقاولين الجزائريين للمسؤولية الاجتماعية للشركات

## Facteurs influant sur la perception de la responsabilité sociale des entreprises par les entrepreneurs algériens

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### Abstract :

Corporate Social Responsibility arouses a growing interest nowadays since the CSR policy and an effective regulatory mechanism not only foster transparency and facilitate dialog between stakeholders but enhance its credibility and reputation in the market as well. Indeed, this managing strategy enables to interact with stakeholders as smoothly and effectively as possible. This study aims to highlight the various personal and organizational factors having an impact on the Algerian entrepreneurs 'perception of CSR.

**Key words:** Corporate Social Responsibility, Algerian Entrepreneurs, Personal factors, Organisational factors, Stakeholders

### الملخص:

تحتل المسؤولية الاجتماعية للشركات اهتمامًا متزايدًا حول العالم. فإن وضع استراتيجية للمسؤولية الاجتماعية للشركات والحكم الرشيد أمر منطقي لتعزيز الشفافية والحوار مع أصحاب المصالح، و ذلك من أجل تعزيز مصداقيتها وسمعتها في السوق. هذا النهج الإداري هو طريقة مرنة وفعالة للإدارة تتفاعل من خلالها الشركة بشكل متناغم مع أصحاب المصالح.

هذا البحث هو عبارة عن دراسة استكشافية للعوامل الشخصية والتنظيمية المختلفة التي تؤثر على مدى إدراك عينة من المقاولين والمسيرين للمسؤولية الاجتماعية للشركات

**الكلمات المفتاحية:** المسؤولية الاجتماعية للشركات، المقاولين الجزائريين، العوامل الشخصية، العوامل التنظيمية، أصحاب المصالح

### Résumé:

La responsabilité sociale des entreprises suscite de plus en plus d'intérêt depuis que la politique de RSE et un mécanisme de réglementation efficace favorisent non seulement la transparence et facilitent le dialogue entre les parties prenantes, mais renforcent également sa crédibilité et sa réputation sur le marché. En effet, cette stratégie de gestion permet d'interagir avec les parties prenantes de manière aussi fluide et efficace que possible. Cette étude vise à mettre en évidence les différents facteurs personnels et organisationnels ayant un impact sur la perception de la RSE par les entrepreneurs algériens.

**Mots-clés:** responsabilité sociale des entreprises, entrepreneurs algériens, facteurs personnels, facteurs organisationnels, Les parties prenantes

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## 1. Introduction

Corporate Social Responsibility (CSR) has known an increasing interest in academic researches and management training those last three decades, especially, in the context of Global Compact<sup>1</sup> and management issues tackled by entrepreneurs. Indeed, Drucker (1954)<sup>2</sup> approaches CSR as

being among the hard-core management elements: “Management requires vision, responsibility, integrity as well as knowledge, competence and efficiency [...] since the company is an organ which has to ensure its function in the society”.

However, the debate on the importance of CSR is not about evolving the social rights, or considering the environmental constraints but rather about the means of achievement and the leaders' role in this development.<sup>3</sup> Hence, CSR becomes essential for every company and its leaders and it is integrated in its management strategy to be considered as the first factor of competitive differentiation.

Furthermore, numerous individual and organizational factors may have an impact on the corporate leaders' perception of CSR. In the frame of this perspective, we have come to the following problematic: may the varying size of the company, the business line and the target market (local, international, mixed) as well as the leader's age and year experience affect the Entrepreneurs' perception of CSR?

## **2. The theoretical framework of the study:**

Literature review allow us to identify some variables having an impact on the perception of the Corporate Social responsibility. In fact, the classification works of Lepoutre and Heene (2006– Blomback and Wirgen (2009) divide those factors into three levels: the CSR principles are defined by the company, embodied by the stakeholders and directed by companies through its policies and programmes which are implemented by the leader.

