

A Comparative Analysis of the Perceptions of Accounting and Business Administration Students on Corporate Social Responsibility (CSR)

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ABSTRACT

With Corporate Social Responsibility receiving increasing public attention both in the corporate world and academe, the researcher have referred to the level of corporate social awareness as an indicator of CSR among business students in Far Eastern University (FEU-Manila). The author of this paper imparted the use of disclosure method and determine the CSR awareness level from the perspective of accounting and business administration students. It also study the views and perceptions of students that exhibit different levels of awareness based on Carroll's Pyramid of CSR. The results showed a low level of awareness in both accounting and business administration students, although accounting students tend to exhibit a relatively higher level of awareness. However, no significant differences in CSR awareness is detected when differences in both groups. The findings suggest that emphasis on CSR education, particularly the impact on financial performance and moral obligation, are necessary in both business and academe.

Keywords : Corporate Social Responsibility (CSR), Carroll's Pyramid, Level of Awareness, Perception on CSR, Accounting and Business Administration students

In recent years, students majoring in business administration have been exposed to the concept of Corporate Social Responsibility (CSR) in a number of courses. The goal is to increase their awareness of the importance of this area and its impact upon both business and society. The basic premise is that today's business students aspire to be tomorrow's business leaders. As the nation's future managers and executives, these students' values will help to determine the course of organizations over the next three of four decades. Therefore, it is important for researchers to understand their perceptions and views toward social responsibility and how these attitudes differ from those of current executives. It is important for both students and executives as well that they recognize the similarities and differences between them with regard to social responsibility.

CSR has been the subject of considerable investigation and debate for many years among both academicians and students. In response to numerous demands that business firms play a more energetic role in the overall welfare of society, many of these have in recent years given considerable attention to the social impact of their economic activities. This has prompted some of the business organizations to introduce codes of ethical conduct and to actively accommodate the interests of various groups in society by engaging in certain purely social endeavors. Also, the

academic community has attempted to address this problem by discussing social and ethical issues in business ethics or business-and-society courses or by infusing these subjects throughout the business school curriculum.

The notion that business firms should be attentive to the needs of a diverse group of constituents having a claim on the business organization has been the subject of vigorous debate for over two decades. This has provoked an especially rich and diverse literature investigating the role of business in society.

Despite these research efforts and the continued preoccupation on the part of both students and teachers with the role of business in society, relatively little attention has been devoted to the study of the CSR orientation of business students. Furthermore, to date very little is known regarding the extent of similarities and differences between top executives and students with respect to their corporate social responsiveness orientation.

Philippines has demonstrated an increasing awareness of CSR in recent years. The emergence of non-governmental organizations (NGOs) such as the Green Peace Association and WWF Philippines contribute extensively to social and environmental awareness. However, there is no statutory requirement in Philippines for public-listed companies to disclose information relating to their CSR activity. Nonetheless, the newly revised listing requirements of the Philippine Stock Exchange (PSE) require disclosure of information that has the potential to influence the financial performance of a company.

In order to understand the significance of Corporate Social Responsibility (CSR) among accounting and business-related students, the study seeks to ask the following research question:

1. What are the perceptions and views of accounting and business administration students in CSR? To answer this research question, the following variables were considered by the researchers:

- a. CSR practices or activities done locally
- b. advantages of CSR
- c. significance or importance of CSR
- d. core values in doing CSR?
- e. vital role of leadership in CSR?

2. Is there a significant difference among accounting and business administration students in terms of views about Corporate Social Responsibility (CSR)? To answer this question the researchers used the four responsibilities of CSR namely: economic, legal, ethical, and philanthropic. Other internal aspects of CSR were also considered like community involvement, corporate citizenship, profit maximization, and abiding the law.

