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Influence of CSR Policies in Preventing Dysfunctional Behaviour in Organizations

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Abstract

Corporate social responsibility by default is viewed as a positive phenomenon in organization performance and consequently most investigations are focusing on this positive perspective. In the eyes of society socially responsible organizations are usually success stories of impeccable reputation, excellent performance, fostering the welfare of their employees, ensuring the clients' rights and wealth, focusing on the impacts and outcomes for society, stakeholders and the firm itself; in other words they are an excellent example for all to emulate. However, the CSR domain is not always as brilliant as it may seem from the first glance, and even such organizations are incapable of obviating internal problems of destructive and controversial character. The problem of this research is identification of cases of dysfunctional behaviour in socially responsible organizations and preventive strategies, if any, incorporated in internal regulating rules, codes and other operational documents. The aim of the research: to identify dysfunctional behaviour in organizations, ascribing themselves to the category of socially responsible ones, focusing on such phenomena as nepotism, cronyism, favouritism and CSR code and strategies as a means to prevent this negative phenomenon. Theoretical reasoning for this research is based on the analysis and synthesis of scientific literature, whereas for the empirical research the method of structured interview is used. Interviews with managers of CSR enterprises proved that the construct of dysfunctional behaviour, which covers a wide spectrum of deviant actions, including protectionism in all its forms (nepotism, cronyism, favouritism) is not sufficiently described in ethical codes and other internal regulating documents of even socially responsible organizations.

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1. Introduction

Relevance of the research. Last decade was abundant with research in the field of corporate social performance of organizations. The connotation of the concept “responsibility” is positive, and if an organization declares abiding to CSR principles, the bigger part of researchers focus on this positive aspect of the phenomenon. This common view is based at large on the PR activities of the organizations, because they are aimed at forming positive image for auspicious evaluation of the stakeholders. This leads to a rather static perception of CSR within the wider society, as usually associated to responsibility, philanthropy, environmental care and on the whole, according to Wood (2010) CSP has been equated with ‘doing good’. From the perspective of societal performance, any organization should behave in accordance to CSR principles regardless whether it declares this status as its mission or not, otherwise, CSR may become a certain ‘brand’, which not necessarily is perceived as a positive one. On the other hand, socially responsible organizations more often get into a spotlight and their activities are particularly scrutinized just because of their status, expecting that their standards are as high as declared, and that that their policies and internal regulations lay solid basis to cope with problems of different character and to mitigate risks. A closer look and empirical knowledge on such organizations, including recent global scandals of industrial and financial giants, suggest a wide range of internal controversies and deviations. Human recourses being the main capital and driving force in each organization, exclusive attention should be paid to friendships among employees. According to Song and Olshfski (2008) managers and scholars have always been ambivalent about the value of friendships among employees to the organization, although anyone who has worked in an office setting knows that working in a friendly place is much more preferable than the alternative. According to the authors, the major focus on office friendship has been on the negative side: friendship can be related to nepotism, favouritism, gossip, displacement of loyalty and negative, time-consuming organizational politics. Thus the relevance of this research is based on the empirical analysis of the performance of socially responsible organizations, which reveals the necessity to formulate policies of functional work relations, capable of creating dysfunctional behaviour preventive strategies.

The problem of this research is the phenomena of dysfunctional behaviour in organizations, ascribing themselves to the category of socially responsible ones. We try to find out if cases of dysfunctional behaviour manifest themselves in socially responsible organizations; and whether the code of CSR is capable of immuring all breaches to prevent such phenomena, as nepotism, cronyism and favouritism. What policies and methodologies are used in CSR enterprises enabling to prevent dysfunctional behaviour?