The variables are represented by the leader characteristics including his age and experience. Three main organizational factors may influence the choice of the applied CSR dimensions: the size of the company, the business line (Delchet, 2006, Mc Williams and Siegle, 2001) and its target market. Actually, the literature covers these two major elements and the business line of the given company alike. It is a fact that the level of integration, regarding the CSR in the company strategy, depends on the sector coercive, normative and mimetic constraints.

### **2.1. The leader's age and experience:**

The leader, figure of governance, play a key role in the CSR strategy of his company (mainly Premium and Medium sized Entreprises) (Graafland and *al.*, 2012; Hsu and Cheng, 2012; Madueno and *al.*, 2012). Research deals with elements of the leader's profile in PME as key factors in responsible involvement.

The leader's age variable is mainly examined in relationship with ethics and CSR. Some specialists (Ekin & Tezolmez, 1999; Fraedrich, 1993) do not consider the age as a relevant element in CSR. Whereas, others do make a link between age and ethical predisposition in leaders (Brady and Wheel, 1996; Serwinek, 1992).

A positive relationship between age and the growing interest in sustainable development practices is noted by Labelle and St-Pierre (2010); Graafland and *al.*, (2012) demonstrate that age has a positive impact on adhering in CSR. Specialists think that older leaders contribute more than younger ones in CSR. Dawnsen and *al.*, (2002) explain this predisposition by the fact that leaders over 50 are more experienced regarding the consequences of their actions.

This has resulted in proposing two hypotheses about the link between CSR and leaders' age and year experience:

#### **H1a : The age of entrepreneurs has a positive impact on his CSR perception**

**H1b: The years experience of entrepreneurs has a positive impact on his CSR perception.**

## **2.2. The company Size**

The company size and its impact on CSR are the most relevant organizational features. This variable refers to the company dimension. Literature considers the workforce company in order to determine its size. It seems that CSR is meant to large companies. Meanwhile, studies by Ben Yedder and Souai (2009)<sup>1</sup> in Tunisia as well as M'Hamdi and Trid (2009) report that the company size is a major variable in research about CSR.

SME knew about the concept only in 2004 (Saulquin&Schier, 2007). Many of them are not acquainted with the term CSR even though their strategy look like the dimensional practices of CSR (Fassin, 2008)<sup>2</sup>.

However, the majority of SME managers support CSR and consider it as an important issue to tackle (Worthington and *al.*, 2006; Vives, 2006 ;Saulquin&Schier, 2007 ; Berger-Douce, 2008 ; Fassin, 2008). On the other hand, other studies report that the company size does not affect the perception of CSR (Blomback and Wigren (2009), and other variables such as the structure management and the company property influence the CSR integration decisions. The lack of resources is also noted as an important obstacle to the CSR showing the PME difficulties to integrate CSR in their strategy. Thus, the following hypothesis is suggested:

**H2a :The company size has a positive impact on the CSR perception.**

## **2.3. The business lines**

Regarding the impact of the business line upon CSR, some specialists believe that significant differences exist according to business lines (Hofmann and *al.*, 2012; Parry, 2012; Perrini and *al.*2007). Whereas, other researchers (Ekin et Tezolmez, 1999) find no difference between business lines.

Companies developing in a so called « sensitive » line with probable major impact on the natural environment (Chemistry, energy, industry) are likely to endorse CSR (Graafland and *al.*2012). Many studies demonstrate that business line is a determinant factor in CSR (Cormier and Magnan,2003 ; Patten, 2002). Other studies dealt with management control practices and *reporting* (Belkaoui and Karpik, 1989 ; Cowen, Ferreri and Parker, 1987 ; Germain and Gates, 2007).

**H2b : The business line has a positive impact on the CSR perception.**

## **2.4.The TargetMarket**

The company international dimension affects positively the level the leaders' CSR perception. Indeed, the company develops when operating in foreign markets. The CSR practices vary according to different national regulations, community and technological preferences (Bansal, 2005)<sup>3</sup>. Companies having a certain experience in the foreign market may use the knowledge acquired in many subsidiaries to develop good practices based on a collective learning. Companies having a certain experience know the importance of applying the CSR and they are seeking to facilitate their development abroad (Bansal and Roth, 2000).