Carroll's Pyramid

According to Carroll (1991), Corporate Social Responsibility (CSR) can be defined as the "economic, legal, ethical, and philanthropic expectations that society has of organizations at a given point in time". The concept of corporate social responsibility means that organizations have moral, ethical, and philanthropic responsibilities in addition to their responsibilities to earn a fair return for investors and comply with the law. A traditional view of the corporation suggests that its primary, if not sole, responsibility is to its owners, or stockholders. However, CSR requires organizations to adopt a broader view of its responsibilities that includes not only stockholders, but many other constituencies as well, including employees, suppliers, customers, the local community, local, state, and federal governments, environmental groups, and other special interest groups.

Corporate social responsibility is related to, but not identical

with, business ethics. While CSR encompasses the economic, legal, ethical, and discretionary responsibilities of organizations, business ethics usually focuses on the moral judgments and behavior of individuals and groups within organizations. Thus, the study of business ethics may be regarded as a component of the larger study of corporate social responsibility. Carroll's four-part definition of CSR makes explicit the multi-faceted nature of social responsibility. The *economic responsibilities* cited in the definition refer to society's expectation that organizations will produce good and services that are needed and desired by customers and sell those goods and services at a reasonable price. Organizations are expected to be efficient, profitable, and to keep shareholder interests in mind. The *legal responsibilities* relate to the expectation that organizations will comply with the laws set down by society to govern competition in the marketplace. Organizations have thousands of legal responsibilities governing almost every aspect of their operations, including consumer and product laws, environmental laws, and employment laws. The *ethical responsibilities* concern societal expectations that go beyond the law, such as the expectation that organizations will conduct their affairs in a fair and just way. This means that organizations are expected to do more than just comply with the law, but also make proactive efforts to anticipate and meet the norms of society even if those norms are not formally enacted in law. Finally, the *philanthropic responsibilities* of corporations refer to society's expectation that organizations be good citizens. This may involve such things as philanthropic support of programs benefiting a community or the nation. It may also involve donating employee expertise and time to worthy causes. Carroll's CSR Pyramid can be describe as follows:



Source: Carroll (1996)

International Concepts on CSR

CSR as defined by European Commission (2001) is “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” following increasingly aware that responsible behavior leads to sustainable business success. CSR is about managing change at company level in a socially responsible manner which can be viewed in two different dimensions:

- a) Internal – socially responsible practices that mainly deal with employees and related to issues such as investing in human capital, health and safety and management change, while environmentally responsible practices related mainly to the management of natural resources and its usage in production.
- b) External – CSR beyond the company into the local community and involves a wide range of stakeholders such as business partners, suppliers, customers, public authorities and NGOs that representing local communities as well as environment.

CSR as a formal concept of corporate conduct is often perceived in Asia as a Western doctrine. Whilst values of socially responsible business, evolved from local cultures and needs, exist in Asia (as they do in all societies), international trade and investment have introduced a formalized structure of CSR that Asian businesses must learn to understand, adopt and implement in response to external pressures of large Western corporations.

The concept of CSR has evolved and matured extensively since its beginning in developed Western economies several decades ago. Today, CSR is not new in the Asian economy and a growing number of Asian businesses would have or are beginning to 'experience' CSR through business connections with multinational corporations which stipulate CSR-related contractual requirements, most notably in supply chain relationships.

CSR in the Philippines

Some businesses in the Philippines have been involved in CSR, here are some examples:

The RFM Corporation launched a new milk product that targeted the lower income segments. Dubbed the "*people milk*", the Selecta Fortified Filled Milk was developed to be positioned as a lower-cost and good quality ready-to-drink milk. Organized community groups were also invited to serve as distributors of the product which came in a variety of serving sizes.

Manila Water Company has a philosophy "*We Care*", which is a cornerstone of its human resource programs, aimed, among other things at developing modern water system managers to their fullest potential.

Jaime Augusto Zobel de Ayala, Chairman, Ayala Corporation, CSR is about giving back to the communities that we serve, sharing with the less fortunate and being able to help our fellow countrymen. CSR of the past was more of just philanthropy. But over the years, it has taken on a different meaning – all good citizens should be involved in social responsibility.

