

Management social responsibility of croatian agricultural enterprises

MARIO BOGDANOVIĆ – KRISTINA SVRŽNJAK

The goal of this study was to research the management social responsibility of Croatian agricultural enterprises according to the stakeholder model of responsibility.

For this purpose questionnaires for strengthening the understanding of social responsible business in small and middle enterprises were used, as an initiative of the European Commission Directorate-General for Enterprise, with 30 questions on the scale with 11 degrees. In the mentioned questionnaire the managements of 83 different agricultural enterprises in the Republic of Croatia were included, in the two-year-time period of year 2008 and 2009. According to the Law of Agriculture in the Republic of Croatia (Official Gazette 149/2009) in agricultural enterprises there are included the family farms (FF); agricultural crafts (AC), agricultural cooperatives (ACOO) and agricultural companies (ACO). The study researched the managers of agricultural enterprises of various sizes which can be sorted according to the Croatian nomenclature in small enterprises (size from 2 to 49 employees – the great amount of FF-s and AC-s), middle size enterprises (size from 50 to 249 employees – the great amount of ACOO-s and ACO-s) and large enterprises (with 250 and more employees).

For the analysis the model of responsibility is used according to which an agricultural enterprise has not only one goal of maximizing the profit, but also serves to protect the environment and the total society in the context of their different stakeholders. In such context as stakeholders the employees, the suppliers, the customers, the competitors and the local community are analysed.

Research results indicate that agricultural enterprises in Croatia are the lowest responsible in the area of environmental responsibility. On the other hand, the best results are obtained for the organizational culture of agricultural enterprises. Between small, medium and large agricultural enterprise there were no statistically significant differences regarding social responsibility.

Based on the different measured aspects of management social responsibility, incentive measures can be suggested for improvements in the environmental and economic responsibility, and the responsibility of stakeholders in Croatian agricultural enterprises.

Keywords: social responsibility, environmental responsibility, economic responsibility, stakeholder model, organizational culture, agricultural enterprises

1. Introduction

From the management point of view, social responsibility is treated as a part of ethics which deals with the regulation of a relationship between an enterprise and its environment. The foundation of that relationship includes organization values, which are part of an organizational culture of an enterprise. Organizational values and organizational culture are the basis for deciding the socially responsible behavior of an enterprise regarding its environment (internal and external), or in other words, towards its stakeholders. The social responsibility is a clear ethical category which differentiates right from wrong. There are two main models of the responsibility (Buble 2006, p. 100.):

- a) Stockholder model where an enterprise is privately owned and has the exclusive goal of maximizing profits, while being responsible towards different interest groups such as employees, clients, suppliers, etc., in terms of fair marketplace transactions.
- b) Stakeholder or socioeconomic model, which is based on the premise that an enterprise does not have one, but many goals, which should be aimed at serving the society as a whole, and that an enterprise is socially responsible if it takes into account the interests of different stakeholders (stockholders, employees, suppliers – in the narrow sense – and of public interest groups such as protest groups, local associations, government organizations, trade associations, competitors, unions, the press, etc.).

According to the modern classification of a good/ethical enterprise (*Pupavac 2006, p. 106.*), an enterprise should face the demands of ethical responsibility, thus, the following of them is needed for ethical enterprise business operations:

- a) Ethical organizational culture (organizational culture that encourages responsible behavior);
- b) Ethical autonomy of the enterprise's employees (employees are given the freedom to make ethical decisions, in accordance with an ethical imperative on issues regarding the enterprise's operations).

Therefore, an enterprise, according to the socioeconomic model of social responsibility, has its own responsibility hierarchy so we can classify several types (levels) of social responsibility (*Buble 2006, p. 102.*):

- a) Economic responsibility – an enterprise should be profitable, its basic mission is the growth of profits within fair business rules. This responsibility has been brought to extreme levels, which is called profit-maximizing view, and it is supported by neoliberal economists, such as a Nobel laureate, Milton Friedman.
- b) Legal responsibility – an enterprise is expected to fulfill its business goals by respecting the laws adopted by government bodies.
- c) Ethical responsibility – it signifies the higher level of responsibility because, aside from obeying laws, an enterprise should respect fairness, justice, honesty, but also respect the rights of different interest groups and individuals, and act on their behalf, not at their expense.
- d) Discretionary responsibility is a voluntary, philanthropic contribution which does not offer a return to an enterprise, nor is expected to. It is the highest criterion of social responsibility which exceeds the social expectations of a community.

Therefore, enterprises, apart from their business responsibility (ensuring dividends for their stockholders, good jobs for their employees, ensuring that they do not damage the external environment), develop responsibility (ethics) towards a wider community, but also reliable products for their customers (*Pupavac 2006, p. 107.*).

In accordance with this model, an American list of 100 top enterprises is based on respecting multiple criteria in several categories: overall income, product, human rights, environment, employees, differences, management and community. Thus, for example, in the business responsibility category, the success of an enterprise is regarded through its stockholders, based on a three-year revenue average (increased capital + dividends). In the environmental category, the success an enterprise is assessed through pollution prevention, using clean energy, using recycled materials, the production of useful products, waste management, the destruction of the environment and its contribution to climate changes. In

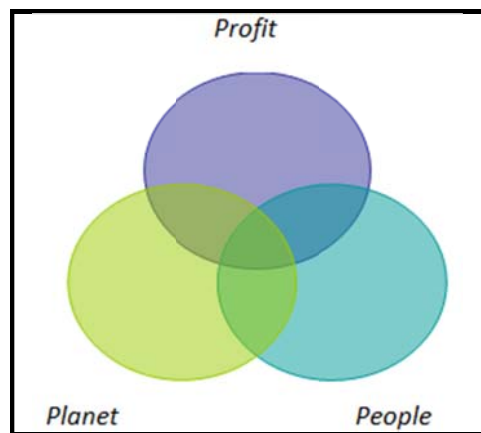
the employees category the following is assessed: the participation of employees in profit-sharing and decision-making, retirement benefits, relationship with a union. In community category what is assessed is as follows: charity contributions larger than 1,5% annually, innovative contributions (innovative changes), household support, education support and volunteer programs, the community concern regarding credit rates, negative economic performance and other issues. In the management category: a political contribution and effective social reporting, inappropriate management salaries and accounting controversies. However, the research of nineteen European enterprises, regarding the amount and types of published information connected to nonfinancial disclosure of socially responsible behavior, showed that the disclosure is limited only to a few topics: operative efficiency, maximum security, protection of environment, quality and innovations, open dialog, the development of skills and responsible civil behavior (Perinni 2005).

