

Perceptive Differences in Social Responsibility Among Executives and Management Students

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Abstract

As corporate social responsibility is receiving increased attention by company stakeholders, researchers are also increasingly exploring corporate social responsibility, its causes and implications. This study is a qualitative research done to explore the link between the management students, and executive's perception of corporate social responsibility and its relationship with underlying factors such as volunteering in social awareness task, campaign against social ill, devoting some time for the social cause, etc. The study found that the ongoing management students attach more importance to the non economic aspects than the executives actually working in the organizations. The Executives are more inclined towards facilitating payment to get work done and fulfilling the legal obligations. The Management students stress more on philanthropy. In the choice of business goal there is little difference between the two groups. At the end we have attempted to present a model on the basis of study to fill the gap.

Keywords: Socially Responsible Behavior, Awareness, Environment Laws, Philanthropy.

1. Introduction

Today, both the academicians and the corporate leaders have considered CSR as highly effective of the most widely accepted business concepts. All the major constituents of the society, governments and corporations to non-governmental organizations and individual consumers are accepting it and awareness is widespread all through the as told by Lee in the year 2008. In the year 2000, World's

Business Council for the Sustainable Development of businesses describes CSR as "commitment of business to contribute to sustainable economic development, working with employees, the local community and society".

This increased attention towards CSR has also resulted in the business schools imbibing CSR in business education too. There have been extensive efforts by the institutes like redesigning of syllabus, bringing more of practicality into education, to make both students and teachers aware of the importance of touching upon CSR-related issues in the classroom and working in real-life situations. However, still attention is needed towards overcoming the learning and teaching challenges invoked when incorporating a previously peripheral subject into the mainstream business. Today there is a growing demand (as well as supply) for courses designed to address topics such as ethics or corporate social responsibility in business schools and company universities. However, we are short of educational tools and techniques that go beyond simply adding on topics according to the demand of the market and prepare students to deal with these issues when experiencing complex situations in the field. However corporate responsibility creates value, both for their companies and for society. However, the evidence on the actual impact of such courses on changes in decision-making or on leadership behaviour has yet to be demonstrated (Mirvis 2008). Furthermore, despite the growing trend in management education towards personal development (e.g. via coaching) and explicitly addressing corporate as well as personal values (values-based management), empirical validation of the effectiveness of these approaches is missing. CSR is today often approached from a strategic management

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perspective (Vande Ven and Jeurissen 2005). According to this view, companies can reap significant benefits from differentiating themselves from competitors through their CSR activities (Burke and Logsdon 1996; Porter and Kramer 2006; Husted and Allen 2007).

The present study is done to understand-

1. The importance of developing the Socially Responsible behaviour and social awareness through management education.
2. To find out the perceptive differences among the students and the Executives working in the organization.
3. To develop a logical model on the basis of study.

2. Literature Review

As previously stated, business has now shifted the emphasis from business analysis to effective management with issues such as CSR having jumped to the top of the management agenda (Simms, 2005). This has contributed to an appreciable upsurge of interest in the teaching of CSR

Michael Porter emphasizes the need for the 'right types and quality of education of future employees' as one of the requirements for business to invest successfully in CSR, and there by become more competitive. According to Mintzberg, 2004, Ghoshal, 2005, still there is a continuous debates on the 'practical' relevance of business education for business in the real world . They also highlighted number of major challenges to the teaching and learning of CSR and finally in its practice. Matten and Moon, 2004 has stated that Business school education has been criticized for having a curriculum dominated having socially irresponsible and ethically dubious assumptions of the core theories and concepts in the shareholder-value-oriented perspective that discourages CSR awareness and behaviour. This criticism by the researchers and social scientists is effective in convincing the students of the relevance of the topic and engaging their attention.

