

CSR: A Study of PG Students of Management

¹Sharma Vikram & ²Singh Dr. Fulwinder Pal

¹Assistant Professor, Management Studies, Bhutta College of Engineering & Technology, Bhutta, Ludhiana (India)

²Associate Professor of Economics cum Principal, SBJS Khalsa College, Satlani Sahib, Amritsar (India)

ARTICLE DETAILS

Article History

Published Online: 07 September 2018

Keywords

Corporate Social Responsibility (CSR), Perceived Role of Ethics and Social Responsibility (PRESOR), Sustainable Development.

ABSTRACT

Corporate social responsibility (CSR) has become a key factor for pushing sustainable development and social growth. The importance of CSR has been highlighted in theory and execution. Corporates cannot focus exclusively on profit related goals anymore. They are now also accountable for making decision that are ethically and socially acceptable. This research aims to examine the perception of business students towards corporate social responsibility and investigate the differences if any in perception of marketing stream and finance stream of postgraduate students of management. The study was conducted on sample of 300 MBA 2nd year students in two groups of 150 each of Marketing and Finance stream of Punjab. Perceived role of Ethics and Social Responsibility (PRESOR) Scale developed by Singhapakdi, Vitell, Rallapalli and Kraft (1996) was used to measure perception towards CSR. The results of the study depicted no significant differences in the perception of Marketing stream and Finance stream of postgraduate students of management. The study highlights that it is imperative for academic world to consider students' perceptions of Role of Business Ethics & corporate social responsibility and to appraise their readiness for this sort of business environment. It is only possible by understanding the state of mind of business students to envisage and positively influence the future of corporate social responsibility.

1. Introduction

Sustainable Development Goals (SDG) adopted in 2015 by 193 countries as a follow up to the Millennium Development Goals, focus to end poverty, save the planet and ensure prosperity as a part of the new sustainable development agenda. Total 17 goals and further 169 target are set to be accomplished by 2030 and is possible only if government, corporate and social organizations come forward and work together. The contribution of the Corporate towards development in the form of Corporate Social Responsibility (CSR) i.e. the responsibility of corporate firms for the outcome of its activities on environment and society through ethical and apparent behavior thus leading to sustainable development is being considered to play a key role on achieving the SDG's. The Corporate has always been urged to make efforts to make growth processes both efficient and inclusive and act in a socially responsible way so that growth process may not be at risk and society may be saved from anarchy and division (Former Indian Prime Minister Manmohan Singh in the Ten Point Social Charter (2007)). It has been emphasized that benefits of welfare schemes of the government do not always reach the people who need it and that industrial experience of HR management, financial management and planning of business can easily give the missing ingredients of organization and leadership to establish the 'last mile connectivity' so that the benefits reach the people (Srinivasan, CII National Summit on CSR, 2007). The concept of CSR has gained more momentum in India with the legal provision regarding 2% CSR spend as per the Companies Act 2013. (The New Companies Act 2013)

The term CSR is in debate since the 1950's and the concept of CSR has gradually evolved in meaning and practice from the conventional view of philanthropy to business – society

relationship to contribution of business to deal with social issues. Bowen, H.R. (1953) defined CSR as the duty of business community to follow those policies, make decisions, or to pursue those deeds that are most desirable in terms of values and objective of society.

Friedman (1970) proposed the 'minimalist' view of corporate responsibility which is a business-centric view of CSR. The view concentrates on only one social responsibility of business i.e. to utilize resources of society and engage in activities intended to increase profits as long as that are as per the rules and engage in fair and free competition, without any fraud and deception .

Aupperle, K.E. in 1984 defined CSR as a value system highly susceptible to particular ideas or ways of thinking. Caroll developed "Pyramid of Corporate Social Responsibility" (1991) to emphasize practice of CSR, and is one of the most well known and quoted concept of CSR. Caroll (1991) divided CSR phenomenon into four stages of responsibilities-Economic Performance (i.e. to be profitable and retain a good competitive position) being the basis, followed by Legal Responsibilities (conforming with respective legislation), Ethical Responsibility (to do what is right, just and fair avoiding and minimizing harm to stakeholders) and Philanthropic Responsibility (to contribute to the community).