The level of problem exploration. There are a lot of studies on the issues of corporate social responsibility (Wood, 2010; Schmeltz, 2014; Glavas, Kelley, 2014; Ihlen, Weltzien Hoivik, 2015; etc.), but the destructive side of corporate social responsibility is touched indirectly (Bartlett et al., 2012; Mason, Simmons, 2013; etc.). According to Wood (2010), the search has been on for a statistical relationship between CSP and financial performance (FP), and the reason for this was the inducement to justify or delegitimize the normative calls for managers to pay attention to CSP. Few authors who analyse the destructive side of corporate social responsibility directly are found (Fleming, Jones, 2012; Long, 2012; etc.). The scholarly research domain in the field of the negative side of the CSR organizations, focusing on destructive phenomena, resulting in unethical interpersonal workplace relations, obstructive corporate performance is still insignificant and lagging deeper academic insight into the problem. According to MacKenzie et al. (2011), the concept of dysfunctional behaviour yields multiple descriptors, where unethical/ethical behaviour, team dysfunction fall into the category of workplace deviant behaviour. This research focuses on specific areas of workplace dysfunctional behaviour, namely nepotism (Goldberg, 1982; Vinton, 1998; Padgett, Morris, 2005; Arasli et al., 2006; Groothuis, Groothuis, 2008; Keleş et al., 2011; Bute, 2011a, 2011b; 2011c; Kragh, 2012; Jaskiewicz et al., 2013; etc.), cronyism (Davis, 2003; Khatri et al., 2006; Leung et al., 2008; Keleş et al., 2011; Vveinhardt, Petrauskaitė, 2013; etc.), favouritism (Miller et al., 1997; Hippel, 2006; Arasli, Tumer, 2008; Keleş et al., 2011; etc.).

Aim of the research: To perform a review of internal regulating documents of socially responsible organizations in Lithuania with the aim of identifying strategies, as a means to prevent manifestation of dysfunctional behaviour, focusing on the phenomena of nepotism, cronyism, and favouritism.

2. Literature review

From results of numerous studies it is evident that different companies prioritize different aspects of CSR; at the same time these selected aspects are interpreted in rather discrepant way (Menichini and Rosati, 2014; Rusmanto and Williams, 2015), because the CSR construct is a many-sided, polychrome and ever changing phenomenon (Isa, 2012). Even though it is often impossible in real life to obviate the influence of shareholders in decision making and social reporting (Darus et al. 2014), personal values of individual leaders/managers are not the less important (Rosnan et al, 2013). However, all theories tend to emphasise that businesses should act and be held accountable for more than just its legal responsibilities to shareholders, employees, suppliers and customers (Kahre et al. 2014). Many authors maintain that CSR not only renders advantages for business competitiveness, which in many cases proposes multiple variety of new strategies (Galbreath, 2006, Santos, 2011); it also helps in giving a morale boost to the employees as they feel a part of something nice (Grover, 2014). However, according S. S. Bhattacharyya et al. (2008), the real challenge for managers is to design firm CSR strategy in such a manner that it helps address a social issue and also provides the organization with some business benefits. Public declaration of commitment to CSR values raises expectation of the stakeholders, provokes more critical assessment of the company performance at the same time enhancing the risk of crisis, if corporate social reporting doesn't correspond with decisions and actions in real life.

Many researches compare CSR performance in the context of cultural differences, when it comes to satisfying the interests and expectations of stakeholder groups, though in fact it has been proven that these differences are less significant than one might expect. E.g., B. Planken et al., (2013) conducted a comparative study in the Netherlands and India. The study provides indications that stakeholder expectations in emerging and developed economies may be more similar than previously suggested. On the other hand, it is evident that in developing countries the concept of CSR and its practical application in company performance remains a complicated and ambiguous issue (Bakos, 2014; Abaeian et al, 2014; Kulkarni and Rao, 2014). In many cases it becomes an attractive marketing tool and its application in practice digresses from the essence of the concept of CSR and the ideals are betrayed. According to L. Bakos (2014), the research analyses if the CSR concept is used as a marketing/PR tool, or whether it is simply an irregular philanthropic act without any integration to the business strategy or to the core business processes. In addition, J. B. Abugre (2014) argues, that difficulties of effective CSR implementation mainly stem from leadership weak spots in the form of mismanagement and corruption, lack of leadership commitment and unwillingness to allocate monies due for CSR activities. One of the most frequent forms of internal corruption is the abuse of social relations, which in the case of different stakeholder groups (shareholders, board members, managers and employees) relations manifests itself as nepotism, cronyism and favouritism (Arasli and Tumer, 2008; Asunakutlu and Avci, 2010; Özkan and Bezirci, 2011; Williams and Onoshchenko, 2014; Onoshchenko and Williams, 2014; et al.). Such relations are factual opposition or destruction of healthy corporate relations and emerge as a huge problem for human resource groups and CSR performance of the company in all its aspects. E.g., V. Scoppa (2009) argues that nepotism fosters inequity, enables hiring incompetent and irresponsible employees, which results in dropping productivity and quality.