**H2c : the target market has a positive impact on the CSR perception.**

## **3. Research Methodology**

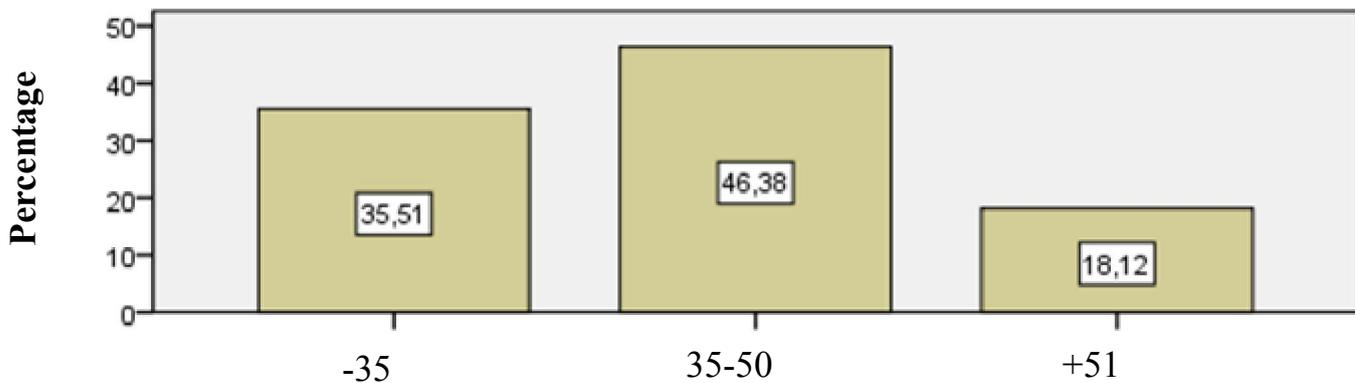
The survey was administrated face to face to 368 Algerian companies of which 80% are of different business line. These companies participated to the Algiers international fair (Safex). 138 surveys were filled corresponding 37.5% rate of response. Five variables were examined: two individual variables linked to the leader: his age and yearexperience, and three organizational variables including the company size, the business line and the enterprise target market. We have formed classes to as to facilitate interpretations.

#### 4. Results Analysis

##### 4.1. Individual variables

Our sample is composed of 99% of men and women, being insignificant, was not examined as a variable in our study.

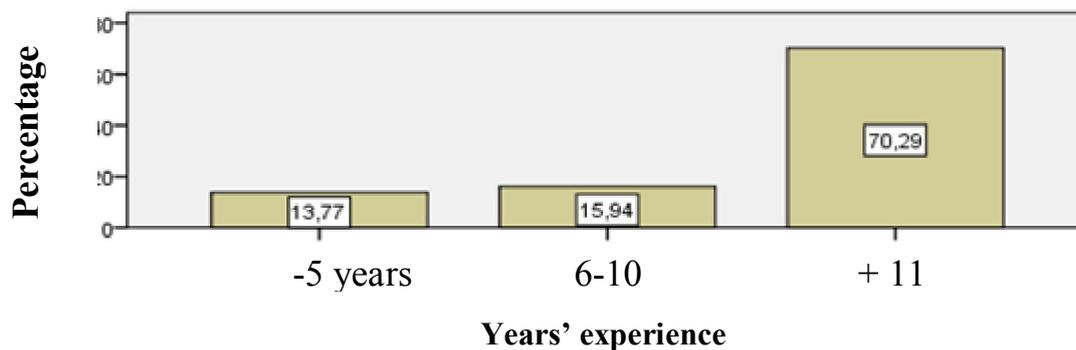
**Figure 1. Group age of respondents**



##### Age

More than 46% of managers are aged between 35 and 50, 35% are under 35 and 18 % are more than 50. Indeed, the respondents are relatively young due to a high economic activity rate of the population aged between 25 and 50.<sup>4</sup>