Freeman proposed the emerging Stakeholder Theory arguing that meeting shareholders needs is only one element in the value-adding process and identified a range of stakeholders (including shareholders) relevant to the firm's operations. Freeman's 1984 paper is identified as a dominant paradigm in CSR (McWilliams & Siegel, 2001) .

The concept of sustainability rose in the 1990's and, Elkington's Triple Bottom line model (1997) challenged companies to put people planet and profit i.e social, environmental and economic aspects into a proper balance. Thus, the concept of CSR shifted from classic shareholder view (only goal being profit maximization) to stakeholder view (internally and externally) in line with Stakeholder approach by Freeman who believed that interests of all stakeholders - Financers, customers, suppliers, communities and employees should be kept in harmony.

According to Uddin, Hassan and Tarique (2008), "the purpose of Corporate Social Responsibilities (CSR) is to make corporate business activity and corporate culture sustainable in three aspects: Economic aspects, Social aspects, Environmental and Ecological aspects". CSR is a practice with the plan to understand and handle responsibility regarding the organization's activities and to support a constructive effect through its actions pertaining to stakeholders, shareholders, society and environment.

The World Business Council for Sustainable Development (WBCSD 2002) states that Corporate social responsibility is the obligation of business to contribute to sustainable economic development, supporting employees, their families, the local community and society at large to improve quality of life around them.

The most recent development in the field of CSR in India is the leap made in this direction by making CSR spend, that was earlier only voluntary, now mandatory as stated in section 135 in The New Companies Act 2013 and India is perhaps the first country to make CSR legally mandatory. The Act directs companies (for a specified turnover /net worth / profit) to spend 2 % of their average net profits of last 3 financial years on CSR activities and report reasons in case of non compliance(The Companies Act, 2013)

With the advent of the new two percent mandate, the companies definitely need to rethink and restructure their CSR strategy (Siddiqui, 2014). Thus, in the current scenario it has become imperative to create awareness and pro mind sets regarding CSR among people particularly among the youth and the corporate for its implementation.

2. Perception towards Corporate Social Responsibility

The strategies governing responsible business practices an organisation are decided by individuals and the perception of individuals involved in such processes is of utmost importance in the successful implementation of CSR. There may be differences in the extent to which an individual believes ethics and business responsibility to be important and one of the most significant factors influencing this is the importance that they assign to responsible behavior and its crucial role in the success and endurance of the business. Singhapakdi et al. (1996) state that perceived importance of ethics and social responsibility for the success of organization is expected to be a major determinant of whether an ethical dilemma is perceived in a state of affairs or not. Singhapakdi et al. (2001) acknowledge that it is very important for managers to perceive ethics and social responsibility first as to be essential for organizational success before their behaviors become genuinely ethical and

reflect greater social responsibility. Thus, perceived importance of ethics and social responsibility for organizational success is an important determinant of real business behavior. It has been emphasised by many scholars and practitioners that decision-makers should include ethical and social responsibility considerations in their strategic decision-making processes (Velasquez, 1992; Shafer et al., 2007; Vitell et al., 2010).

Singhapakdi et al. (1996) designed a scale to measure perceptions of the importance of ethics and social responsibility (PRESOR) for organizational success. Three PRESOR factors representing perception - social responsibility and profitability, long-term gains, and short-term gains were included in their original work. Numerous studies in business ethics have been done on Perception.

A manager's behaviour in a situation with ethical dimension will be determined by perception of the chances that the actions will create a desired outcome. This view is also consistent with Jones' (1991) issue-contingent model where it is assumed that the probability of effect defined as the probability that the act in query will actually take place and the action in question will in reality cause the harm, will affect an individual's ethical decisions. Thus, with regard to practicing and implementing CSR, perception holds a significant place.

