

## CSR: Exploring Perceptions of Management Students

\*Vikram Sharma    \*\*Shalini Gupta

*\*Assistant Professor, Bhutta College of Engineering & Technology, Ludhiana*

*\*\*Professor, Desh Bhagat University, Mandi Gobindgarh, Punjab*

### Abstract

The agenda of development by Governments worldwide needed to be supported by business organizations that have the capacity to make considerable social impact. The research paper studies Corporate Social Responsibility (CSR) as an important field of concern and a prospective contributor to the development. The latest amendment of CSR mandate in the New Companies Act, 2013 has actually posed requirement for creating awareness on CSR mandate to implement it in an effective manner. The research paper studies stream differences in perceived role of ethics and social responsibility of business management students. The study was conducted on a sample of 300 management students in two groups of 150 each of marketing & finance streams in MBA 2nd year selected by random stratified sampling from selected colleges of Punjab. The results exhibits that there is no significant difference in perceived role of ethics and social responsibility of marketing and finance streams of business management students. The study emphasizes the need of building positive attitudes and perception regarding CSR in future leaders of social responsibility practices.

**Key Words:** Corporate Social Responsibility (CSR), New Companies Act, 2013, Perception.

### Introduction

The developmental concern of governments worldwide concentrates at attaining sustainable development goals established by the United Nations. India too is making every attempt on the path of accomplishing developmental objectives and substantial economic developments have been witnessed. The most crucial contributor to this improvement is the corporate industry which has noticed huge development recently and has the capability to make a significant social influence and development. Uccello (2009) observed a change in the business sector as a result of globalization and liberalization. Businesses are an area to offer work as well as positively impact the societal ailments of society anywhere. As business is actually dependent on society for its business transactions, it should split its share and earnings with society and should know and accept the responsibility towards society i.e. social responsibility. Social Responsibility is the duty of companies to show ethical and transparent behaviour concerning effects of its actions of its on society as well as the earth. The corporate sector necessitates contributing to the government's endeavour for social and economic growth and fulfilling the obligations of the organizations to the society i.e. Corporate Social Responsibility (CSR). CSR refers to obligations which organizations owe towards the society in which they

really function. These features must aim at sustainable growth and must also result in societal welfare as well as think about the expectations of employees of business. CSR is likewise used interchangeably with phrases like Corporate Accountability, Enterprise that is Responsible, Business Ethics, Corporate Citizenship, Sustainability, and Corporate Social Opportunity along with Corporate Responsibility. What's more, it refers to the techniques employed by businesses to accomplish tasks in an honest and in such a way that's helpful to society in development. CSR has got a significant interest and has additionally undergone remarkable changes within the last couple of years as many initiatives have been considered by governments worldwide. India additionally launched a leap in this particular area by creating CSR expenditure compulsory as described in the section 135 of New Companies Act, 2013.

### Evolution of Corporate Social Responsibility (CSR)

The CSR movement started in the 1920's when big corporations of oil, electricity, telecommunication & car sector viewed CSR as a part of management studies. Bowen (1953) referred CSR to the obligations of businessmen to get those policies, to create those choices, or even to go by those lines of motion that are appealing in phrases of values & goals of society.

**Friedman** minimalist' view of corporate responsibility (Lucas, Lafferty and Wollin, 2001), a business centric perspective asserted that there's one and just one social responsibility of company i.e to utilize its resources and take part in activities meant to boost its earnings so long as it remains in the rules and engages in free and open competition, with no fraud or deception.

**Johns Johnson (1971)** stressed the view of utility optimization that is a lexicographic view, along with a standard perspective which parallels Bowen's (1953) definition. The Committee for Economic Development in 1971 presented a 3 concentric circle method to depict CSR. The circles represent purely honest, purely economic, and solely legal actions of the firm (Carroll and Schwartz, 2003).

**Carroll (1979)** described CSR by specifying 4 domains of a company (economic, legal, honest, and discretionary), showing the duties which society expects businesses to think.

