

## Recognizing the Effective Factors in Social Responsibility Promotion of Saipa Automobile- Manufacturing Group

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**Abstract:** Social responsibility of a organization has been a noticeable and important issue in recent years and has great impact on stability of every organization continuation. Excellent corporations as responsible organizations should be act according to their commitment for explaining and responding to their beneficiaries about their performance and make sure that this commitments have been fulfilled in the organization. Thus social responsibility has bilateral advantages for then in such a manner that either organization makes a profit from more consolidated and behavioral approach and community and beneficiary parties will have a better attitude about organization performance.

In this paper author claim that Iran automobile manufacturing companies have no motivation to observe social responsibility for many reasons. Whereas observing social responsibility may be considered as a way to decrease these sicknesses and promot the quality products and finally to increase life safety of drivers and society.

After examining the existence literatures and operational research, the promotive factors of social responsibility in automobile manufacturing Companies have been extracted and the extent of each influencing factor have been identified

**Keywords:** Social responsibility, quality in different areas, clearness in giving services, responsiveness, observing social-moral principles, affiliated compiles laws, observance of beneficiaries'rights.

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### I. Introduction

In recent years much has been written on the broad topic of Corporate Social Responsibility. These writings are at times ambiguous and vague with respect to what exactly the term CSR means and how it relates to other important terms and concepts. Most notably we perceive shortcomings in the manner in which CSR is related in the extant literature to areas such as stakeholder management, corporate citizenship and sustainable development. Furthermore, much of the research published to date has been concerned with the possible link between firms engaging in so-called socially responsible behavior, as measured in terms of a metric for "Corporate Social Performance"(CSP) and the resulting financial benefit (Corporate Financial Performance or CFP). Indeed, as pointed out in one of several recent meta-analyses, the quest for the link between social performance and financial performance remains unfulfilled. "The imperfect nature of these studies makes research on the link between CSP and CFP self-perpetuating: each successive study promises a definitive conclusion, while also revealing the inevitable inadequacies of empirically tackling this question" (Margolis & Walsh, 2003).

All of these fields of inquiry have their attendant literatures but two common threads seem to run through all of them. One thread is normative in character: Firms should attend to, support, give to, and listen to, the needs of stakeholders, especially those that are somehow disadvantaged. This is view perhaps most strongly associated with the work of R. Edward Freeman and related research (Freeman, 1984). The other thread is instrumental in character (Jones, 1995) and it goes back to the work of Milton Friedman (1970) and perhaps also to the question of separation of ownership and control (Berle and Means, 1932). This more instrumental view holds that, managers have neither the right, nor the ability to make decisions on the production of public goods (i.e. have their firms engage in socially responsible actions). As such, this school of thought holds that only such CSR activities that contribute to maximizing shareholder wealth are justified (Friedman 1970).

No clear conclusion to the debate between the normative and instrumental views, or between the expansive vs. the narrow view (as the opposing views have been described by DeVinney (2009)) seems to be in sight. We suggest that a root cause of this lack of consensus between the two views stems from the lack of clear theoretical boundaries (see for example Dubin, 1978) for the CSR construct. In the end, the normative perspective would seem to imply that more CSR is always better while the instrumental view says CSR actions should only be promoted if they specifically advance the fortunes of the firm. If they do however, again "more is better." We propose the idea that the Corporate Social Responsibility construct has a number of theoretical and practical boundaries or limits. In other words, even if managers wish to maximize CSR there are limits to their

ability to do so. Some of these limits are a consequence of how “social” and “responsibility” are defined; others follow as a result of more practical considerations that stem from institutional, political economy (legal), strategic or individual difference considerations. The lack of attention to such limits or boundaries may also explain why the often purported benefits of CSR turn out to be ambiguous (DeVinney, 2009).

In order to articulate the limits we begin by seeking to bound the CSR construct so that analysts can understand better and research about it. We first examine the definition of social responsibility. In the succeeding sections we examine the boundaries to CSR as we perceive them. We argue that CSR is not a matter of a [single] continuum that stretches from minimal CSR level to increasingly more responsible behaviors, as suggested in a recent paper by Campbell (Campbell, 2007). Indeed, while Campbell discusses the minimum end, he does not discuss the “other” end or even suggest that an upper bound exists. In our view, CSR is more of a space, with multiple dimensions and a shape that is ever changing over time. The recent paper by Barnett (2007) on stakeholder influence capacity echoes this view to some extent. A note of caution is in order. The limits to CSR as we set them out in the following sections may not be exhaustive. They merely represent a beginning and many more may be added over time. They also represent an effort at clarification intended to help organizations, stakeholders and policymakers who are rightly bewildered by the complexity of the CSR issue.