In the European Union, the year of 2005 was proclaimed “the year of socially responsible entrepreneurship” as a concept in which enterprises incorporated the care for social interests and the interests of protecting the environment in their business strategies. The concept was called *Triple bottom line*, first developed by Elkington (2004) and is often shortened as 3P: people, planet, profit (Figure 1). Letica (2010) says that it was not the idea of triple bottom line which was the novelty, but the tendency of users to measure that efficiency and take it into account. Norman and MacDonald (2004) emphasized the concern that the social and environmental effects cannot be compared, measured or expressed as well as business effects. Therefore, the concept of the triple bottom line only became accepted with admissible measures of the mentioned ideas, and it is based on a well-known management theoretician Peter Drucker’s popular phrase of corporate management theory: “*If you cannot measure it, you cannot manage it*”.

Lewicka–Strzalecka (2006) claimed that for Poland, as it was true for most of new EU members, serious obstacles for the development of socially responsible behavior are: negative business image, dysfunctional legal background, corruption, difficult economic situation in many enterprises, the lack of ethics and ethical standards as well as a difficult situation on the labor market. Besides, Lay (2003) considers that long-term considerations bring no immediate political and financial profits so the socially responsible business operations are not the main concern. The corporate social responsibility in Croatia is only in its early stages, but lately the interest for that kind of information has increased (Vitezić 2008). This is supported by the fact that the Croatian Chamber of Economy and the Croatian Business Council for Sustainable Development started a project for the development of Index CSR (corporate social responsibility) in 2008. A questionnaire was sent to 1364 enterprises – 152 enterprises opened it and only 32 enterprises successfully filled it in¹.

¹ Among the 32 enterprises, 11 are large enterprises, 12 medium-size and 9 small ones. (www.hrpsor.hr/upload/GIO_16_wer.pdf)

Figure 1. Corporate social responsibility



Source: edited by Elkington (2004)

It is visible from this short review that social responsibility is in the focus of the interest of the most successful enterprises, so it was important to determine the state of social responsibility in enterprises in Croatia. According to OECD² criteria, 91,6% of Croatia is classified as rural area, and agriculture is the basic activity in rural areas. Agriculture is one of the three main parts of Croatian economy, with tourism and industry. Therefore, the research analyzes agricultural enterprises in Croatia.

The goal of the research was to determine the social responsibility of management according to the stakeholder model of responsibility. In accordance with that goal, the following questions were set:

1. What is the responsibility of the agricultural enterprises' management towards their own staff?
2. What is the environmental responsibility of the agricultural enterprises' management?
3. What is the responsibility of the agricultural enterprises' management towards clients, suppliers and competitors on the market?
4. What is the responsibility of the agricultural enterprises' management towards the local community?
5. What is the organizational culture of agricultural enterprises, or their identity within the community?
6. What is the overall responsibility of the agricultural enterprises?
7. Is there a statistically significant difference regarding social responsibility among managers in small, medium or large agricultural enterprises according to all the above mentioned categories?

By answering the questions and after having analyzed them, interesting results of different aspects of social responsibility of the management of agricultural enterprises in Croatia were achieved and measures for improvement based on the answers were proposed.

² OECD criterion is 150 inhabitants per km².

2. Research of social responsibility of the management of agricultural enterprises in Croatia

2.1. Research method

The starting point of the research was the premise that the social responsibility of agricultural enterprises can be measured by an understandable questionnaire. The research used the European Commission's questionnaire on increasing the corporate social responsibility in small and medium enterprises. It had 30 particles on the scale of 11 intensity degrees³. Grade 0 meant that the question is not applicable for the enterprise in question. Grades 1–10 marked the intensity degrees from minimum to maximum regarding a particular particle/question. The interpretation of the results was defined as follows: grades 8,50–10,00 marked a high level of social responsibility, 7,00–8,49 average, and lower than 6,99 below-average level of social responsibility. The questionnaire is a guide for self-assessment used by enterprises in the European Union, in order to assess their position within the scope of corporate social responsibility⁴. The questionnaire consisted five parts:

1. enterprise policy towards its employees;
2. enterprise policy towards the protection of environment;
3. enterprise policy towards the market;
4. enterprise policy towards local community; and
5. the manner of transferring enterprise's values.

The questionnaire measured and determined elements of the current social responsibility in the agricultural enterprises. By implementing a statistical process of ANOVA (variance analysis), statistical differences overall and "individual" managerial social responsibilities were determined, according to the size of an agricultural enterprise. Furthermore, characteristics of samples (enterprises) were collected and classified, the size of an enterprise, the type of an enterprise.

2.2. Research process and subjects (samples of enterprises)

Questionnaires were directly sent or forwarded to managements of target agricultural enterprises by email and once filled in, they were returned to researchers. Questionnaires were filled in by owners of family agricultural enterprises or trades, as well as managers or employees in charge of sustainable development departments within larger agricultural – food enterprises and agricultural associations.

The data collection covered the years of 2008 and 2009. The total number of participants was 83 different agricultural enterprises (considering their profile, size and location in one of the counties in Croatia).

The research of social responsibility of agricultural enterprises in Croatia represented most counties (N=15 out of 20). The only counties not included were: Istarska, Požeško-slavonska, Zadarska and Vukovarsko-srijemska, while the Zagrebačka County included the city of Zagreb, so we can say the research encompassed samples of agricultural enterprises from almost the entire Croatia. The sample structure regarding the location of an enterprise is shown in Table 1.

³ The original EC questionnaire had only YES/NO questions, so these research questions were changed according to the 11 intensity degrees scale in order to get more specific answers, not only dichotomous nuances of different degrees of social responsibility.

⁴ Business portal "Are you a socially responsible enterprise?", Questionnaire on raising awareness, Osijek, (PR.: what does 'Osijek' refer to?) available at: http://www.poduzetnistvo.org/zanimljivosti.php?show_cat=4&select=zanimljivosti.