Though the studies of nepotism, cronyism and favouritism in the context of CSR are still rather scarce (e.g. the aspects of human resource and ethical code are investigated by Remisova, 2002; Herman et al., 2012; Remisova and Lasakova, 2014; Vveinhardt and Andriukaitiene, 2014), these phenomena deserve more attention on the part of scholars. These destructive social relations manifest themselves in a wide range of forms of internal corruption, discrimination and are incompatible with the declared values of CSR; they damage the image of the company, as in most cases it influences unprofessional and destructive managerial decisions (Wong and Kleiner, 1994; Arasli et al., 2006; Bute, 2011). A direct correlation between the appearances of tolerated corruption, nepotism and favouritism and the employees' negative approach towards the declared values of CSR in the company (Vveinhardt, Andriukaitiene, 2014) has been proved. On the other hand, the problem of "moral excuse" remains relevant, because in many companies different interpretations and arguments are provided in order to justify nepotism as a necessity or benefit for the company performance (Chervenak and McCullough, 2007; Ferlazzo and Sdoia, 2012).

We can sum up this short theoretical discourse by maintaining that companies, declaring commitment to CSR, should: consider stakeholder groups' expectations, concerning nepotism, cronyism and favouritism in managerial

processes and in the sphere of internal social relations; the proportion of ethical values declaration and their application in practice; all factors, which can have any kind of impact on CSR performance, in order to prevent destructive relations, which can further develop into dysfunctional behaviour in CSR companies.

3. Methodology of the research

The research was conducted using a partly standardised interview, the questions for which were formulated on the basis of scientific literature survey. The questions are divided into three groups:

Group I – questions, related to the formalized concept of nepotism, cronyism and favouritism in official regulating acts of the company;

Group II – questions, related to commitment to pursue ethical values and principles aiming to prevent appearances of nepotism, cronyism and favouritism;

Group III – questions, related to direct and/or indirect board members or shareholders' influence on decisions of executives and top management and their impact on internal relations of stakeholders within the company.

The aim of Group I questions was to identify how CSR companies formalize the concept of nepotism, cronyism and favouritism in internal documents and regulating acts, and whether this type of social relations is considered as a destructive threat to the company.

Questions of Group II targeted at determining the level of application of ethical code and principles in regulating rapport between stakeholder groups (shareholders, board members, employees) inside the company.

Questions of Group III were formulated to gauge any appearance of ambivalence of standards, when some features of nepotism, cronyism and favouritism could be traced in decision making processes, related to human recourses. Any direct and/or indirect leverage of board members' attitudes and actions on decisions of top management were of greatest importance in evaluating this group.

4. Organization of the research

Utilizing the publicly available data, this research picked out small and medium enterprises listing themselves as CSR. The number of full time employees being the principle criterion for selection of the SME's, this investigation disregarded the annual revenue and focused on interpersonal relations. According to the definition of small and medium enterprises provided in the Law of Small and Medium Business of Lithuania, the category of small enterprises is made up of enterprises which employ less than 50 persons, and the category of medium-sized- which employ from 50 to 250 persons. At the initial stage of this research an electronic invitation to participate in the survey (in the form of an interview) was sent out to the managers of 18 private equity companies, with an explanation of the objective of the research. 10 positive replies from the target group members were received, 3 of which from small, 6 from medium-sized and 1 from regional branch of a medium-sized enterprise. According to the data of unglobalcompact.org, 72 companies, registered in Lithuania, are members of UN Global Compact, half of which are private equity companies. 4 companies of UN Global Compact network are among the survey participants. The average experience at managerial position of the informants - 7,4 years, approximately 4,6 of which relates to leading a CSR company. In other words, it is not too big, though sufficient for the informants to have enough expertise in answering the research related questions. The brief period of leading a CSR enterprise refers to the fact that most Lithuanian enterprises have but a short history of CSR. A single enterprise had officially declared abiding to the CSR principles as early as 2005, while the rest joined the club in 2011-2012.

At the choice of the informants, the interview was conducted face to face, by phone or Skype. Three of the informants gave permission to record their interviews on condition that after the survey their interviews will be destroyed and personal details as well as the names of the companies will be kept confidential. The rest responses were summarized on the spot. The questions of the survey were sent to the informants in advance, while some of them were updated during the interview in order to get more detailed and specific information.

Afterwards the interviews were transcribed, specific codes were attributed to the informants: I1, I2, I3, I4, I5, I6, I7, I8, I9, and I10. The transcriptions of the interviews were analysed and the data systemized and compared.