Lamoian Corporation has made it a policy to employ people with disabilities like PWD or People with Disorders, specifically deaf workers. Lamoian made the necessary adjustments in the workplace so that this policy could be instituted.

METHODS

Sampling

A self-administered questionnaire was distributed via in-class administration to a large convenience sample among selected accounting and business administration students was selected in this study. A total of seventy (70) students per group responded in the *CSR Perception Survey*, but only seven students per group were subjected in the interview. The students in both groups should at least belonging to a block section, not a transferee or shifter and must be in his / her senior years in FEU. This method was deemed as the most appropriate because it allowed the survey to be distributed to a large group of people, while minimizing the self-selection bias that could be created through a volunteer-based survey. The students that responded were mostly 4th year students

because they will do on-the-job training (OJT) next semester. Therefore, it is important for them to realize the value of CSR because they will enter the “real world” one or two years from now.

Measures

This research used and adopted the *CSR Perception Survey* from Carroll’s Pyramid, it is an instrument that measure the students in attending to certain content. It was edited and content validated by education and business experts, so that it can be used locally. In order to measure this, respondents answered the questions regarding their perceptions and views on CSR. Using a Likert-type scale, the students was asked how often they used a medium to fulfill a particular need, with answers ranging from 1 (“**Strongly Disagree**”) to 5 (“**Strongly Agree**”). Frequencies, means and standard deviation were used to described the results between the difference of Accounting and Business Administration students on their perceptions and views on CSR.

RESULTS AND DISCUSSION

Levels of Awareness on CSR

In order to understand the level of awareness on CSR of both groups, a *CSR Perception Survey*, was given on February 20-25, 2011, at the student organization office of the Accounting and Business Administration office respectively. Then it was collected and collated for discussion and interpretation of result.

Table 1 : Comparison Between the Mean Scores of AS and BAS Using CSR Perception Survey

Respondents	Standard Deviation	Average Mean	Test for Significance	Remarks
Accounting Students (AS)	4.25	4.14	1.16	Not Significant* T < 0.05
Business administration Students (BAS)	4.13	3.69		

**Degrees of freedom at 0.05 level of significance is 1.96*

The computed t-value of 1.16 is much lower than the critical value of 1.96 at 0.05 level of significance. Both groups have a verbal interpretation of “Agreeable” based on the Likert scale. Hence, the difference in the mean scores of both groups is not statistically significant. Both groups have the same knowledge and background about CSR which they have taken under Business Ethics. The mean difference of 0.45 gained a standard deviation of 4.25 and 4.13, for the AS and BAS respectively, indicated that the scores were not varied in both groups.

Table 2 : Statement on the 4 Responsibilities of CSR

Statement	Mean w/ Verbal Interpretation	
	AS	BAS
Statements on the Economic Responsibilities of CSR		
1. Business should commit to CSR regardless of economic consequences.	4.23 (SA)	4.11 (A)
2. CSR is costly and not good for sustainability.	4.30 (SA)	3.77 (A)
Statements on Legal Responsibilities of CSR		
3. Successful business should fulfill its legal obligation thru CSR.	4.21 (SA)	3.10 (NS)
4. CSR is done only to make the business a law-abiding corporate citizen.	4.30 (SA)	3.79 (A)
Statements on the Ethical Responsibilities of CSR		
5. CSR is important to prevent ethical norms from being compromised.	3.41 (A)	3.58 (A)
6. CSR is limited to just mere compliance with laws and regulations.	4.39 (SA)	3.29 (NS)
Statements on the Philanthropic Responsibilities of CSR		
7. CSR projects and activities can enhance a community's quality of life.	4.19 (A)	3.37 (NS)
8. CSR is just for image or reputation management.	4.10 (A)	3.79 (A)

The result presented in Table 2 indicates that the mean scores of AS is higher than the BAS and also the former group strongly agreed with the statement that business should have a commitment towards CSR. According to Carroll (1991), the implication of living up to the economic responsibilities requires future managers to maximize profits whenever possible. The essential responsibility of business is assumed to be providing goods and services to society at a reasonable cost. In discharging that economic responsibility, the firm also emerges as socially responsible by providing productive jobs for its workforce and tax payments for its local and state government.