Table 1. The sample structure of agricultural enterprises regarding the location of counties

Counties	Frequency	Percentage (%)
Bjelovarsko-bilogorska	15	18,1
Brodsko posavska	2	2,4
Dubrovačko-neretvanska	2	2,4
Karlovačka	2	2,4
Koprivničko-križevačka	16	19,3
Krapinsko-zagorska	1	1,2
Ličko-senjska	3	3,6
Međimurska	10	12
Osječko-baranjska	1	1,2
Primorsko-goranska	1	1,2
Sisačko-moslavačka	1	1,2
Splitsko-dalmatinska	1	1,2
Varaždinska	2	2,4
Virovitičko-podravska	9	10,8
Zagrebačka*	17	20,5
TOTAL N=15 COUNTIES*	83	100

*Note:**Croatia has a total of 20 counties plus the city of Zagreb, which is therefore included in the Zagrebačka county.

Source: Research results

The sample structure regarding the different organizational types is shown in Table 2. The researched agricultural enterprises are classified in four existing organizational types, according to the Agricultural Law (Official Gazette 149/2009) in Croatia: family farm (FF); agricultural craft (AC); agricultural cooperative (ACOO) and agricultural company (ACO).

Table 2. The sample structure of agricultural enterprises regarding the different organizational types

Type of agricultural enterprises	Frequency	Percentage (%)
ACO	16	19,3
AC	37	44,6
FF	21	25,3
ACOO	9	10,8
TOTAL	83	100

Source: Research results

The enterprises were also classified by size, or the number of employees. Table 3 shows that the sample mostly includes small and medium agricultural enterprises with the incidence of 91,6%, towards which the EC original questionnaire is aimed because the basis of corporate entrepreneurship is indeed small and medium enterprises. According to the data of the Ministry of Agriculture in Croatia 177.003 agricultural enterprises were registered and 98,7% of them belongs to small enterprises.

Table 3. The sample structure of agricultural enterprises regarding the size

Size of agricultural enterprises	Frequency	Percentage (%)
2–49 employees (small)	53	63,9
51–249 employees (medium)	23	27,7
=>250 employees (large)	7	8,4
TOTAL	83	100

Source: Research results

According to the collected sample it can be concluded that this sample was an occasional, not representative sample for all agricultural enterprises in the Republic of Croatia. So the conclusion which can be made on this sample can be treated as a conclusion from a pilot study.

3. Results and discussion of the empirical research

3.1. The responsibility of the management of the agricultural enterprises towards their own staff

The first set questions of ‘What is the responsibility of the management of the agricultural enterprises towards their own staff?’ and ‘Is there a statistically significant difference regarding social responsibility among managers in small, medium or large agricultural enterprises?’ was twofold.

Step one included giving basic descriptive information (Table 4), and Step two tested the importance of differences in the mentioned responsibility among small, medium and large agricultural enterprises.

Table 4. Mean, standard deviation of responsibility of management towards employees by particle and overall

Variables of management responsibility towards employees	Mean (M)	Standard deviation (S)
Management counseling with employees on important issues	8,31	2,1
Work safety, health safety and welfare of the employees	8,05	2,29
Development of skills and careers	7,6	2,52
Anti-discrimination process in the workplace	7,55	3,04
Techniques on improving work life balance (flexible working hours, working from home, etc.)	6	3,5
OVERALL MANAGEMENT RESPONSIBILITY TOWARDS EMPLOYEES	7,49	1,6

Source: Research results

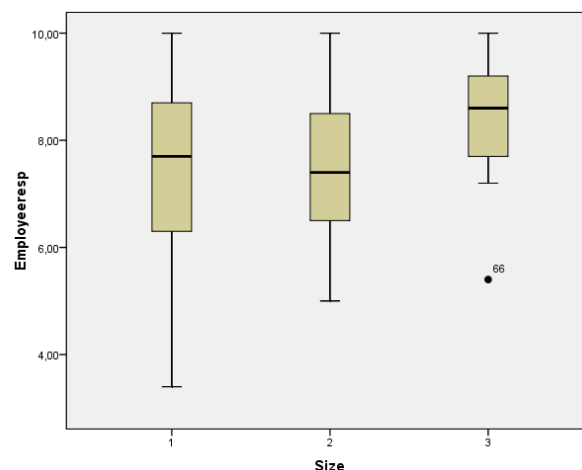
The highest result in management responsibility towards employees (human resources policy elements) is regarding the inclusion of employees in important business process (M=8,31; s=2,10). The employees’ participation is regularly treated as an important managerial tool for improving business (Bahtijarević-Šiber 1999). Therefore, the high results in this scale would imply the inclusion of employees in decision-making processes, which is a kind of participation or self-management. However, an important distinction must be made: inclusion in operative issues of production and business process, in other words, issues of operative co-management, and especially issues of strategic co-decision making regarding the enterprise (investment policy, distribution, responsibility, recruitment, dismissals, etc.) were not included in the questionnaire.

The lowest score in the management responsibility towards employees was regarding the techniques on improving work life balance (M=6,00; S=3,50) which, on a scale of 10 degrees (maximum), means that the management may be regarded as indifferent (M=5,00) according to the mentioned techniques, which generally does not support the scale of responsibility toward their own employees. Generally speaking (for all enterprises), if we assume that the management role is to make people productive at their work place (Cohen et al 2002), instead of only gaining control over them, then the results of this particle may be interpreted that it leaves room for improvement in management responsibility towards their own employees by using different techniques (flexible working time, working from home where possible, job rotation, job enrichment, well-balanced day-offs, as motivational method, rewarding knowledge and creative solutions in the enterprise, etc.). High standard deviation of this particle (S=3,50) shows considerable differences among the managers of different agricultural enterprises regarding the implementation of improvement techniques for employees' work life balance.

Other social responsibility scales are in the M=7,55–8,05 range which is a medium value as for room for improvement. The above mentioned can also be concluded for the whole scale of management's responsibility towards their own employees when it is treated as linear variable of all its elements (M=7,49; S=1,60). Therefore, if the goal is not only ethical advantage but also competitive advantage of agricultural enterprises with their human resources policies, or management's responsibilities towards their own employees (not only for humane reasons, but also for the increase in productivity), then there is room for improvement in this element of social responsibility of agricultural enterprises.

Regarding the answers to the statistical differences of social responsibility among managers of small, medium and large agricultural enterprises by implementing ANOVA, there was no statistically significant difference between the size of an enterprise and the level of social responsibility F=0,878; P=0,420. Figure 2 shows this data for clarification.