5. Results of the research

According to Galbreath (2006), even though an organization doesn't consider CSR as part of business strategy, it must be inherent in its managerial processes and standards (Pedersen & Neergaard, 2008). CSR principles should become an integral part of operational practice of any organization, comprising all its processes; however, there is an obvious tendency for middle managers, including managers for HR, not to be incorporated into CSR related processes. E.g. I1, manager of a regional branch of Lithuanian company was not capable of listing CSR responsibilities of the company, nor did he provide evidence of how they are reflected in internal regulations, determining workplace relations. "We allocate funds for charity, we support public events, but the senior executives could provide more details, because it is in the field of their competency". This represents a common strategy for companies, oriented at length towards external stakeholders and focusing on the narrow spectrum of CSR construct, which is confined to environmental (e.g. I3, I4) and charity (I1, I3, I7) activities and legal responsibility (I3, I4, I5, I6, I7, I8, I9). It is a prevailing approach, when CSR application is limited exclusively only to communication strategies. Public relations as a dominant of CSR was indicated by I4 ("...part of our image") and I9 ("... a certain gap between words and deeds can't be excluded, though we are trying to avoid it"), I10 ("...we use it for publicity").

The research revealed, that apart from being an attractive device for public relations, CSR's application in the organizations, represented by the informants, is rather limited. E.g. I1 pointed out the standards of moral (ethical) business in dealing with customers and market competitors, which mostly is manifested by restrictions to broadcast "tendentious information about rivals" and by being honest with the clients. Specifications or explanations of this concept in the terms of the organizational approach are usually unavailable. In addition, this organization is an active player on the lobbying stage, though its regulating acts don't provide any definition of the basic ethical principles for this performance. No public CSR report is published and no publicly available evidence of its internal regulating ethical standards can be found, though the informant hinted to certain references, unavailable to external investigators and other stakeholders. It is impossible for external stakeholders to determine the position of the organization regarding corruption (including internal). Naturally without the public report, any evaluation of the CSR performance or its relevance to the declared CSR principles is invidious.

Another significant issue is definition of workplace relations in the context of ethical standards and determination to follow this definition in real life. This issue maintains its relevance and remains an object of deeper discussions. Business top managers and owners are not inclined to apply specific ethical code for internal regulations and usually maintain the privilege to decide what is right to themselves (Robinson et al., 2003), whereas Doost (1997) concluded his investigation of unsuccessful efforts to embed the code of ethics in organizations by stating that there is still an essential need to nurture the very understanding of ethics in organizations.

In any case code of ethical conduct sets out the way CSR conducts business. The code reflects the basic conception of ethical behaviour of everyone in the company and its ethical workplace relations. Answers provided by the informants clearly reflect the three basic aspects, on which the company focuses its CSR values: responsibility with clients and customers, internal workplace relations and responsible relations with the company and its assets. In defining workplace relations companies focus on the rights of individuals, honesty and impeccable/fair behaviour. Nepotism, cronyism and similar constructs aren't specified in any way. Informant I4 however, quoted that "...friends and relatives must be treated the same way as other customers". Nevertheless, this statement primarily determines the code of conduct for its employees, obliging them to act fairly in order to protect economic interest of the company. According to I4, nepotism can be justified, because "...although everyone deserves fair and equal treatment and abides by the employment laws, it is easier to hire someone you are acquainted with, because you can trust this person more and know what to expect". Favourable workplace attitudes in this comment are underpinned by precedent social relations. All the companies under investigation have a special statement against corruption, which defines merely the prohibition of bribing potential rivals, kickback or corruption against state officials. This interpretation of corruption is undoubtedly too narrow, though according to Hooker (2009), the concept of nepotism, cronyism and corruption is at large influenced by cultural differences. Although most informants stressed the commitment to avoid conflict of interest in decision making processes, the answers reveal that the influence of social relations and its dangers are underestimated or not considered at all. E.g. I7