**Figure 2. Years' experience**

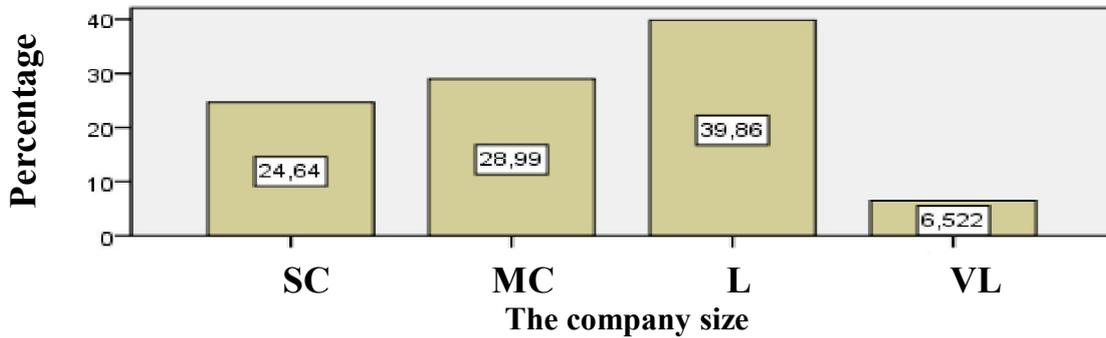


This table shows that 70% of managers have fulfilled their duties for more than 10 years. This rate may be explained by the managers sense of achievement in doing their job and their management ability in the medium and long terms.

##### 4.2. Organizational variables

We have examined the company size measured by the number of employees, the business line divided in four key units, the strategic objective in the company represented by the target market in which we have chosen three markets (domestic, export and mixed).

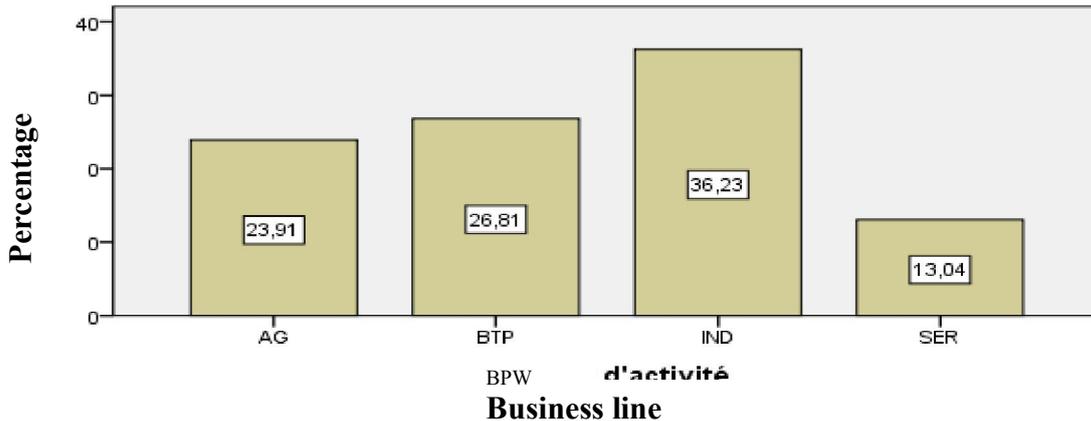
**Figure 3.** The company size (regarding staffing)



The majority of respondents are composed of LC (Large Company) leaders which represent 40 % of our sample, more than 24 % are from SC(Small Company) managers and 29% from Medium company (MC) and 6,5% of respondents represent VLC ( Very large Company).