Figure 2. The image of mean and dissipation of the 3 sizes of agricultural enterprises (1–small; 2–medium; 3–large) regarding the level of managements' social responsibility towards their employees



Source: Research results

It is clear according to the means of the managements' social responsibility towards their employees that the large agricultural enterprises (>250 employees) somewhat vary from other types of enterprises, but because of the small sample number of large enterprises (N=7), one large enterprise differs on the level of social responsibility towards employees (marked as enterprise number 66 – more specifically *Agricultural – Food Concern Valpovo*) in a different

direction (lower management's responsibility towards their own employees). It brings the means of large enterprises closer to medium and small enterprises, which in turn results in a statistical fact that there were no statistical differences among them.

3.2. Environmental responsibility of the management of agricultural enterprises

The second set of questions of 'What is the environmental responsibility of the management agricultural enterprises and 'Is there a statistically significant difference regarding social responsibility among managers in small, medium or large agricultural enterprises?' was dealt with in a similar manner as the first one. In other words, descriptive information was given in Table 5, and then the importance of differences in the mentioned responsibility among small, medium and large agricultural enterprises was tested.

Customers consider the information whether an enterprise does business in an environmentally friendly way important, it creates trust and customer loyalty, especially at a local level. Surveys conducted in Croatia so far have shown that while choosing a product, customers take into consideration the fact that an enterprise has a well-developed environmental policy⁵. Also, Rašić research (2010) confirmed that the image of an enterprise can be improved mostly by environmentally friendly products. Therefore, this part of the research wanted to show what is being done by agricultural enterprises and what can be further done within the socially responsible entrepreneurship regarding environmental sustainability.

Table 5. Mean, standard deviation of environmental responsibility of the management by particle and overall

Variables of environmental responsibility of the management	Mean (M)	Standard deviation (S)
Lowering impact on the environment:		
– Minimizing waste and recycling	7,82	2,51
– Protection of natural environment	7,75	2,56
– Pollution prevention	7,46	2,64
– Energy savings	7,34	2,76
– Sustainable transport	6,39	3,12
Environmental information for interested parties	7,07	3,32
Environmental competitive advantage	6,9	3,35
Savings by reducing impact on the environment	6,8	3,08
Environmental impact during new product development	6,33	3,54
OVERALL ENVIRONMENTAL MANAGERIAL RESPONSIBILITY	7,07	1,88

Source: Research results

In the first part of the questionnaire on environmental sustainability, there is a question whether the enterprises have tried to reduce their impact on the environment regarding sustainable transport, energy savings, pollution prevention, the protection of natural environment and minimizing waste and recycling. The research results show that the

⁵ Research Holcim (Croatia); The influence of socially responsible behavior on customer behavior is available on: http://www.holcim.com/gc/HR/uploads/Holcim_i_Puls_istrazivanje.pdf. Research on the influence of socially responsible behavior and on customer behavior show that 83% of customers would pay more for a product of similar characteristics if they knew that the enterprise helps to protect the environment.

agricultural enterprises mostly reduce their impact on the environment through minimizing waste and recycling⁶ (M=7,82; S=2,51). On the other hand, their efforts to reduce their impact on the environment are the least expressed in applying sustainable transport options (M=6,39; S=3,12), because those options are either not available or the enterprises do not use special types of transport, and the sustainability is done through the increase of amounts per delivery or decreasing idleness, frequent in agriculture.

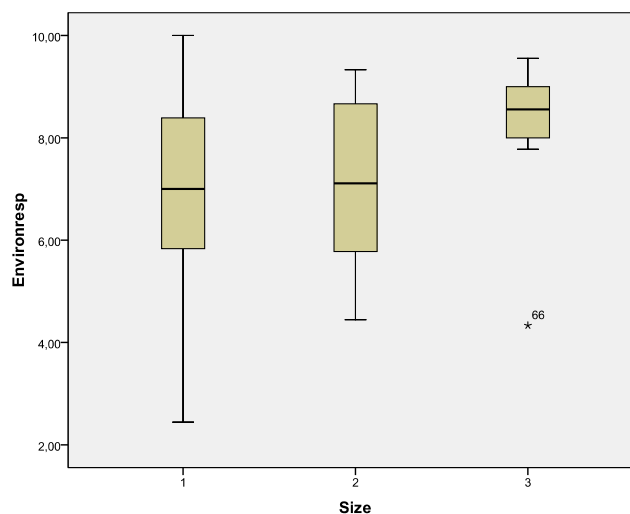
The second part of the questionnaire on environmental sustainability of an enterprise answers the questions: whether the enterprises can save money by reducing their impact on the environment; whether the potential impacts of the environment are taken into consideration when developing new products or services; whether the precise environmental information are given on their products; whether there is a way of using the sustainability of their products and services in order to achieve a competitive advantage over their competitors. In the case of so called “soft impact” (through informing stakeholders) on the environment, the highest marked variable (though not generally highly marked) was the environmental informing of interested parties through clear and precise environmental information on their products, services, activities with their customers, suppliers, local community, etc., which represents transparent operations of the researched enterprises (M=7,07; s=3,32). This result is at the low average level with considerable variation among the researched enterprises. The question whether the researched enterprises take into consideration potential environmental effects during the development of new products and services (for example grading the energy costs, recycling or pollution generation) is the “most critical” variable of corporate social responsibility regarding the environmental dimension (M=6,33; s=3,54). Namely, Croatia has the so called “traditional agriculture” which is not prone to changes regarding the development of new products and services. It is interesting to analyze the answers to the question how agricultural enterprises can use the sustainability of products and services in achieving a competitive advantage (i.e. recycling possibilities, energy efficiency of the products, etc.) and the participants of this research recognized a competitive advantage in focusing on ecological production – “the traditional way”.

From the point of the overall environmental responsibility of management, it can be said that agricultural enterprises in Croatia meet the ecological standards of sustainable development (M=7,07; s=1,88) although the grade is at the lowest level of an average score and it should be better if the agricultural enterprises wish to improve. Most small enterprises consider that they still cannot fully satisfy the social responsibility concept without increasing their operating costs considerably and that they have a limited potential to decrease the negative effect on the environment.

Regarding the answers to the statistical differences of environmental responsibility of management of small, medium and large agricultural enterprises by implementing ANOVA, there was no statistically significant difference between the size of an enterprise and the level of social responsibility $F=1,162$; $p=0,318$. Also, similar research done on Croatian enterprises of various ownership structures (Rašić 2010) show that there are no differences in most variables connected to the protection of the environment. The greatest obstacles in achieving better results are: no incentive from the government, high supply costs of new “clean” technology, inadequate legal regulations and increased production (operative) costs of the “clean” technology.