**Carroll (1991)** regards a CSR organization or maybe CSR to be genuine in case it strives to create an income, obeys the law, and is actually honest along with a corporate citizen. Freeman's work on the emerging Stakeholder Theory was a crucial milestone of the evolution of idea of CSR. Freeman emphasized that accomplishing shareholder needs is just one of the components in a value adding course of action and then identified a range of stakeholders (including shareholders) applicable to the firm's operations.

**Freeman's 1984** paper goes on to be recognized as a seminal paper on stakeholder concept like a dominant paradigm of CSR (Siegel and McWilliams, 2001). In the 1990's, sustainability rose as a budding theme and establishment of worldwide companies' management positions exclusively devoted to management. In 1997, Elkington's Triple Bottom line which challenged businesses to keep people, planet and profit i.e social, economic and environmental facets into balance received acceptance. The idea of CSR shifted as a result of the traditional shareholder perspective (only objective being earnings maximization) to stakeholder view

(internally and externally) that was in harmony with Stakeholder approach by Freeman that argued that interests of all the stakeholders - Financers, customers, suppliers, employees and communities must be kept in harmony.

**Philip, Kotler and Nancy Lee (2005)** described CSR as the obligation to improve and develop community well being by means of discretionary business practices as well as contribution of company means. IN 2003, Commission of the European Communities described CSR as the idea that an enterprise who is responsible for the impact of its effect on all pertinent stakeholders. It's the continuing commitment of corporates to behave responsibly and fairly and also add to economic development while simultaneously enhancing the quality of life of the work force as well as their families and of the local community as well as society at large and in 2011 redefined CSR as the duty of the enterprises for their impacts on society. The **International Organization for Standardization Report (ISO, 2010)** considers Social Responsibility as the obligation of a company for the effect of its decisions and actions on society and also the planet. The businesses should show ethical and transparent behaviour and make sure they add to sustainable growth for health and also the welfare of society, take into consideration the stakeholders expectations, comply with international law and norms of behaviour and also have integrated CSR to the organization as well as practices CSR in most of their procedures.

**Corporate Social Responsibility in India** CSR isn't a new term for India and many businesses in India have been engaging in charity, philanthropic activities as well as social development pursuits. In spite of philanthropic activities and numerous efforts, social responsibility in India didn't have any organized and formal design. A new Partnership for inclusive growth is required which could be the 10 Point Social Charter and we require regard for the employees and invest in their welfare (Singh, 2007). In 2009, the Ministry of Corporate Affairs released Voluntary Guidelines on CSR as the initial step towards mainstreaming socially responsible company. A significant milestone

in this particular course was making CSR invest necessary reported in section 135 in the new Companies Act 2013 and India is actually the very first state to make CSR legally necessary. The Act directs businesses (for a specified turnover /net well worth / profit) to invest two percent of their net income of previous three financial years on CSR pursuits as well as report reasons in case of non compliance, therefore attaching a lot more value to the area in the terms of creating consciousness regarding CSR as well as the implementation of its (The Companies Act, 2013. The Ministry of Corporate Affairs (MCA) issued CSR Rules, 2014, to carry out this legislative mandate that came into effect on April one, 2014 (Ministry of Corporate Affairs).

Sushmita (2013) in 'Corporate Social Responsibility: Current Scenario' concluded that the Section 135 of new Companies Act, 2013 is a great effort and it would go a long way in fortifying the social initiatives taken by the businesses.

Hence the CSR mandate has immense possibilities for contribution to development and growth but practical and successful implementation of the Act relies on its perception by business as an opportunity to attain long lasting results or even just like an activity for authorized reasons. Keeping in view, the latest advancements in the area of CSR, perception of students regarding CSR holds a considerable place in the academic world as it is going to have an effect on the implementation of CSR

### **Perceived Role of Ethics and Social Responsibility**

The level to which a person attaches importance to values as well as business obligation might be unique and of the countless elements having considerable effect on tendency of company supervisors to be engaged in ethical and responsible conduct, one of probably the most significant will be the benefits that they connect to responsible behaviour as well as its role of success and survival of the company. Singhapakdi et al. (1996) state that perceived importance of societal responsibility as well as ethics to organizational strength is actually apt to be a major determinant if an

ethical issue is actually perceived in a certain situation or perhaps not. Singhapakdi et al. (2001) recognize that administrators have got to initially perceive social responsibility and ethics to be essential to organizational strength before their actions start to be much more honest and mirror greater social responsibility. Hence, perceived value of social responsibility & ethics for organizational success might be a crucial determinant of legitimate business conduct.