From the organizational perspective , in a definition proposed by the Commission of the European Communities corporate social responsibility (CSR) is described as societal responsibility for a company to integrate social and environmental concerns into their activities and stakeholder relationships on a voluntary basis (European Commission, 2002). The World Business

Council for Sustainable Development describes CSR as "commitment of business to contribute to sustainable economic development, working with employees, the local community and society" (World Business Council for Sustainable Development, 2000). What is missing today, however, is the integration of the so-called 'know-why', the (often implicit and deeper) understanding of the impact of specific events or courses of action, in the design and execution of educational interventions. For this reason, management education needs to explicitly address personal traits and values (social consciousness) to foster a better understanding of why and how specific decisions and actions (i.e. socially responsible behaviour, SRB) emerge. In this way 'who we are' determines 'what we do', or in the words of Jim March (1994) 'what would a person like me do in a situation like this?' (The logic of appropriateness, versus the logic of consequences.). Innumerable studies done on CSR have showed a positive and statistically relevant relationship between CSR and financial performance Martin Curran provides a systematic review of evidence on the relationship between CSR and financial performance (Martin Curran, 2005).

Carroll (1979) proposes a model that categorizes CSR into four components. The economic component has obligated corporations to perform well economically and meet consumption needs of their respective customers. The legal component requires them to perform their economic mission within the purview law. The ethical component calls for businesses to abide by society's moral rules. The last component is benevolent and philanthropic in nature. Carroll's definition of CSR is widely accepted and so this paper has used Carroll's model as a basis for creating a questionnaire instrument.

Developing Socially Responsible Behaviour: The basic aspects of CSR include developing socially responsible behaviour and social awareness and incorporating them in their day-to-day activities.

From the above discussions it is clear that inculcating the social awareness through curriculum of management is helpful in developing socially responsible managers. To give it a practical exposure a case is illustrated below.

The above case clearly states that how the development of socially responsible behaviour is helpful in gaining a strategic advantage for the institutions. This is the indication that development of social awareness among the young management students is helpful in making

them more socially responsible and ultimately gaining an edge over their competitors.

Figure 1

DOCC is a Committee of SPJIMR .i.e. Centre for Development of Corporate Citizenship (DOCC) was established in the year 2001 with a view to mould management education in tune with the Indian context. DOCC is a unique program developed to hone management skills of future managers in social sectors and to create awareness about the need to contribute to the society. At the same time DOCC aims to enhance the managerial aspects of the social sector. The flagship program of DOCC is the six weeks project, which the PGDM first year students have to undertake in socially and economically disadvantaged sectors of the society. This is to inculcate right attitudes and values in the future managers and to provide managerial inputs to social sector. Each year in the month of March to May the students undertake socially relevant projects for 6 weeks. Project requires a student to work in the social sector with an NGO and to provide management inputs gathered from his classroom learning to the non-profit sector. The models of the projects undertaken are submitted to the Corporate/NGO involved. The advantages of this arrangement are manifold and attempts to bring NGOs and the corporate sector closer together, with SPJIMR acting as an intermediary. The inputs provided by the student after intensive study of a particular organization, benefit not only that organization, but also to the work done by similar organizations. At the same time the student benefits by applying his learned skills to an unstructured environment and is sensitized of his role as a corporate citizen towards the social sector. Rigorous field work, interaction with field personnel, strategy design at corporate level for branding, funding or program enhancement and assessment of existing activities formed the core of the 83 DOCC projects that were allocated to 139 students. This year DOCC reached out to NGOs and corporate not only in all corners of the country, namely Ladakh and Andaman and Nicobar Islands, but also made an international impact in Sri Lanka and USA.

Source : www.spjimr.org/centre_docc/events.asp

3. Methodology

In the present study, data is collected by conducting a survey of 57 entry-level MBA business students at higher educational institutions in Navi Mumbai and 58 Executives working in a corporate on the basis of convenience sampling. The respondents were selected across various management disciplines to factor out any possible discipline-based effect. The respective curricula in those disciplines are quite similar and the survey was conducted before the respondents enrolled in an ethics or

CSR-related course to avoid any biased response. Those Executives that represents the corporate world have been selected. The basic purpose of the study is to assess if CSR adds so much value to the business education, and management institutions have already imbibed Ethics and Corporate Social Responsibility in their curriculum with practicality then, what it is that is creating a gap between a CSR executive and management students' perceptions.