We have divided the business line into four units to facilitate our results analysis (Agriculture et Agrefood (AF), Building and Public Works (BPW), Industry (IND) and Services (SER). Our sample is represented as follows:

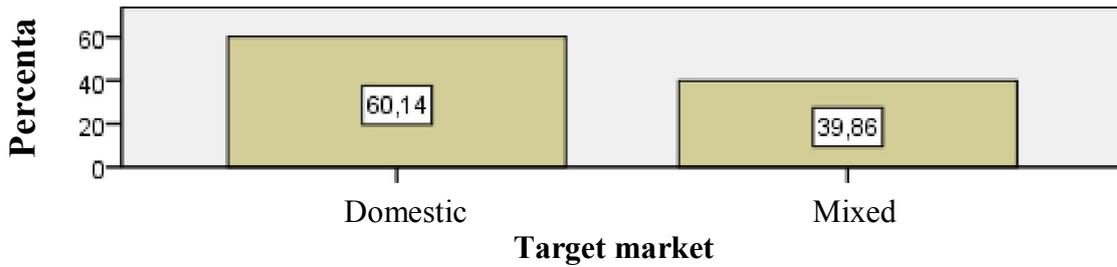
**Figure 4.** Business line



The agriculture and agrefood sector represent 24% of our sample, 27% of companies operate in BPW sector, 13% in services (Finance, TIC, transport and logistics). The highest percentage is in the industrial sector (equipment, mechanics, hygiene product, health/ pharmacy) with 36, 23%.

The Algerian companies’ priority is to sell products in the local markets. Whereas other companies seek export in addition to the local market. They are represented as follows:

**Figure 5.** Target market



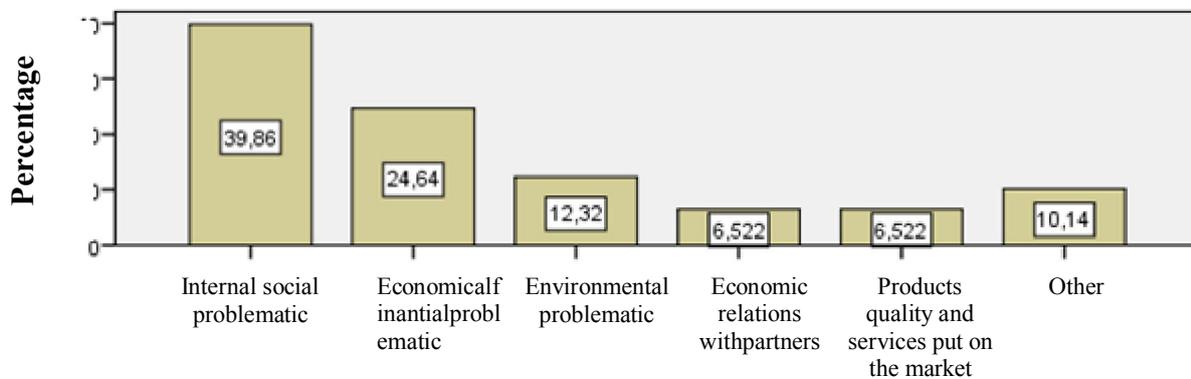
Regarding the target market, 60% of companies have no ambition to internationalize whereas 39 % operate in the local market and on the international level through export.

### 4.3. CSR knowledge

The term « Corporate Social Responsibility » is confusing for most respondents. However, when we have mentioned « Sustainable Development »,