As we proceed beyond the discussion about the definition of CSR provided in the following section, we examine several sets of boundaries. First we address institutional boundaries in the sense that taken-for-granted ways of doing things are widely adopted as firms react to coercive, mimetic or normative influences (DiMaggio & Powell, 1983). Whatever the actual content of the “ways of doing things” such as being socially responsible, the existence of a shared expectation constitutes a set of boundaries; indeed one that is probably more varied than the idea of a minimum standard of accepted corporate behavior (Campbell, 2007). Second we seek insights from the political economy domain where a series of boundaries may also be identified, arising in part from the theoretical and empirical work of David Baron and colleagues (Baron, 2008; Baron, Harjoto, & Jo, 2008). The boundaries in this domain derive both from the incentives provided for managers to produce public goods and to engage in income redistribution, and the responsiveness to external pressure that firms so willing may lay themselves open to (as “soft targets”). The third set, strategic boundaries, may overlap with the political economy boundaries, again in the sense that pressure on “soft targets” and the attendant segmentation of markets into consumers willing to pay for social performance and consumers unwilling to do so, is a consequence of strategic decisions by firms to pursue investment in CSR in order to differentiate themselves. Similarly, strategically motivated CSR actions may reflect responses to institutional pressures (Oliver, 1991). Additional strategic boundaries are set by the relationship between CSR investment opportunities and market value of the firm (Mackey, Mackey, & Barney, 2007) and the complex relationship between CSR investment, firm posture and variable financial performance outcomes (Barnett, 2007). Finally, the space in which CSR actions take place, and therefore also the resulting outcome in terms of social and financial performance, is bounded by managerial values (Sharfman, Pinkston, & Sigestad, 2000). The need for clarification of boundaries the the construct becomes significantly more pressing when policymakers enter the fray. Indeed, it can be argued that those who subscribe to an expansive or normative view of what CSR see it as an instrument of public policy by other means (DeVinney, 2009). If CSR is public policy by other means, the matter of efficiency immediately becomes unavoidable – which path is better for achieving specific objectives? The only fairly certain conclusion to be drawn at this point is that the “regulation by other means” view necessitates a boundary between the two, not a mixing of them.

## **II. CSR Situation in Iran**

According to the Social Responsibility development Center of Iran ([www.csriran.com](http://www.csriran.com)), Traditionally, Iran’s private sector had mainly evolved around trading activity. In the course of the 20th century, the country had also developed an industrial base which had grown enormously prior to the 1979 Islamic Revolution. However, in the post revolutionary period there was a growing degree of mistrust toward capital investors. This was mainly because of the leftist paradigm prevailing in Iran's political-economic atmosphere and the closeness of some socialist theories and beliefs with Islamic teachings. The mistrust toward investment created an insecure atmosphere for industrialists and the private business community as a whole. The confiscation of assets and prosecution of a number of industrialists further deteriorated the overall business climate. This atmosphere of mistrust was much greater toward multinational companies operating in Iran to an extent that the activities of these companies were described as exploitation and colonization attempts.

Consequently, much of the private sector business initiative was confined to traditional merchant activity for the first post-revolutionary decade. The post-war reconstruction and the need for private sector investment in the 1990s paved the way for increased investment activity by domestic and foreign companies which has led to the emergence of modern management concepts since mid 1990s.

One of the concepts that has emerged in the last few years, has been CSR. Industrialists and private sector entrepreneurs, non-governmental organizations, intellectuals and academics are the main stakeholders promoting CSR in today’s Iran. The starting point for increasing awareness for the concept and literature of

CSR in Iran was an international conference on CSR which was held in February 2004 by the Tehran Chamber of Commerce, the Confederation of Industry, as well as a number of private companies and non-governmental organizations.

On the other hand, growing competition in the market has led many top companies to pay more attention to CSR. A growing number of large companies are opting to secure certificates such as EFQM. This process not only pushes the companies toward higher efficiency, but also gives them a competitive advantage. Most importantly, Iranian companies which look to secure a foreign (especially western) joint venture partner feel the need to adopt more modern business processes and concepts as such phenomena (eg. HSE and CSR) are a pre-requisite for securing a working relationship with foreign partners. Furthermore, Iranian NGO's and business.

associations have strengthened the process by continuously promoting CSR as an important instrument in achieving sustainable development. Currently, a group of NGOs have joined forces with UNDP to promote CSR through targeted training for managers under the umbrella of the UN's Millennium Development Goals. In addition, new laws and regulations at the Tehran Stock Exchange is putting pressure on listed companies to become more transparent and more accountable about their business activities and to show how their company is contributing to issues such as environmental protection and sustainable development.

### III. Research Method

In this study, with the aid of collected literature, the promotive factors of companies social responsibility has extracted and then the researcher has gained social responsibility models such as Kate Davis, Carol 3 dimension social responsibility model as a compound model to designed conceptual model of the research. And also for designing research model, strategy of accomplishment of social responsibility in different companies and the results of open and question has considered.