3. Emergence & Significance

The implementation of CSR is determined by individuals and is influenced by their perception towards CSR. Management students are future Managers and it is important to study their Perception towards CSR for its successful implementation. The concept of CSR has evolved in importance and significance attached to it by the Companies Act 2013.

Though CSR is gaining prominence in different disciplines of academics but there is a need to develop positive inclination towards this concept. The present study was carried out to emphasize that the concept of CSR needs to be highlighted. The study focuses on the fact that today's management students are tomorrow's corporate decision makers and will be responsible for ethical business practices and values for sustainable development.

Perception towards corporate social responsibility is an important factor and plays a significant role in determining the effective implementation of the concept of CSR. The dynamics that influence and determine how and to what level a person perceives role and importance of social responsibility needs to be studied. The review of literature related to the perceived importance and role of corporate ethics and social responsibility reflects that preceding researches on the topic studied the antecedents of PRESOR outlook on diverse samples including employees and managers (Orpan, 1987; Singhapakdi et al., 1994; Kujala, 2010), and business management students (Arlow, 1991; Kraft and Singhapakdi,1995; Elias,2004). Perceptions of students and managers have also been compared in studies (Cole and Smith, 1996); and differences in PRESOR responses due cross-cultural adoption have also been found (Ahmed et al., 2003). Ethical and Religious perspectives have also been examined as determinants of perception (Shaffer and Simmons, 2008). Some investigators

studied outcome of course on business ethics, degree specialization and level of education on perception and whereas few researches acknowledged considerable effect of such variables on perception towards CSR (Crittenden et al., 2014) and few studies found no impact of the same variables on perception towards CSR (Quazi, 2003). The review posits scope for further research on perception towards CSR as the literature on perceived role of ethics and social responsibility of management students is found to be limited in the Indian context and the concept is still in the initial phase. The perception of Management students as the budding future Business leaders towards CSR is going to validate the better implementation of the model for sustainable development and becomes critical in the present set-up in India and thus the present problem was selected for the study.

4. Research Objectives

1. To study and measure Perception of Management students towards Ethics & Corporate Social Responsibility
2. To find out differences if any in Perception of Management students of Marketing and Finance streams towards Corporate Social Responsibility.

5. Methodology and Procedure

The study was conducted on 300 MBA 2nd year students of selected colleges in the state of Punjab, in two groups of 150 MBA students each of Marketing & Finance. The type of research chosen for the present study is Descriptive research and Survey method was used to collect data from the chosen sample.

Perceived role of ethics and social responsibility (PRESOR) Scale developed by Singhapakdi, Vitell, Rallapalli and Kraft (1996) was used to measure Perceived role of Ethics and Social Responsibility. The scale was administered on the selected group of 300 MBA students in the selected colleges affiliated to various universities of Punjab.

After collection of data, scoring was done and obtained scores were statistically processed for interpretations. Measures of central tendency, Measures of dispersion, symmetrical technique & kurtosis were used (Mean, Median, Standard Deviation, Skewness and Kurtosis) to study the general nature of scores pertaining to Perception of students. After examining the general nature of scores and ensuring normalcy of data for the groups, t-test was employed to find out differences in Perception of MBA students of Marketing Group & Finance Group.

6. Analysis and Interpretation of Results

After statistical processing of scores for Economic, Legal, Ethical and Discretionary components of Orientation of Management Students towards CSR, findings have been presented in the Tables 1.1 and 1.2. The results have been analyzed for the present study for interpretation.