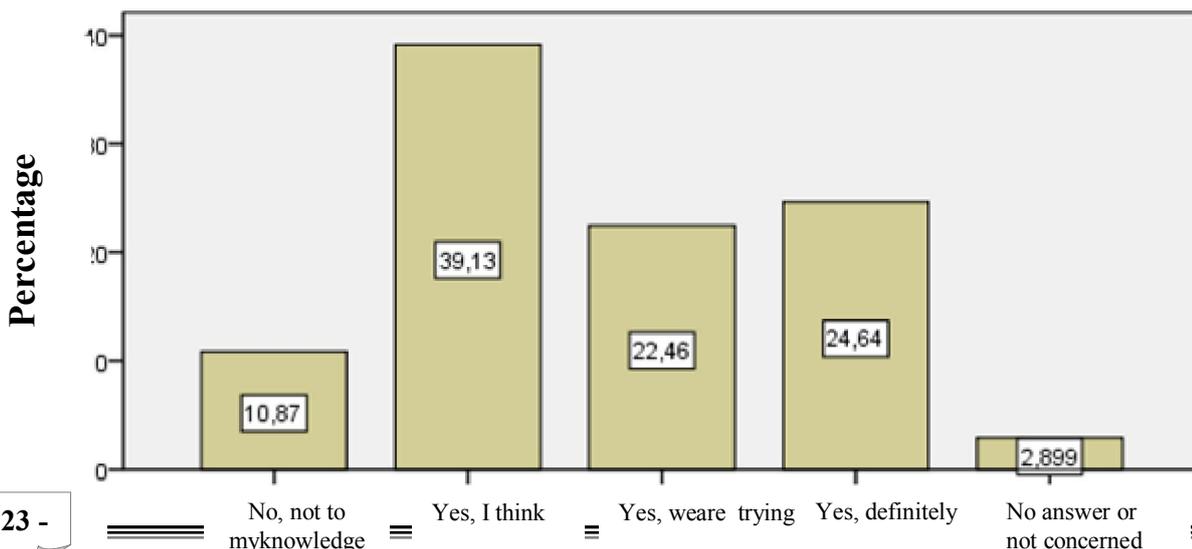
they seemed to know this concept without making a link with its economic, social and societal dimensions. We had to explain the concept CSR to help the managers answer the remaining questions.

**Figure 6.** Dominant problematic « CSR» in the company.



The most of respondents (about 86%) have the feeling to take actions in CSR perspective, 24% believe taking these actions. Whereas, almost 11% have no intent in this perspective and 3% do not feel concerned.

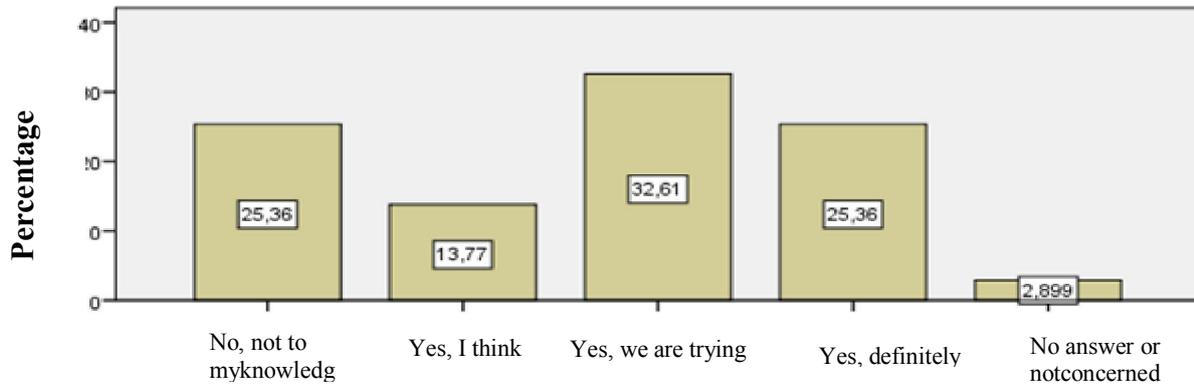
**Figure 7.** Projects in CSR perspective



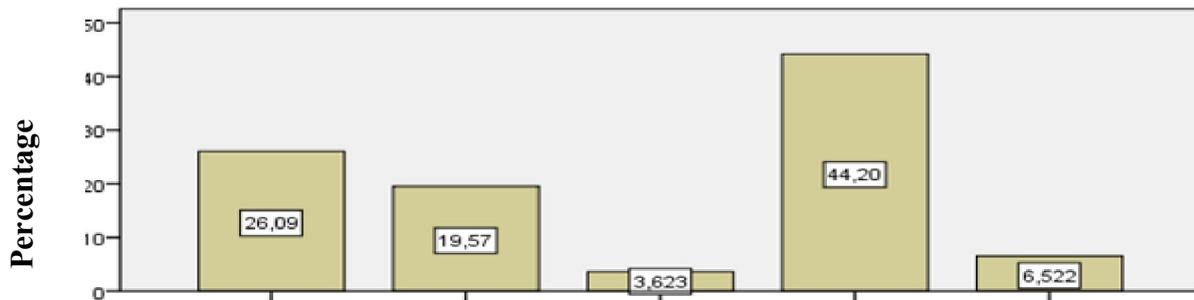
**Do you think you are developing projects in a CSR perspective?**