CSR Perceptions

The present study, would help in assessing the respondent's perception of CSR against a backdrop of socially responsible behaviour, social awareness, environmental laws and assessment is done on the variables like their volunteering towards CSR, major contribution towards CSR, Social ills, reciprocity towards activities relating to CSR, Environment, Recall, favouritism, Bribery without being mitigated by workplace pressures that might conflict with the inherent individual values. Their current perceptions can have significant implications if they were to bring their social responsibility values into the workplace in the future. The survey was done anonymously in class. The questionnaire contains 12 CSR situations that managers might encounter at their work place (Appendix). four CSR components – philanthropic, economic, legal, and ethical guided as a universal choice guided the initial process of domain identification. The respondents were asked to indicate on a Likert scale of five categories, from Strongly Agree (assigned a value of 5) to Strongly Disagree (value of 1), reflecting how they would have acted in a CSR situation. The questionnaire was circulated to 100 students through convenience sampling and 100 executives online and on convenience, but only 58 students and 59 executives returned back the filled questionnaire. Validity is not a problem in this study because the questionnaire items are not meant to measure an abstract CSR dimensional concept. Each item is meant to measure the perception of a specific CSR practice. Initially, four business professors were asked to complete the questionnaire to determine any obvious presence of ambiguity or a minute indifference in the wording of each item.

Two null hypotheses were used to test for differences between management students in MMS courses and CSR executive's responses to a relevant CSR situation. Hypothesis A tested for differences in response to

Questionnaire Items 1 through 12, with the exception of Item 6. The testing for response differences to Item 6 was done with Hypothesis B. Item 6 required respondents to choose only one of five goals as the primary goal most desirable for businesses. Rejection of a hypothesis would be helpful in deductively providing support that the CSR responses by the specified groups were influenced by differences in corporate and institutional environments (Whitcomb *et al.*, 1998).

Hypothesis A: *Management students and Executives both would respond similarly when presented with the same CSR situation.*

Hypothesis B: *Both the management students and Executives respondents would*

Respond similarly when choosing a primary goal from five different business goals (Item 6).

The data collected were subjected to the ANOVA to determine differences among the student and executive samples. The Chi-Square nonparametric test was applied on the frequencies of responses to business goals listed in Item 6.

4. Result and Discussion

CSR Perceptions:

ANOVA results are shown in Table- 1

Hypothesis A : Management students and executives both would respond similarly when presented with the same CSR situation.

Result Discussions:

1. If they are the business owners , more of the management students (75%) and Executives (51%) perceived that they would be willing to allow some employees to volunteer at an education campaign that aims at adopting the uneducated children from remote part and educate them (F = 5.69/P = 0.02). The Management students and Executives seem to be on the opposite ends of the volunteering spectrum.
2. A large percentage of Management Students (77%) then Executives (63%) were willing to contribute financially to the charitable organization (F = 5.29/p = 0.02). This item supports an earlier observation that management students tended to place more emphasis on the philanthropic aspects of CSR.
3. About 67% of management students versus 51% of

Executives were willing to help solve social ills in the community (F = 10.97/p = 0.001). Management Students attached more importance to the philanthropic dimension of CSR. Indians treat a failure to tackle society’s ills as a failure in moral terms (Miller *et al.*, 1990)