maintained that “during the working hours employees are not allowed to commit themselves to implementation of personal tasks, not related to job duties”. At the same time he admitted that “equally huge damage can be inflicted by protecting friends and relatives and covering their mistakes”. Another company of the research, represented by this informant, has the code of ethics in place, though interpersonal relations are described in general terms: intolerance to individual harassment, humiliation, conflicts, psychological pressure. There is a strong requirement for the employees to comply with the Code of internal rules and regulations, which, however, doesn’t provide any regulations for consanguinity or “friendly” relations. In contrast, I8 represents a company, where “...employees faced with conflicting interest, due to family or other relations must report it to their manager, though we have no right to check consanguinity of our staff”. The informant maintains that “responsibility and self-control of each individual plays the most important role”. This type of relations is a complicated problem, because, according to I10 “...we are a small country, where many people are connected in one way or another and it is common practice to return a favour for a favour, <...> and people won’t understand properly your refusal to take care of your family member or a school pal; nobody would consider whether it is legal or not”. There is enough evidence from research (Onoshchenko and Williams, 2014) that nepotism and cronyism, as a means of non-monetary remuneration for a personal favour is still significant and widely spread within post-soviet countries, among which is Lithuania. The specific term “*blatas*”, which originates from the Russian language, can still be spotted in the vocabulary of older generation, when it comes to defining protectionism, favouritism, nepotism or cronyism; it was used by I12, stating that “...no one was employed by “*blatas*” ...” He maintains that protectionism has a destructive impact on micro-climate and psychological atmosphere of a single department or the company on the whole. “A person, hired on “*blatas*” relations will be a priori stigmatized, other colleagues will try to avoid her/him, and if that person happens to be a manager, s/he wouldn’t be respected”. I15 and I16 expressed similar attitudes, though I14 stated that friends and relatives facilitate access to internal company information from the grass-root level. This position clearly reflects complicated social responsibility perception in this company or of individual managers.

The complex or equivocal attitude towards CSR in companies reflects the variations in the scale of perception of the phenomenon of discriminative workplace relations by top/senior management. Companies represented in this research, as a rule, have strong commitment against all kinds of discrimination and violation of human rights, though it is essential to distinguish the fact that not in all cases the concept of discrimination, according to the informants of this research, is associated with endowing privileges or difference in attitudes based on belonging/non belonging to specific social networks within the organization. I4, I7, I8 and I9 sees this phenomenon as a manifestation of discrimination (e.g. I7: “<...> in certain sense some employees might be (feel) discriminated”), whereas the rest of the informants regard it as abuse of power/influence and violation of internal regulations.

The answers of this survey, expressing the attitude of individual informants and the companies they represent towards the concept of CSR and its role in fighting destructive workplace relations, such as nepotism, cronyism and favouritism, are classified into three conditional groups: group A → nepotism, cronyism and favouritism are formally identified in the code and other regulating documents, setting the way of conduct for the company and its employees of all levels with external stakeholders (I1, I2, I3, I4, I7, I8); group B → nepotism, cronyism and favouritism are not formally identified in the code and other regulating documents of the company, but are not tolerated (I5, I6); group C → nepotism, cronyism and favouritism are identified indirectly (without providing formal definition).

Some informants maintain (e.g. I5, I6, I9) that the existing Codes of Conduct and Ethics of their companies should be updated with supplements, determining specific aspects of (un)ethical interpersonal behaviour, concerning protectionist relations of employees and/or colleagues. These should be clearly described as intolerable and unacceptable. On the other hand, according to I6, even without formal rules and regulations it is obvious which informal social relations are noxious to the internal processes of the organization and should be regarded as unacceptable.

Within the scope of this research we aimed to estimate the leverage of board members and/or shareholders on the decisions of top managers, representing CSR companies. The interviews of this research revealed that the decisions of the CSR managers, responsible for internal processes of the companies, are more or less influenced by board members and/or shareholders’ attitudes. This influence can be informal (I4: “In some cases there is a prescript to hire one person or another, because s/he is an acquaintance of the owner, <...> so you hire without questions”) or implicit (I7: “We have several relatives of the owners in our personnel, so relations with them naturally differ from

the rest employees”). The informants were asked at what degree their decisions were influenced by the board members and/or shareholders in cases when objective criterion were ignored. The answers accordingly fall into two groups: group I → no influence (I1, I2, I6); group II → direct influence (I4, I8, I10); group II → implicit influence (I3, I5, I7, I9).