We notice that 70% of respondents declare to know institutions helping CSR approach. Whereas, more than 25 % do not know any institution helping them to develop these practices.

**Figure 8.** Knowing helping institutions(CSR implementation)



**Figure 9.** Knowledge ISO 26000 standard



**Do you know ISO 26000 standard for CSR?**

No, not to my knowledge      Yes, I think      Yes, we are trying      Yes, definitely      No answer or not concerned

Almost half of the respondents say that they have heard of the Algerian Code of Good Governance but are not aware of its content. It reflects that they ignore the principles.

**5. Hypothesis testing**

**5.1. Sample characteristics impact on CSR perception**

The analysis involves leader’s every individual variables: age; years’ experience and organizational variables: size company, business line and the target market.

**a. Entrepreneurs’ Age**

We have performed a one-way analysis of variance to discover whether there are differences between the average ratings of probabilities in CSR perception according to different age groups of our sample.

**Tableau 1.** ANOVA to 1 age factor –CSR

	Sum of squares	Ddl	Squares average	F	Signification
Inter-groups	2184,583	2	1092,292	5,696	,004
Intra-groups	25887,388	135	191,758		
Total	28071,971	137			

We have reported this factor effect, ( $F=5,696$  ;  $ddl=2$  ;  $p < 0.05$  significant). Thanks to a multiple comparison test (Scheffé), We have noticed that this effect was due to the fact that age group “more than 51” consider CSR more than the other age groups “less than 35” and “between 36 and 50” ( $M_s = 75,2, 66,36$  et  $64, 25$  respectively,  $p < 0,05$ ).

**Table 2..** Multiple comparison - Age groups

Scheffe

(I) Age	(J) Age	MeanDifference (I-J)	Standard error	Signification	Confidence interval to 95%	
					Lowerbound	Higherbound
-35	35-50	2,11735	2,62862	,724	-4,3889	8,6236
	+51	-8,83265*	3,40349	,037	-17,2568	-,4085
35-50	-35	-2,11735	2,62862	,724	-8,6236	4,3889
	+51	-10,95000*	3,26597	,005	-19,0338	-2,8662
+51	-35	8,83265*	3,40349	,037	,4085	17,2568
	35-50	10,95000*	3,26597	,005	2,8662	19,0338

\*. The mean difference is significant at the level 0.05.  
Dependent Variable: CSR

**H1a hypothesis which states that the leader’s age has a positive impact on CSR is confirmed.**

**b. Years’experience**

The ANOVA relies on Fisher’s test and leads to select significant variables (less or equal to 0.05 to consider that differences are significant).

**Table 3.** ANOVA to 1 factor- Years’ experience

RSE

	Sum of squares	ddl	Average of squares	F	Signification
Inter-groups	1726,425	2	863,213	4,423	,014
Intra-groups	26345,546	135	195,152		
Total	28071,971	137			

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The results show that leaders of more than 11 years' experience, have a significant average perception (m=65.55) which is higher than the other years' experience (less than 5 years and from 6 to 11 years). (F=4,423; ddl=2 ;*p < 0,05 significant*)

Positive influence of leaders' seniority (Marais, 2011)<sup>5</sup> would reinforce their long-term vision and their obligations to consider the societal stakeholders' expectations. It would also enable to take root within the company and increase their power so as to consider policy preferences which do not only respond to maximizing criteria of shareholders wealth. The managers seniority would have a positive and a significant impact on the human aspect of company's involvement in CSR.