Table-1.1

Frequency Distribution of Test Scores for Marketing and Finance Group for Perception of PG students towards CSR

	Marketing Group	Finance Group
Mean	13.747	14.040
Median	12.00	13.00
Std Deviation	6.6872	4.9362
Skewness	.993	.185
Kurtosis	.419	.431

Table 1.1 shows the values of Mean, Median, and SD of PG students on Perception for Marketing and Finance Group as Mean 13.747 and 14.040, Median 12.00 and 13.00, SD 6.6872 and 4.9362 respectively. The values of Mean and Median are quite proximate for both the groups. The values of Skewness and Kurtosis are 0.993 and -0.185, 0.419 and 0.431 respectively showing the distribution as near normal.

Mean difference between scores of Marketing Group and Finance Group for variable of Perception.

Group	N	Mean	Std. Deviation	Mean Difference	Standard Error Difference	T Value	Sig
Marketing	300	13.747	6.6872	-0.2933	0.4799	-0.611	.541
Finance	300	14.04	4.9362				

The results presented in the table 1.2 showed the t-value for difference in mean scores of perception of Marketing Group and Finance Group was -0.611 which is not significant. This shows that Marketing Group and Finance Group do not differ significantly on the variable of Perception.

7. Results And Conclusions

The study was conducted on MBA students to find out approach of the youth towards the concept of CSR in India. The observations and findings reflect that the concept has not received much attention in colleges and universities in India.

The low Perception of Management Students towards CSR depicts that youth assign low value to ethical reasons for carrying out practices that are socially responsible and slightest significance to Social Responsibility .

Further results of t- test revealed that there is no significant difference between marketing stream and finance stream of PG students of management for perception towards CSR.

The results may be attributed to the reason that students of marketing & finance stream receive the same information so their level of understanding about CSR is not different. Both groups have shown low perception towards CSR which further points out that the students are unaware of the importance of ethics and attach less importance to social responsibility.

The study highlights the need to create awareness in youth regarding CSR specifically in Post Graduate management students who are future managers. Study also highlights the need to redesign the curricula to create proactive mindsets for CSR.