Singhapakdi et al. (1996) created a scale for measuring perceptions of the importance of ethics and social responsibility (PRESOR) to organizational success. Three factors of PRESOR representing perception – income & social responsibility, short-term gains and long-term gains were included in their initial work. Although opening analysis of research studies on perception supported the existence of these factors and further additional work recommended modifications and acknowledged only two factors i.e. importance of ethics and social responsibility and subordination of ethics and social responsibility and with the results it was also merging along two themes—stakeholder and shareholder views. The shareholder view reveals a relatively narrow and limited view of organizational obligations which emphasize the significance of business profitability (taking care of interests of the stakeholders while keeping out others) and commitment only towards stakeholders. Business leaders with stakeholder-orientation, assign more importance to the interests of business stakeholders rather than highlighting only the interests or benefit of shareholders. Those who have a stakeholder view emphasize that the business owes accountability to stakeholders and should act ethically and also in a socially responsible manner. Thus, attitudes of managers regarding the value and importance of corporate ethics and social responsibility facilitate a lens to see and evaluate business decisions. A manager's course of action in a situation with ethical dilemma will be based on perception of the likelihood that the actions will produce a desired outcome. Hence, with regard to implementing and practising CSR, perception holds a very important place.

### **Significance and Emergence of the Study**

Perception towards corporate social responsibility is actually a crucial component that determines the effective implementation of CSR and it's the need of the hour to understand factors which figure out how as well as to what extent a person perceives the role as well as value of social responsibility as important. The evaluation of literature associated with perceived importance of social responsibility and company ethics exhibits that previous investigations on the subject studies PRESOR attitudes of various populations as staff and supervisors (Dawson, 1997; Kujala, 2010), and business pupils (Singhapakdi, 1995 and Kraft ; Simmons et al., 2009). Researches in addition made comparisons of perceptions of pupils and supervisors (Smith and Cole, 1996); and also explored cross cultural disparities in PRESOR responses (Singhapakdi et al., 1994 & 2001; Shafer et al., 2006). Researches also studied religiosity as well as ethical perspectives as determinants of perception (Quazi, 2003; Simmons and Shaffer, 2008). Some studies determined gender as a tremendous determinant of perception towards CSR (Ameen et al., 1996; Gill, 2010) whereas others found no huge effect of gender on perception (Gholipur et al., 2012). The previous work doesn't indicate some clear path concerning perception regarding CSR hence suggesting scope for more research on perception.

New Companies Act, 2013 has produced a room for CSR in India by laying down legislative provisions for guaranteeing CSR invest by organizations and there's astounding potential for betterment and growth of the society through business contribution but implementation of the mandate in the sense that is real will be achievable only when pro CSR mindsets are actually created and CSR invest is performed truly and not only to fight compliance problems. Kumar (2014) discovered that there's a requirement to create understanding about CSR amongst the general public to ensure that CSR initiatives could be done more efficiently. The requirement to make certain the implementation of CSR has put additional duties on the institutions which

prepare future business leaders, especially business facilities to play a proactive role in training the future and present generations to take up CSR duties as well as bridge the gap between business and modern society. The idea certainly requires understanding as well as interest regarding CSR has to be inculcated. Therefore, the investigator felt that there's a need to research perception of business students regarding CSR.

### **Objective of the Study**

To study stream wise differences in perceived role of ethics and social responsibility of PG students of management.

### **Hypothesis of the Study**

There is no significant difference in perceived role of ethics and social responsibility of marketing and finance streams of PG students of management.