**H2b hypothesis which states that years' experience has a positive impact on CSR is confirmed.**

**c. Company size**

The ANOVA relies on Fisher's test and leads to select significant variables (less or equal to 0.05 to consider that differences are significant).

**Table 4.**ANOVA to 1 factor- Company size

RSE					
	Sum of squares	Ddl	Average of squares	F	Signification
Inter-groups	1372,559	3	457,520	2,296	,081
Intra-groups	26699,412	134	199,249		
Total	28071,971	137			

The difference between the four groups regarding the company size is not significant (F=2,296, ddl=3, P= 0,081). We have come to the conclusion that the company size does not influence the CSR perception.

Our results agree with those of Cambra and al. (2008a) and Perrini&Minoja, 2008) confirming that the company size does not influence the CSR. Thus, the hypothesis

**H2a which states that the company size has a positive impact on CSR is rejected.**

**d. Business line**

The test for homogeneity of variances allows to withhold those variables higher than 0,05.

**Tableau. 5.** ANOVA to 1 factor- Business Line

RSE					
	Sum of squares	Ddl	Average of squares	F	Signification
Inter-groups	4324,539	3	1441,513	8,134	,000
Intra-groups	23747,432	134	177,220		
Total	28071,971	137			

The difference between the four groups regarding the company size is not significant (F=8,134, ddl=3, *p < 0,05 significant*). We conclude that the business line has an impact on the CSR perception.

**e. Target market**

We have decided to analyze the target market influence on the CSR perception by using a T-test for independent panels. That choice was guided by the presence of two measures concerning the target market (1= Domestic and 3= Mixed)

This test will enable us to compare the average of these two measures to infer a relation between the target market and the CSR perception.

**Table 6.** Comparison of statistical group

	Target market	N	Average	Standard deviation	Average standard error
CSR	Domestic	83	52,2771	10,80347	1,18583
	Mixed	55	59,0000	12,20959	1,64634

**Table 7. Independent sample test**

	Levene test on variances equality		Test-t For equality of averages						
	F	Sig.	t	ddl	Sig. (bilatérale)	Averagedifference	Standard deviationDifference	Confidence interval 95% of the difference	
								Lower	Higher
CSR	,572	,451	-3,397	136	,001	-6,72289	1,97907	10,63662	2,80917
			-3,313	105,811	,001	-6,72289	2,02895	10,74557	2,70022

The data analysis of this study indicates that the average of leaders who target the domestic market is 52.27. Whereas, the average of leaders who seek a mixed market ( domestic and export) is 59. The bilateral significance (p) is lower than 0.05 and thus, we have to reject the null hypothesis and conclude that there is a significant difference between the two measures (Domestic and mixed) (t-Test = 3.397, ddl=136, p= 0.001/2). We are able to validate H2c hypothesis which states that the target market have an impact on the leaders CSR perception.

**H2c : The company internationalization have an impact on the leaders CSR perception.**

**Conclusion**

The results indicate that age and years’ experience influence the leaders CSR perception. Gadenne and *al.*, (2009), Vives (2002), Valentine and Fleischman (2008) explain that older and more experienced leaders can consider the positive environmental and social innovations effects. That trend can be attributed to the training of managers in CSR social and environmental challenges. This training enables them to acquire skills that would help them to seize the opportunities in the framework of company responsible practices<sup>6</sup>.

On the other hand, organizational variables such as the company size do not seem to affect the CSR perception, we came to the same conclusion of Hofmann and *al.*,(2012) as well as Baumann and *al.*,(2013) whose studies minimize the company size impact in favor of other variables. Whereas, two business lines, agrofeed and industry sectors, differ from the sample.

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This result may be explained by the impact these sectors may have on environment and consumers for instance. Chemical and petrochemical industries as well as industries with technological risk may have a negative effect on the ecosystem, the agrofeed and pharmaceutical industries alike, and whose aim is to protect consumers' health and safety. Finally, additional studies are required to reinforce the validity of these results.

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