References

1. Singhapakdi, A., Vitell, S.J., Rallapalli, K.C., & Kenneth, L.K. (1996). "The perceived role of ethics and social responsibility: A scale development." *Journal of Business Ethics*, 15(11), 1131-1140.
2. <http://www.picindia.org/sites/default/files/PM's%2010%20Point%20Charter%20for%20Companies.pdf>
3. Srinivasan, V. (2007). From awareness to leadership: making CSR an actionable business agenda, CII National Summit on Corporate Social Responsibility, Chennai.
4. [.http://cempaka-green.blogspot.in/2007/06/csr-is-new-growth-mantra.html](http://cempaka-green.blogspot.in/2007/06/csr-is-new-growth-mantra.html).
5. www.mca.gov.in/ministry/pdf/The_Companies_Bill_2012.pdf.
6. Bowen, H. R. (1953). *Social responsibilities of the businessman*. New York: Harper & Row.
7. Friedman, M. (13th September, 1970). The social responsibility of business is to increase profits. New York: New York Times Magazine, The New York Times Company, 122-126.
8. Friedman, M. (1962). *Capitalism and freedom*. Chicago: University of Chicago Press.
9. Aupperle, K. E. (1984). An empirical measure of corporate social orientation. *Research in Corporate Social Performance and Policy*, 6, 27-54.
10. Carroll, A. B. (1991). The pyramid of corporate social responsibility: Toward the management of organisational stakeholders. *Business Horizons*, 34(4), 39-48.
11. Freeman, R. E. (1984). *Strategic Management: A Stakeholder Approach*, New York, Cambridge University Press.
12. McWilliams, A., & Siegel, D. (2001). Corporate social responsibility: a theory of the firm perspective. *Academy of Management Review*, 26(1), 117-127.
13. Elkington, J. (1997). *Cannibals with forks: The triple bottom line of 21st century business*. UK: Capstone Publishing Limited.
14. Uddin, M.B., Hassan, M.R. & Tarique, K.M. (2008). Three dimensional aspects of corporate social responsibility. *Daffodil International University Journal of Business and Economics*, 3, 199-212.
15. World Business Council for Sustainable Development (2002). *Corporate Social Responsibility -The WBCSD's journey*.
16. Siddiqui, S. J. (2014). CSR and environmental sustainability initiatives: A case study of NMDC LTD. *International Journal of Business and Administration Research Review*, 1(7), 116.
17. Singhapakdi, A., Karande, K., Rao, C. P., & Vitell, S. J. (2001). How important are ethics and social responsibility? A multinational study of marketing professionals. *European Journal of Marketing*, 35, 133-152.
18. Velasquez, M. G. (1992). *Business ethics: Concepts and cases*. New Jersey: Prentice Hall.
19. Shafer, W. E., Fukukawa, K., & Lee, G. M. (2007). Values and the perceived importance of ethics and social responsibility: The U.S. versus China. *Journal of Business Ethics*, 70(3), 265-284.
20. Vitell, S. J., Ramos, E., & Nishihara, C. M. (2010). The role of ethics and social responsibility in organizational success: A Spanish perspective. *Journal of Business Ethics*, 91 (4), 467-483.
21. Singhapakdi, A., Vitell, S.J., Rallapalli, K.C. & Kenneth, L.K. (1996). The perceived role of ethics and social responsibility: A scale development. *Journal of Business Ethics*, 15(11), 1131-1140.
22. Jones, T. M. (1991). Ethical decision making by individuals in organizations: An issue contingent model. *The Academy of Management Review*, 16(2), 366- 395.
23. Orpan, C. (1987). The attitudes of United States and South African managers to corporate social responsibility. *Journal of Business Ethics*, 6(2), 89-96.
24. Singhapakdi, A., Vitell, S. J., & Leelakulthanit, O. (1994). A cross-cultural study of moral philosophies, ethical perceptions and judgements: A comparison of American and Thai marketers. *International Marketing Review*, 11(6), 65-78.
25. Kujala, J. (2010). Corporate responsibility perceptions in change: Finnish managers' views on stakeholder issues from 1994 to 2004. *Business Ethics: A European Review*, 19, 14-34.
26. Arlow, P. (1991). Personal characteristics in college students' evaluations of business ethics and corporate social responsibility. *Journal of Business Ethics*, 10(1), 63-69.
27. Singhapakdi, A., Kraft, K. L., Vitell, S. J., & Rallapalli, K. C. (1995). The perceived importance of ethics and social responsibility on organizational effectiveness: A survey of marketers. *Journal of the Academy of Marketing Science*, 23(1), 49-56.
28. Elias, R. Z. (2004). An examination of business students' perception of corporate social responsibilities before and after bankruptcies. *Journal of Business Ethics*, 52(3), 267-281.
29. Cole, B. C. & Smith, D. L. (1996). Perceptions of business ethics: Students vs. business people. *Journal of Business Ethics*, 15(8), 889-896.
30. Ahmed, M. M., Chung, K. Y., & Eichenseher, J. W. (2003). Business students' perceptions of ethics and moral judgment: a cross-cultural study. *Journal of Business Ethics*, 43, 89-102.
31. Shafer, W. E., & Simmons, R. S. (2008). Social responsibility, Machiavellianism and tax avoidance: A study of Hong Kong tax professionals. *Accounting, Auditing and Accountability Journal*, 21, 695-720.
32. Crittenden, V. L., Crittenden, W. F., & Hawes, J. M. (2015). Ethical standards of marketing students. In: Malhotra N. (eds) *Proceedings of the 1986 Academy of Marketing Science (AMS) Annual Conference. Developments in Marketing Science: Proceedings of the Academy of Marketing Science*, 164-168.
33. Quazi, A. M. (2003). Identifying the determinants of corporate managers' perceived social obligations. *Management Decision*, 41(9), 822-831.
34. <http://www.picindia.org/sites/default/files/PM's%2010%20Point%20Charter%20for%20Companies.pdf>