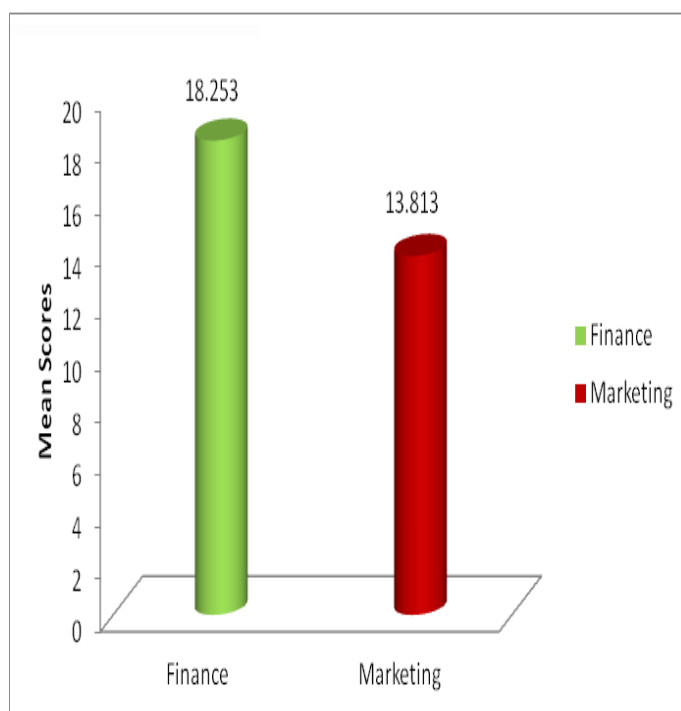
### **Methods & Procedures**

The present study was a descriptive survey and was conducted on PG students of management from selected colleges of Punjab. PG students of management studying in MBA 2nd year were selected for the present research as the second year students have undergone industrial training after completing 1st year of MBA course. PRESOR Scale by Singhapakdi, Vitell, Kraft and Rallapalli (1996) was utilized to determine Perceived role of ethics and Social Responsibility. Mean, median, standard deviation, skewness as well as kurtosis were used on the scores of MBA students for the variable of perceived role of ethics and social responsibility to determine the dynamics of the score distribution. t-Test was put on to evaluate the significance of difference of perception with respect to stream or specialization.

### **Analysis and Interpretation**

Tables showing mean difference between finance group and marketing group of PG students of management for variable of perceived role of ethics and social responsibility have been presented in the table below.

The results presented in table 1 show that t-value for difference in mean scores of finance group and marketing group of PG students of management for variable of perceived role of ethics and social responsibility was 4.725



**Figure 1: Displaying Mean Difference between Scores of Finance Group and Marketing Group of PG Students of management for Variable of Perceived Role of Ethics and Social Responsibility.**

which is significant at 0.01 level. This shows that finance group and marketing group of PG students of management differ significantly on the variable of perceived role of ethics and social responsibility.

Figure 1 depicts mean scores of finance group and marketing group of PG students

of management for variable of perceived role of ethics and social responsibility are 18.253 and 13.813. Thus higher mean scores of finance group of PG students of management for variable of perceived role of ethics and social responsibility led to the conclusion that finance group of PG students of management has significantly higher perception than marketing group of PG students of Management towards CSR. Therefore, hypothesis, "There is no significant difference in perceived role of ethics and social responsibility of marketing and finance streams of PG students of management" has been rejected.

### Conclusion

Results show that marketing group of PG students has significant lower perception towards role of ethics and social responsibility than finance group of PG students of management. So it can be concluded that finance group of PG students of management has higher perception towards role of ethics and social responsibility suggests that students of finance stream are more aware of the concept and importance of corporate social responsibility. This may be attributed to the fact that they deal with financial and social audit and are trained to deal and comply with the norms.

### Implications

The study highlights the demand for

**Table 1: Mean Difference between Scores of Finance Group and Marketing Group of PG Students of Management for Variable of Perceived Role of Ethics and Social Responsibility.**

Group	N	Mean	SD	Mean Dif- ference	Standard Error Dif- ference	T Value	Remarks
Finance	150	18.253	8.9968	4.4400	.9396	4.725	0.000**
Marketing	150	13.813	7.1760				

\*\* Significant at 0.01 level.

emphasizing the idea of CSR in academics as well as the company to generate understanding about the CSR mandate. The results of the study likewise highlight the demand for building pro CSR mind sets in the future beholders of social responsibility habits for implementation of CSR mandate

in real manner as well as spirit to tap the enormous potential of the social mandate to ensure that it might benefit the society.

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