⁶ Mostly paper, plastics and glass separation, and their disposal in special containers.

Figure 3. The image of mean and dissipation of the 3 sizes of agricultural enterprises (1–small; 2–medium; 3–large) regarding the level of the managements' environmental responsibility



Source: Research results

3.3. The responsibility of the agricultural enterprises' management towards clients, suppliers and competitors on the market (market responsibility)

The third set of questions was: *What is the managerial responsibility of the agricultural enterprises' management towards clients, suppliers and competitors on the market (market responsibility) and is there a statistically significant difference regarding social responsibility among managers in small, medium or large agricultural enterprises?* Table 6 shows descriptive information, followed by the tests of the importance of differences in the mentioned responsibility among small, medium and large agricultural enterprises.

Regarding the market responsibility of management, it was not surprising to see that the weakest variable was on paying the suppliers on time ($M=6,40$; $s=3,61$), considering the fact that the set payment regulations are unfortunately not obeyed in Croatia. The basis of corporate social responsibility, and therefore the market responsibility of management, is a long-term consideration, or a long-term problem-solving on the market. *Martinović* (2007, pp. 387–393.) mentioned a few basic issues:

- a) Issues regarding products (i.e. products are not of appropriate quality or services have not been adequately provided);
- b) Issues regarding prices (i.e. retrospective pricing, deceitful pricing, secret arrangements between competitors regarding the division of markets and prices, false advertising of discounts or sale, etc.);
- c) Issues regarding distribution – (i.e. if a producer prefers one middleman, he sets better prices for them, better conditions, etc.);
- d) Issues regarding communication (untrue or confusing ads and commercials, withholding important information, vague or ambiguous claims, publishing false facts, etc.).

According to the results of this research it can be concluded that the researched agricultural enterprises have long-term plans regarding the best variables of marketplace responsibility of their management. Namely, in agricultural enterprises the highest mark, though not the maximum ($M>8,50$) was given to policies ensuring honesty and quality in business and advertising ($M=7,67$; $s=2,94$), offering clear and true information on products

and service labeling (M=7,42; s=3,35), while the overall management responsibility got average marks (M=7,22; s=2,33). This indicates the perceived importance of ethical business operations as the basis for a good enterprise image, although there is room for improvement with the market responsibility of the management in Croatian agricultural enterprises.

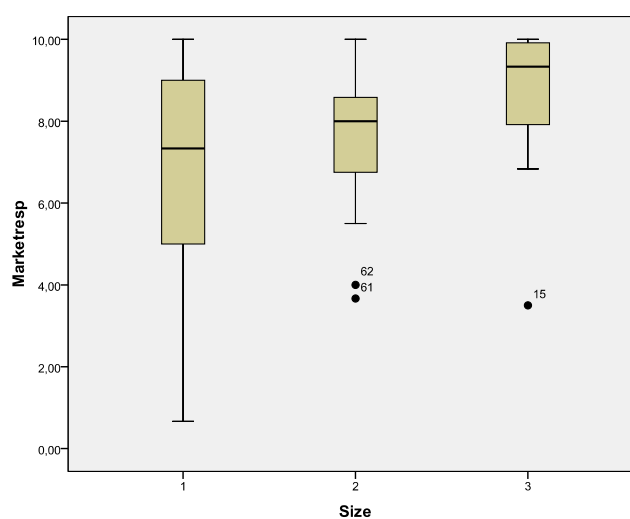
Table 6. Mean, standard deviation of marketplace management responsibility by particle and overall

Variables of market management responsibility	Mean (M)	Standard deviation (s)
Honesty and quality in business	7,67	2,94
True product labeling	7,42	3,35
Effective informing of buyers, suppliers, partners	7,31	3,19
Effective dealing with complaints	7,20	3,41
Responsible entrepreneurship together with other enterprises	7,06	3,24
Paying suppliers on time	6,40	3,61
OVERALL MARKET MANAGEMENT RESPONSIBILITY	7,22	2,33

Source: Research results

Regarding the answers to the statistical differences of marketplace responsibility of small, medium and large agricultural enterprises' management by implementing ANOVA, there was no statistically significant difference between the size of an enterprise and the level of social responsibility (F=1,622; p=0,204).

Figure 4. The image of mean and dissipation of 3 sizes of agricultural enterprises (1–small; 2–medium; 3–large) regarding the level of market management responsibility



Source: Research results

3.4. Responsibility of the management of the agricultural enterprises towards the local community

The fourth question in this research was: *What is the responsibility of the management of the agricultural enterprises towards the local community and is there a statistically significant difference regarding social responsibility among managers in small, medium or large agricultural enterprises?*

Table 7. Mean, standard deviation of management responsibility towards local community by particle and overall

Variables of management responsibility towards local community	Mean (M)	Standard deviation (s)
Financial aid to local community	8,30	2,34
The possibility of educating the community	8,19	2,76
Local supply	8,10	2,72
Dialogue with local community on controversial issues	7,58	3,02
Incenting employees to participate in activities within the local community	7,08	3,03
OVERALL MANAGEMENT RESPONSIBILITY TOWARDS LOCAL COMMUNITY	7,58	1,84

Source: Research results

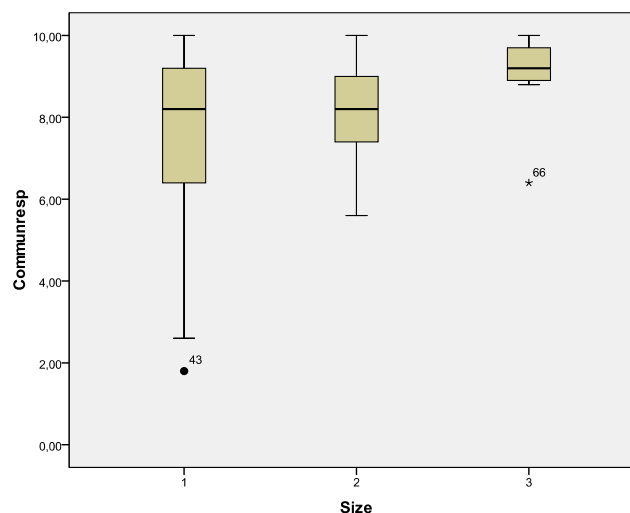
Enterprises strive to create positive changes by involving the community and offering support for its welfare. Thus, an enterprise is a subject interested in the well-being of the community and it gains recognition, respect and a positive image from its costumers, which in turn effects the improvement of the reputation of the enterprise, increases cooperation, partnership relationships or networking with other local enterprises. *Kotler and Lee* (2009, pp. 33–35.) mention six ways an enterprise can do good:

- a) Support the growth of care and awareness for the situations in the community – (corporate cause promotion) – an enterprise ensures financial means, contributions in kind or other corporate resources in order to develop the awareness of a certain social goal, or an interest in it, or to gather financial means or ensure participation, or volunteering.
- b) Marketing campaigns aimed at changing the behavior in society (social marketing) – the enterprise supports the development and /or the implementation of a campaign in order to change behaviors regarding the health, safety, environment or well-being of a community.
- c) Donations dependent on sales volume (cause-related marketing) – an enterprise commits to donate a certain percentage of its sales income towards a specific social goals.
- d) Charity towards others in the community (corporate philanthropy) – an enterprise makes direct contributions to a charity or social actions, mostly as cash donation and /or donation in kind.
- e) Community service/employees – volunteers (employee volunteerism) – an enterprise supports and encourages employees to help community organizations and actions through volunteering.
- f) Socially responsible business practices/regular business operations based on the increased social responsibility (socially responsible business practices) – an enterprise, at its own discretion, adopts and implements a business practice that supports a social goal which should improve the community life and protect the community, i.e. invest in such a cause.

Reporting on corporate social responsibility in Croatian is mostly done with large successful enterprises present on international markets. Media coverage research⁷ of corporate social responsibility in the Croatian press shows that sponsorships and donations have the greatest media representation (73%), texts on direct investment into environmental protection have the least coverage (2%), and in 5% of analyzed texts the corporate social responsibility is used as a marketing tool and for brand strengthening. Therefore, *Vitezić* (2008, p. 24.) warns that attention needs to be drawn regarding the often misunderstood point of the social responsibility and its identification with philanthropy and donations because sponsorships and donations are only partially helping society. Furthermore, it is emphasized that social investments are often expressed through different programs – educational, health, cultural, sport, charitable, etc., whose primary goal is to create a safe and secure environment for employees, enable further education, human and labor rights, freedoms, while preventing injustice and illegality in labor relationships, discrimination, immoral behavior, etc. Research of management responsibility towards their own community within agricultural enterprises also shows that the best marked variable is the one where enterprises regularly finance activities and projects within the local community through donations or sponsorships (M=8,30; s=2,34). On the other hand, the lowest graded variable was connected to encourage employees to participate in local community activities⁸ (M=7,08; s=3,03).

Regarding the answers to the statistical differences of market social responsibility of small, medium and large agricultural enterprises' management by implementing ANOVA, there was no statistically significant difference between the size of an enterprise and the level of social responsibility (F=1,995; p=0,143).

Figure 5. The image of mean and dissipation of 3 sizes of agricultural enterprises (1-small; 2-medium; 3-large) regarding the level of management responsibility towards local community



Source: Research results

3.5. Organizational culture of agricultural enterprises

Organizational or corporate culture of an enterprise is considered an important element of ethical systems and structures (*Daft* 2008, p. 158.), because culture creates motivation for

⁷ Overview of corporate social responsibility in Croatia, 2nd edition, Academy for Educational Development & Prince of Wales International Business Leaders Forum, MAP Savjetovanja d.o.o. Zagreb, 2006 –Research was done in 2003 on 95 newspaper articles.

⁸ For example: donating their time and expertise, or other types of practical help.

socially responsible behavior. Specifically, culture turns values and beliefs into effort-worthy ideals and this creates expectations on management behavior, on how to deal with hierarchical decisions as well as what the right motivation and behavior is in an enterprise (Noe et al 2006, p. 537., p. 539.). Culture is reflected in an enterprise's behavior by defining its image, and the area of social responsibility can range from complete rejection of socially responsible behavior (an idea that this is not the enterprise's goal) to fully embracing the idea that an enterprise is responsible for the long term preservation of the welfare of all enterprise's stakeholders.

The fifth question was: *What is the organizational culture of the agricultural enterprises and its identity in the community, and is there a statistically significant difference regarding culture among managers in small, medium or large agricultural enterprises?.* Table 8 shows descriptive information of specific particles of this issue.

Table 8. Mean, standard deviation of organizational culture variable in Croatian agricultural enterprises by particle and overall

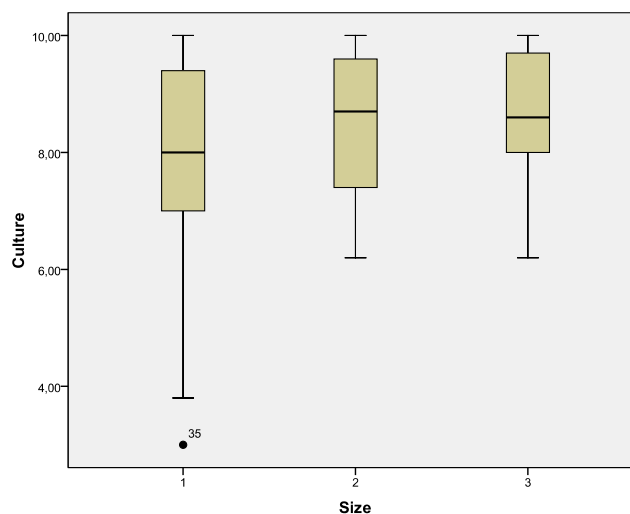
Variables of management organizational responsibility	Mean (M)	Standard deviation (s)
Employees' awareness of enterprise's values	8,49	1,88
Transfer of enterprise's values on stakeholders	8,29	2,52
Defined rules of behavior and values in an enterprise	8,27	2,32
Customers' awareness of enterprise's values	7,82	2,32
Education on values and rules of an enterprise	7,33	2,54
OVERALL LEVEL OF ORGANIZATIONAL CULTURE OF AGRICULTURAL ENTERPRISES	8,11	1,54

Source: Research results

The explored measures of transferring values considered to be essential by the management of an agricultural enterprise, show that the score of an overall organizational culture on a medium level (M=8,11; s=1,54), and that the mentioned activities of the internalization of socially responsible values could be expressed more strongly in order to strengthen organizational cultures and images of agricultural enterprises. Specifically, a strong organizational culture is the key to behavior support (motivation) so in that sense the explored variables might be strengthened by:

- a) more clear transfer of the values of enterprise on customers, which would achieve customer awareness on corporate social responsibility (excellence);
- b) educating the employees on enterprise values-which can be achieved through group shared experiences, learning by observing (a manager and/or very successful individuals) as well as understanding and (un)accepting the consequences of socially responsible and irresponsible behavior (*Pastuović 1999*).