4. Most of the management students (52%) agreed they were willing to outsource to maintain competitiveness and profitability. The management student mean (3.41) is significantly different from the Executives mean (2.9), with F values of 14.69 (p = 0.00). The differences in responses might have more to do with the economic reality and the professional attitudes of Executives.
5. A majority of Executives(66%) and management students (67%) disagreed that the only business social responsibility is to perform its economic role well, such as providing employment, meeting consumers’ needs, and generating profits for owners.
There are also cultural and historical reasons also why perceptively there is more emphasis of the students on the noneconomic aspects of social responsibility that is visible in the perception of both the management students and the professionals in the field. The greater societal impact presents a powerful moral argument for businesses to continue to take on social responsibility in noneconomic areas, such as corporate philanthropy (McMahon, 1986).
6. A majority (79%) of Executives perceptively disagreed with the practice of reciprocity by terminating a lease obligation and being willing to pay a penalty in order to help a close business associate. In contrast, only 48% of students’ respondents disagreed. The difference between Executives and management students groups (F = 25.87/p = 0). Executives were more emphatic about their legal obligations than Management students’ respondents. Management Students tend to emphasize on relationship while the Executives emphasizes on the rule-based behavior. Harmony leads to the concept of relationship which obligates associates to help each other out.
7. A majority (79%) of executive’s respondents perceptively disagreed with the practice of reciprocity by terminating a lease obligation and being willing to pay a penalty in order to help a close business associate. In contrast only 48% of Indian respondents

Table 1

| Sr No | Items | Cat | Frequency | | ANOVA | | | |
|-------|--------------|----------|---------------|---------------|----------------|--------------------|---------|---------|
| | | | CSR executive | Mgmt Students | executive Mean | Mgmt Students Mean | F Value | P Value |
| 1 | Volunter | Agree | 0.63 | 0.73 | 3.57 | 3.7 | 0.92 | 0.34 |
| | | Neutral | 0.15 | 0.12 | | | | |
| | | Disagree | 0.22 | 0.15 | | | | |
| 2 | Contr to CSR | Agree | 0.63 | 0.77 | 3.63 | 3.94 | 5.29 | 0.02 |
| | | Neutral | 0.22 | 0.14 | | | | |
| | | Disagree | 0.15 | 0.09 | | | | |
| 3 | Social ills | Agree | 0.51 | 0.67 | 3.04 | 3.83 | 10.97 | 0 |
| | | Neutral | 0.27 | 0.24 | | | | |
| | | Disagree | 0.22 | 0.09 | | | | |
| 4 | Outsource | Agree | 0.3 | 0.52 | 2.09 | 3.41 | 14.69 | 0 |
| | | Neutral | 0.33 | 0.32 | | | | |
| | | Disagree | 0.37 | 0.16 | | | | |
| 5 | Econ role | Agree | 0.21 | 0.21 | 2.44 | 2.5 | 0.18 | 0.67 |
| | | Neutral | 0.13 | 0.12 | | | | |
| | | Disagree | 0.66 | 0.67 | | | | |
| 6 | Reciprocity | Agree | 0.12 | 0.34 | 2.08 | 2.79 | 25.87 | 0 |
| | | Neutral | 0.09 | 0.18 | | | | |
| | | Disagree | 0.79 | 0.48 | | | | |
| 7 | Environment | Agree | 0.16 | 0.19 | 2.42 | 2.46 | 0.09 | 0.76 |
| | | Neutral | 0.25 | 0.2 | | | | |
| | | Disagree | 0.59 | 0.61 | | | | |
| 8 | Recall | Agree | 0.8 | 0.89 | 4.04 | 4.26 | 3.66 | 0.06 |
| | | Neutral | 0.13 | 0.06 | | | | |
| | | Disagree | 0.07 | 0.05 | | | | |
| 9 | Favoritism | Agree | 0.35 | 0.4 | 2.83 | 3.05 | 2.23 | 0.14 |
| | | Neutral | 0.21 | 0.27 | | | | |
| | | Disagree | 0.44 | 0.33 | | | | |
| 10 | Pilfer | Agree | 0.12 | 0.16 | 2.32 | 2.26 | 0.24 | 0.62 |
| | | Neutral | 0.23 | 0.11 | | | | |
| | | Disagree | 0.65 | 0.73 | | | | |
| 11 | Bribery | Agree | 0.18 | 0.19 | 2.11 | 2.3 | 1.49 | 0.22 |
| | | Neutral | 0.13 | 0.2 | | | | |
| | | Disagree | 0.69 | 0.61 | | | | |