The conceptual model has examined with the aid of descriptive and influential statistics. Questionnaire was data collection tool. Validity and reliability of this tool have examined in Saipa Company According to academic and organizational experts opinion, the validity of method was desired and calculated reliability (Cronbach Alpha) was acceptable. In this study the researcher has utilized documentary, interview and survey method to different process for data collecting.

For analyzing collected information of open end questions and interviews, the researcher has used content analysis method. This method is one of the common ways for analyzing content and a way of analyzing qualitative data of interview. On the basis of this matter the more frequency of content increase the importance of that in speakers' opinion.

In content analysis technique information is classified into significant groups according to subject matters, so the respondents' opinions could be analyzed and summarized too.

### IV. Data inferential analysis

This study consists of 8 hypotheses as follow:

The first main hypothesis:

Existence of a compiled social responsibility system, establishing necessary prerequisites and institutionalizing this system has a significant relationship with the promotion of social responsibility level of Saipa automobile-manufacturing company. These hypotheses are defined as statistical hypothesis as follow:

H0: there is no significant relationship between x and y

H1: there is a significant relationship between x and y

For testing above hypotheses via  $\lambda^2$  test, regarding that refused area of H0 is  $(1-\alpha)$  and approved area of H1 is  $(\alpha)$  and in other side  $\alpha=0/05$  so the critical area could be identified via  $\lambda^2$  table. Table 1 indicates the position of each above hypothesis.

	responsiveness	Clearness in giving services	Observing social-moral principles	Compiled laws	Keeping beneficiaries interests
<b>Compiled social responsibility system</b>	$\lambda^2:45.2$ df:16 table $\lambda^2:26.29$ result: not refused	$\lambda^2:58.9$ df:21 table $\lambda^2:32.86$ result: not refused	$\lambda^2:64.1$ df:19 table $\lambda^2:30.14$ result: not refused	$\lambda^2:39.5$ df:24 table $\lambda^2:36.42$ result: not refused	$\lambda^2:44.2$ df:17 table $\lambda^2:27.58$ result: not refused

Table1: The results of  $\lambda^2$  test for interaction between compiled set of social responsibility and social responsibility components

As it has shown in table1, the results of  $\lambda_2$  test indicate that none of each relation between compiled social responsibility and social responsibility components have not refused. So the existence of a compiled social responsibility system is correlated with Saipa social responsibility. And also the researcher has used Freedman test for ranking related variables. The results have shown in table2.

Indicators	Ranking with rank mean	Ordinal ranking from importance view
Responsiveness	3.04	1
Clearness in giving services	2.54	3
Observing social-moral principles	2.85	2
Compiled laws	1.94	5
Keeping beneficiaries	2.01	4

TABLE2: The priority of agents from sample group view

As it has shown in table 2 the results of freedman test indicate that responsiveness is the first priority. The second hypothesis: Awareness and belief of CEO have relationship with social responsibility importance and Saipa company's social responsibility. The third main hypothesis: The employees training about social responsibility have relationship with Saipa company social responsibility. The fourth main hypothesis: Concentrating on competition in market have relationship with Saipa social responsibility. The fifth hypothesis: Quality in different areas has relationship with Saipa social responsibility. The sixth hypothesis: Institutionalizing control and monitoring have relationship with Saipa social responsibility. The seventh main hypothesis: The employee's knowledge have relationship with Saipa social responsibility. The eighth hypothesis: Communication have relationship with Saipa social responsibility.

## V. Conclusion

The results of this research indicate to improve the value of social responsibility at Saipa company five items should considered, these items are responsiveness, Clearness in giving services, Observing social-moral principles, Compiled laws and Keeping beneficiaries interests.

For this purpose, some variables have been identified which could promote Saipa social responsibility. These variables areas are as follow in priority order: The existence of compiled social responsibility system, awareness and beliefs of CEO about social responsibility, institutionalizing control and monitoring, quality in different areas, training about social responsibility, communication, knowledge and ultimately concentrating on competition in market place. According to the main research hypothesis, the existence of a modern social responsibility can promote all of five social responsibility factors. If CEO be aware of the importance of social responsibility, it will then increase the quality of responsibility, clearance in services and observance of social-moral principal. Establishing of monitoring will also increase the level of responsibility and consequently will keep the beneficiaries' rights. Another factors such as observing the quality of products, training, well formed inter-organizational relationships, increasing related knowledge to social responsibility and making will promote the level of social responsibility.

In Iran the conception of social responsibility of company is a new and novel which already no research have accomplished about it and the need for training and extra study is completely necessary. As it shown in pilot study that there has no a compiled set about social responsibility of automobile manufacturer so effective factors on social responsibility promotion has presented and extracted in Saipa, one of the biggest automobile-manufacturer in Iran, The researcher will stride to accomplish this study in future and present a model for social responsibility of Iranian automobile manufacturing companies.

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