Figure 6. The image of mean and dissipation of 3 sizes of agricultural enterprises (1–small; 2–medium; 3–large) regarding the level of organizational culture of agricultural enterprises



Source: Research results

Regarding the answers to the statistical differences in organizational differences of small, medium and large agricultural enterprises by implementing ANOVA, there was no statistically significant difference between the size of an enterprise and the organizational culture ($F=1,381$; $p=0,257$).

Brammer and Pavelin (2004) showed a relationship between a reputation and the social effect on a sample of 227 UK enterprises, and showed that larger enterprises have a considerably better reputation than smaller enterprises. Also, there were considerable and significant differences by the sectors in connection with reputation (good image), and especially with social impact⁹, and the general tendency is that the sectors (as greater or microstructures) show above-average reputation and below-average social impact and vice versa. This is consistent with the well-known findings that the size of an enterprise is an important factor in choosing the enterprise's strategy, as well as the organizational structure which is used to achieve the mentioned strategy (Buble 2006). Therefore, the size of the enterprise (usually expressed by the number of employees) can have a similar influence on the level of social responsibility.

3.6. Overall managerial social responsibilities in agricultural enterprises

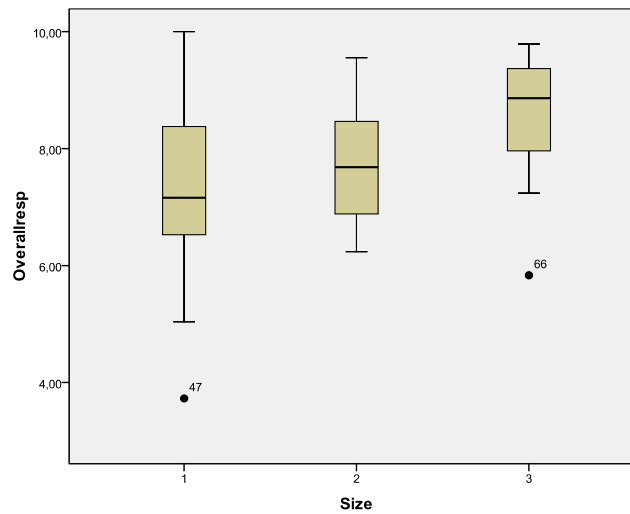
Overall managerial social responsibility of the surveyed agricultural enterprises in Croatia was also established in this survey, as a linear combination of all measured variables¹⁰ and it was at a level $M=7,56$; $s=1,30$. By testing significance of overall differences in the social responsibility of the enterprises, it was found that there is little significant difference¹¹ ($F=2,508$; $0,10 > p=0,088 > 0,05$).

⁹ Authors analyzed 12 sectors: retail, business services, engineering, finances, utilities, chemicals and consumer products. (PR.: only 6 are listed).

¹⁰ Linear combination of variables included all measured types of social responsibilities (responsibility towards their own staff; environmental responsibility; responsibility towards clients, suppliers and competitors; responsibility towards local community and company identity within the community). This aggregation was made in SPSS program with the option to compute new variables as a linear combination of all mentioned variables of social responsibility in order to gain a measure of total social responsibility of Croatian agricultural enterprises.

¹¹ As the level of significance depends on the chosen criterion which in social research is usually set at the risk level of $p < 0,05$, an insignificantly small difference is a term used here for minor excess, as a significant difference might be for

Figure 7. The image of mean and dissipation of 3 sizes of agricultural enterprises (1–small; 2–medium; 3–large) regarding the level of overall managerial social responsibilities in agricultural enterprises



Source: Research results

It is directed toward large agricultural enterprises (\Rightarrow 250 employees) which is in accordance with the previously mentioned findings of *Brammer* and *Pavelin* (2004). Specifically, the greater reputation which larger enterprises had can be attributed to the differences in social responsibility which is statistically significant (albeit at the risk level of 8,80%, i.e. slightly or marginally significant) higher in large agricultural enterprises.

The methodological problem of this research is that the self-reporting questionnaires applied on the managerial population can show social desirable answers, because there can be doubt in the given answers. Namely, why managers would confess e.g. that they are socially irresponsible? This can be the problem of validity of measurement and can be, for example resolved by means of control lie scale, which is normally applied scale in personality questionnaires. The social desirable answers can be also corrected by means of real social responsible behaviour of companies, but this procedure needs additional methodological approach, this means the additional measure of real social responsible behaviour (e.g. from different stakeholders: employers, clients, suppliers, competitors, local community, etc.) each included enterprise in the study.

4. Conclusion

Corporate social responsibility is a complex concept that can be researched and treated through the following components:

- a) social responsibility towards its own employees;
- b) social responsibility towards the environment;
- c) social responsibility towards the marketplace;
- d) social responsibility towards the local community;
- e) organizational culture which supports the socially responsible values and behaviors.

example $p < 0,075$ or even $p = 0,10$. Although some norms need to be obeyed, the term insignificantly small difference actually is a difference which in fact has a slightly greater risk of making wrong conclusions for the entire specter based on a single sample, and it is almost subsumed under being significantly different differences.