Table 2

| S.No | Perception on goal of business | Statistic Variables | Executives | Management Students |
|------|--|---------------------|------------|---------------------|
| 1 | Provide Employment | Count | 6 | 3 |
| | | Expected Count | 4.5 | 4.5 |
| | | % in sample | 5% | 6% |
| 2 | Meet Consumer Need | Count | 19 | 18 |
| | | Expected Count | 17.5 | 17.7 |
| | | % in sample | 35% | 32% |
| 3 | Profit for Owners | Count | 21 | 22 |
| | | Expected Count | 21.8 | 22.2 |
| | | % in sample | 39% | 40% |
| 4 | Tax Revenue to Government | Count | 0 | 0 |
| | | Expected Count | 0 | 0 |
| | | % in sample | 0% | 0% |
| 5 | Meet the social , cultural & Economic need | Count | 12 | 14 |
| | | Expected Count | 13.4 | 13.3 |
| | | % in sample | 21% | 25% |
| | | Total | 58 | 57 |
| 6 | Chi- Square Test | Value | 1.99 | |
| | | Significance | 0.05 | |
| | | DOF | 3 | |

disagreed. The difference between the executives and students is significant ($F = 25.87/p = 0$).

Executives were more emphatic about their legal obligations and rule based behaviour than students favoring social connectedness over the rule of law would smack of corruption.

Hypothesis A: Not Rejected

Although the mean difference between the Executives score and Management Students groups is not statistically different in other items, some interesting insights can be obtained by comparing the response frequencies of variables 8, 9, 10, and 11 in Table 1. A majority of respondents in the two groups disagreed on gaining competitive edge at the expense of some environmental pollution. The reason could be students are most working for non monetary gains and Executives think more for the sustainable competitive advantage. Pollution has become a sensitive issue for the corporate to get an edge over its competitors. The two groups overwhelmingly (Executives 80%; Management students 89%) agreed that an immediate and voluntary recall, although costly, should be done of a defective product that was potentially harmful for the