Thus the informants, as decision- making managers, pointed out to the influence of the stakeholder groups on certain decisions, which don’t abide to the CSR values of objectivity and honesty. It should be noted that in many cases top managers – directly or implicitly- consider the attitude of the members of the board and shareholders and act accordingly. The situation, when decisions of CEO’s of private equity companies, regarding human recourses, are influenced by formal and/or informal position of shareholders and contradicts CSR ethical values, illustrates the fact, that realization of CSR principles becomes selective, when it concerns such concepts as nepotism, cronyism and favouritism. In addition, I4 maintains that CSR ethical code obliges to act “honestly, fairly, not humiliate oneself or colleagues”, however “it is not always possible to implement this in real life”.

Even though none of the informants, who experienced direct and/or indirect leverage confessed having experienced any sanctions, one can presume that the officially declared ethical values aren’t fully realized in interpersonal stakeholders’ relations (between the shareholders, managers, employees) within the company. Perception of this always provokes dissatisfaction from the harmed persons’ side. The destructive tension, resulting from this situation, was confirmed by the informants: “... people are not satisfied, they often through glances of reproof...” (I4), “... of course, this has a negative impact on my and other people’s attitude towards public declarations of our company” (I8), “there is always a certain degree of antagonism” (I10). According to informant I5, “... everywhere the situation is the same, were are not an exception” (I5). At the same time the selective approach to ethical values is based on the argument that “... it is better not to involve into conflicts with the owners” (I9). In other words, the existing manifestation of nepotism, cronyism and favouritism in companies can be an indicator, showing deviant relations between stakeholders inside the company- shareholders, managers at different levels and employees and it can result in reduced confidence in the officially declared CSR values of the company.

5. Conclusions

This research introduces additional aspect to the concept of CSR, i.e. social networks and interpersonal relations within the organization and between its different internal social and stakeholders’ groups, such as shareholders, management of all levels, employees. By this research the authors don’t suggest any assessment of these relations, i.e. whether they are positive or negative, because this should be a subject-matter for another investigation. Here we maintain that social relations within companies are a polynomial phenomenon, and this aspect of the construct of CSR lacks deeper insight and scholarly investigation. With complex and rather ambiguous perception of nepotism, cronyism and favouritism at society level, the first step should be formal identification of these relations at the institutional level and placing appropriate regulations and protecting rules in the codes of conduct and other acts and regulations of the organizations. The position of Doost (1997) about the necessity to amplify the perception of ethics remains relevant, though the fact that his research was conducted in higher education institutions should be taken into consideration, because business and other types of companies deal with slightly different complex of problems, which in many cases require additional efforts. Cultural differences are another important factor, which has huge impact in estimation of social relations and in many cases justify deviations and dysfunctional behaviour.

Declaration of CSR principles and values, which is oriented towards the outside stakeholders reveals the prevalence of the marketing and image related aspect in CSR application. This leads to a natural question of how strong and legitimate is the commitment of the companies to abide to the principles of social responsibility with regard to all stakeholders- inside and outside the company. The phenomenon of nepotism is often attributed to cultures with strong tribal and peasant cogitative traditions (Kragh, 2012), however this interpretation needs to be extended. This problem is peculiar to the CSR companies in developing countries and post-soviet economic space, where social and workplace relations are at large influenced by specific “double standards morale” heritage and can endanger trust in the CSR concept as such. The application of double standards as a result of direct and/or indirect influence from the part of board members and/or shareholders on managers’ decisions, which in many cases are equivocal, can be considered as manifestation of nepotism, cronyism and favouritism (separately or intermingled).

Such situations are a real threat to become a degrading factor in the employees' approach to CSR principles- they may either lose trust in them, avoid real involvement or send negative message about the company and its values to the outside environment.

The phenomena of nepotism, cronyism and favouritism are kin, they can exist alongside each other and together influence deviant and dishonest managerial decisions, though honesty is one of the main CSR ethical values. Insufficiency or absence of clear standards and regulations become a real threat of internal corruption, which is seldom articulated and acknowledged. Selective application of values inside the company can be transferred into relations with external stakeholders. The attitude of top managers and employees to the manifestation of nepotism, cronyism and favouritism in workplace relations can act as an indicator in identifying the negative phenomena of internal corruption and deviant relations between stakeholder groups inside the company- shareholders, managers of all levels, employees.

The construct of dysfunctional behaviour, which covers a wide spectrum of deviant actions, including protectionism in all its forms (nepotism, cronyism, favouritism) is not sufficiently described in ethical codes and other internal regulating documents of even socially responsible organizations. This problem requires deeper insight and further investigation, comparing experience and practices of different countries in the process of formally defining and institutionalizing destructive relations in acts and regulations of CSR companies.

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