- a) A good relationship with stakeholders cannot be expected without a good relationship with its own employees. Therefore, for this component of social responsibility, a policy towards the human resources of the enterprise is extremely important, and that is what a special human resources discipline deals with, in order to achieve competitive advantage. In Croatian agricultural enterprises it is set at a medium level ($M=7,49$; $s=1,360$) and can certainly improve. Particularly deficient techniques of improving work life balance have been identified ($M=6,00$; $s=3,50$) (flexible working time, job rotation, working from home, etc.) which are some of the motivational techniques for improving working conditions, along with greater variations among different enterprises.
- b) All enterprises, whether they are small, medium or large, and regardless of their branch, effect positively or negatively on people and the environment through their business operations. Negative effects result from energy and resources consumption, creating waste and polluting as well as destroying natural habitats. Although the potential to reduce negative effects on the environment in small enterprises can be limited, every enterprise can contribute to energy savings and the quantity of waste, recycling, using environmentally friendly processes and technology, and rational use of nonrenewable resources. Activities enterprises do in order to protect the environment contribute to their identity, create free ads, marketing and an enterprise is recognized as a welcomed subject which cares for the local community. Furthermore, enterprises which create products and services with a higher level of environmental protection than their competitors have an increased competitive advantage. Environmental dimension of sustainable development includes clean air, water and soil quality, recycling, effective use and reuse of natural resources and energy (preserving the resources for future generations) and enterprises should, apart from costs and problems, recognize where they can make savings and using marketplace opportunities. Even though the researched agricultural enterprises in Croatia do satisfy the environmental dimension of sustainable development ($M=7,07$; $s=1,88$), it is a result at the lower average level.
- c) Responsibility for the market players (market corporate social responsibility) is an important component of an authenticity of an enterprise (harmony of proclaimed values and actual behavior on the market). Overall, it is at the average level ($M=7,22$; $s=2,33$). It was found that not paying suppliers on time is problematic ($M=6,40$; $s=3,61$). It can be concluded that responsible entrepreneurship with agricultural and similar enterprises in Croatia is at risk due to considerable pressure of economic crisis and the focus on survival. Specifically, since the short-term application of socially responsible behavior can create additional costs for an enterprise and temporarily decrease competitiveness on the marketplace, survival can depend on less responsible or even irresponsible behavior, so behavioral tendencies which do not support socially responsible behavior on the marketplace are likely to occur.
- d) Social responsibility is defined as a responsibility towards a local community and is an important element of the coexistence of business and non-business sectors of the community. In agricultural enterprises in Croatia it is at an average level ($M=7,58$; $s=1,84$) and it is the lowest regarding as for the involvement and the incentives to help the local community (volunteer) ($M=7,08$; $s=3,03$), which is a lower average level result. This finding can be a result of a diminished motivation of employees to volunteer in the local community, primarily due to the concern for personal economic benefits.

- e) Organizational culture as an important motivational factor of socially responsible behavior is set at a medium level ($M=8,11$; $s=1,54$). In this sense it can be recommended to internalize clearly and more intensively the values of social responsibility and the rules of business enterprises that promote social responsibility.

Among small, medium and large agricultural enterprises there were no statistically significant differences regarding social responsibility, because overall social responsibility as a linear combination of all its components was borderline or insignificant ($F=2,507$; $P=0,088$). If we took about the direction of the measurement different, we can conclude that a greater social responsibility is found at large agricultural enterprises (Figure 7), although this difference was not statistically significant, and it speaks in favor of a greater reputation (better image) of large agricultural enterprises.

Given the imminent accession of Croatia into the European Union, and the fact that Croatia generally has a small number of agricultural holdings, which in all segments of their business implement guidelines of sustainable development and socially responsible behavior, the state should incent enterprises with their programs in order to make it easier for them to act socially responsible. Also, implementing benchmarking with comparable competitors who have high levels of socially responsible behavior would ensure a stronger position of agricultural enterprises in Europe and the world.

References

- Bahtijarević-Šiber, F. 1999: *Management ljudskih potencijala*. Golden marketing, Zagreb.
- Brammer, S. – Pavelin, S. 2004: Building a Good Reputation. *European Management Journal*, 22, 6.
- Buble, M. 2006: *Menadžment*. Ekonomski fakultet Sveučilišta u Splitu, Split.
- Cohen, A. R. – Fink, S. L. – Gadon, H. – Willits, R. D. – Josefowitz, N. 2002: *Effective Behavior in Organizations: Cases, Concepts, and Student Experiences*. Fifth Edition, IRWIN, Homewood&Boston.
- Daft, R. L. 2008: *The new era of management*. 2nd Edition, Thompson South-Western, Mason (Ohio).
- Elkington, J. 2004: Enter the triple bottom line. In Henriques, A. – Richardson, J. (eds): *The triple bottom line, does it all add up? Assessing the sustainability of business and CSR* Earthscan Publications Ltd., London, pp. 1–16.
- Kotler, P. – Lee, N. 2009: *DOP – društveno odgovorno poslovanje, suvremena teorija i najbolja praksa*. MEP d.o.o., Zagreb.
- Lay, V. 2003: *Proizvodnja budućnosti Hrvatske: integralna održivost kao koncept i kriterij. Društvena istraživanja*, Institut društvenih znanosti Ivo Pilar, Zagreb.
- Letica, B. 2010: *Doba odgovornosti: Korporacijska društvena odgovornost u vrijeme svjetske financijske krize*. MATE d.o.o., Zagreb.
- Lewicka-Strzalecka, A. 2006: Opportunities and limitations of CSR in the post-communist countries: The case of Poland. In Lenssen, ŽG. – Gasparski, W. – Rok, B. – Lacy, P. (ur.) *Corporate Governance*. 6, 4, pp. 440–448.
- Norman, W. – MacDonald, Ch. 2004: Getting to the Bottom of Triple Bottom Line. *Business Ethics Quarterly*, 14, 2, pp. 243–262.
- Pastuović, N. 1999: *Edukologija: Integrativna znanost o sustavu odgoja i obrazovanja*. Znamen, Zagreb.
- Perrini, F. 2005: Building a European Portrait of Corporate Social Responsibility Reporting. *European Management Journal*, 23, 6.

- Pupavac, D. 2006: *Etika za menadžere*. Veleučilište u Rijeci, Rijeka.
- Questionnaire for strengthening the understanding of social responsible business in small and middle enterprises: An initiative of the European Commission Directorate-General for Enterprises [Accessed 12 April 2008]
- Rašić, S. 2010: Environmental performance of Croatian companies in relation to ownership type. *Business Excellence*, Croatian Institute for Quality, pp. 9–28.
- Martinović, M. 2007: Etika u marketingu s posebnim osvrtom na etiku u oglašavanju. In Krkač, K. (ur.): *Uvod u poslovnu etiku i korporacijsku društvenu odgovornost*. Mate, ZŠEM, Zagreb.
- Noe, R. A. – Hollenbeck, J. R. – Gerhart, B. – Wright, P. M. 2006: *Menadžment ljudskih potencijala: postizanje konkurentske prednosti*, Mate d.o.o., Zagreb.
- Vitezić, N. 2008: Društvena odgovornost – čimbenik dugoročne održivosti poduzeća, Zbornik radova: Socijalno odgovorno gospodarstvo – ekonomski i etički aspekti, /urednice: Nada Bodiroma Vukobrat, Sanja Barić), Tim press, Zagreb i Pravni fakultet Sveučilišta u Rijeci.