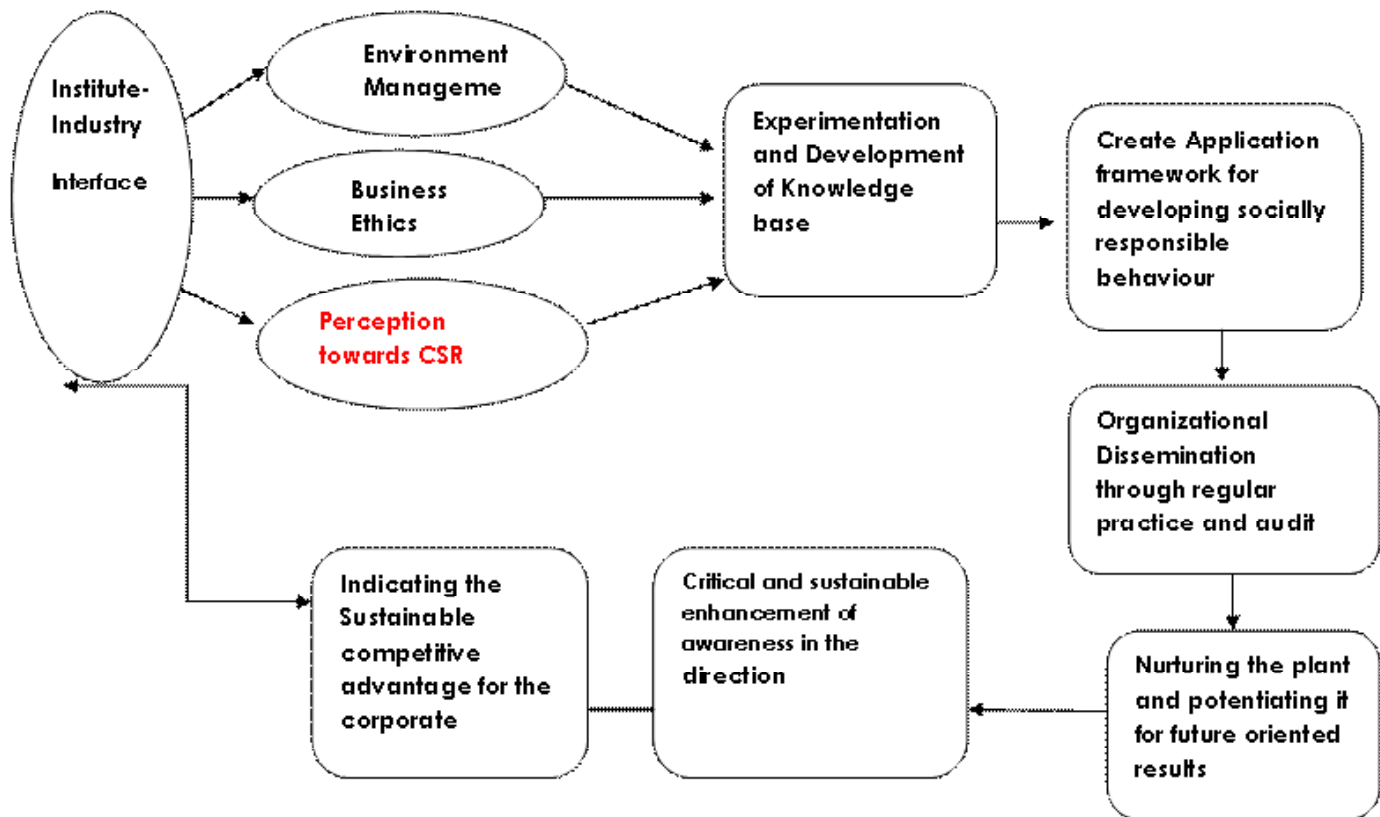
society. Although the percentages are quite similar, the reasons for the responses could be different. The students responses could be based more on ethical rather than legal and liability grounds (Christie *et al.*, 2003).

Although the differences are not significant, the percentage (44%) of Executives disapproved of awarding contracts based on connections is higher than those of the management students (33%). Executives would consider favoritism more objectionable even when applicants are equally qualified.

Hypothesis B: Both the management students and executives respondents would respond similarly when choosing a primary goal from five different business goals (Item 6).

Table 2 above shows the frequency of responses to variable 6 representing the primary goal of business. The Chi Square test results show that Hypothesis B cannot be rejected for group comparisons. Few respondents from both the groups chose Goal 1 (employment) and Goal 4 (tax revenue for government). For Goal 2 (providing quality products/services at fair prices), the percentages of

Figure 2 Logical Model



Executives, and management students who chose this goal are 35%, and 32%, respectively. For Goal 3 (maximizing profit for owners), the percentages of Executives and management respondents who chose this goal are 39%, and 40%, respectively. Evidently, the two main goals of businesses for both the groups should be to take care of the interests of owners/ shareholders and consumers, but there was a greater emphasis on taking care of owners' interests for Executives and students. For Goal 5 (meeting social, cultural, and economic community needs), about 21%, and 25% of Executives and students, chose this goal. The higher percentage of students reflects earlier Primary Goal of Business Statistic Variables.

5. Implications

The results of this study contain some implications for the business school curriculum that seeks to incorporate the subject of CSR. They also contain implications for public policy and multinational corporations.

1. In the choice of business goals, the two main goals selected are to take care of consumers' needs and owners' interests. Although the second goal has some societal element in it, both goals can be consid-

ered as the economic goals. A published by United Nations in 2005 proposes a redesign in the business goal which acknowledges the need to be profitable but also argues that social citizenship and sustainability should be accounted for within the goal of profitability (Prinsloo et al., 2006). In promoting acceptance of such a redefined goal, business schools need to be more aggressive in presenting to students that sustainability is part of the profitability equation or there would ultimately be a price to pay. Sustainability and social citizenship could be packaged to students in terms of risk management, such as the risks of fines, climate change impact, forced liquidation (e.g., Enron), loss of goodwill, and high-employee turnover (Bisoux, 2008)

Business education in India would probably benefit greatly from the new business model because the results show how management students emphasized the economic dimension of CSR more than Executives.

Executives placed relatively lower importance on tackling society's ills.

This finding has an implication for the higher education

curriculum in terms of how ethics and social responsibility should be taught. Usually, they are taught in a lecture format. A Confucian saying states that one tends to forget when told, remember if shown, and understand when involved (Navarro, 2009). Ethical and social responsibility values can best be embraced by experiential approaches. For example, business students at Oriental Institute of Management have to go to the rural India to understand the causes of Female foeticide there, it is hoped that the management students' immersion in those service-learning projects would have a positive impact on their sensibility to society's ills and that their value system would change accordingly. Ethical or CSR sensibility is more of a function of who people are than what they do (Cordeiro, 2003).

2. The findings in this study reflect the thinking of college-age respondents before they enroll in an ethics or CSR course and the executives working in corporate. Would the results be significantly different if they completed the survey after they had taken such a course? When the students reach college age, they are less impressionable and receptive to new value systems. Age plays an important role in the ethical and CSR orientation of students (Arlow, 1991). The responses to Item 7 indicate that Executives were more emphatic about their legal obligations than management students. Students tend to emphasize social and reciprocal relationships.
3. CSR Perceptions implies that governments should take into consideration cultural traditions when trying to develop public policies that can effectively encourage desirable corporate behaviors. Firms would probably respond more to traditional value-based public policies than those 'imported' from other countries.
4. The study has the implications for corporate also. As mentioned earlier, students tend to emphasize social relationships over rule-based behavior and paying 'facilitating' bribes to government officials is quite common. This has an implication for foreign multinational firms operating in India that whether these multinational firms 'import' and adopt the same ethical and CSR standards of the home country or should they just comply with local traditions and laws? Should they comply with certain minimum standards espoused by world organizations such as the UN and WHO if local laws are woefully inadequate to protect local communities (Gouldson,

2006)? Similarly, there is another implication for multinational firms, especially those from developing countries such as India that do not have a long history of functional home regulatory setting in CSR and ethics. It is natural that they 'export' what they know and it would be a challenge not to expect any dysfunction of their home regulatory setting to be reflected in their behavior in the host country. It is in the long-term interests of these companies to self-regulate with an appropriate code of conduct that expresses their values and social commitments to the host community, even if they are ahead of the curve when compared to their home regulatory setting. When multinational firms operate in places where the host governments are not able to deliver basic services and the wealth gap is wide, it is in the firms' own interests to get involved in the community responsibly (Shinn, 2005). It is all about sustainability.

5. The diagrammatic representation of the concept.

Logical Model - FIG- IV

6. Conclusion

1. The present study has shown that management students have shown greater inclination towards non-economic dimensions of Social Responsibility.
2. The executives emphasized and stresses upon the legal obligation while management students shown more indication towards philanthropy.
3. In ethics there is no significant difference in the response of the two groups. They both consider bribe as unethical

7. Scope for Future Research

This research provides lots of scope for future researches in the direction. Some of the identified aspects are:

1. Further the researcher can go for developing the scientific tools for assessing the socially responsible behavior which is discussed in raw form in the present study.
2. There is a need for the longitudinal study to determine the change in their perception towards the socially responsible behavior over the passage of time.
3. Further model so developed can be tested practically

which is a drawback of present research where the model is developed on the logical ground of the research outcomes.

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