The result indicates that the mean scores of AS is higher than the BAS and also has the same verbal interpretation, while the latter group has different interpretation about the legal aspects of CSR. The second statement is an indicator whether they understand the first statement which is a positive statement. An implication of the legal responsibility of CSR is the consumer and

environmental movements focused increased public attention on the need for social responsibility in business by following laws that govern business in the areas of pollution control and consumer safety.

As seen in the table, the AS generally agreed with the statement about the ethical responsibilities of CSR. But for the BAS, they agree with the positive statement but they are not sure of the second statement, which is stated in a negative form. The implication of the ethical responsibilities deals with obligations that transcend legal requirements. Firms are expected, but not required, to behave ethically. Some actions that are legal might be considered unethical.

As shown in the table, the AS were consistent in their answers about the philanthropic responsibilities of CSR. But for the BAS, there were inconsistencies since they agree with the negative statement but they are not sure whether CSR improves the quality of living of the community. The implications of philanthropic responsibilities include public relations activities, good citizenship, and full corporate responsibility. Through public relations activities, managers attempt to enhance the image of their companies, products and services by supporting a worthy cause. Companies that adopt the good citizenship approach actively support ongoing charities, public service advertising campaigns or issues in public interest.

Table 3 : Statements on other internal factors affecting CSR

Statement	Mean w/ Verbal Interpretation	
	AS	BAS
Statement on Community Involvement		
9. As a future businessman, I should participate in voluntary and charitable activities within their local communities.	4.39 (SA)	4.36 (SA)
Statement on Corporate Citizenship		
10. As a future businessman, I should be a good corporate citizen.	4.33 (SA)	4.10 (A)
Statement on Profit Maximization		
12. As a future businessman, it is important to be committed to being profitable as possible.	4.47 (SA)	4.51 (SA)
Statement on Law Abiding Citizen		
12. As a future businessman, I should be consistent with expectations of government and law.	4.36 (SA)	4.49 (SA)

As seen in Table 3, both groups strongly agreed with the statement that everyone should participate in voluntary and charitable activities. A socially responsible firm practices are where the corporation adapts philanthropy business practices and investments to support social causes to

improve the well-being of the community. These refer to voluntary responsible business practices that go beyond the mandate of the law. This type of activity is more in line with the business operation of the firm.

According to Waddock (2004), companies have the greatest social impact when they make specialized contributions to large-scale cooperative efforts. Those that contribute to initiatives in which other private, public or nonprofit organizations are also active have an effect that goes beyond their limited contributions. Such a strategy can be viewed as a “pet project” and not as a contribution to a larger problem where a range of players have important interest.

The AS strongly agreed with the statement on being a good corporate citizen, while the BAS just agrees with it. An organization has legal and moral obligations to its owners. These obligations include, but are not limited to attempting to ensure that owners receive an adequate return on their investment. Employees are also primary stakeholders who have both legal and moral claims on the organization.

Both groups strongly agreed with the statement on profitability. It is important for a company to be profitable so it can do CSR activities. The dynamics between CSR and success (profit) is complex. While one concept is clearly not mutually exclusive of the other, it is also clear that neither is a prerequisite of the other. Furthermore, CSR generates social capital for the company because it allows the company to build a relationship of trust with its stakeholders like the employees, communities, supplier and type of market. In other words the firm’s reputation is enhanced. However, the ultimate motivation for business firms is to practice CSR should not be financial motivation, but a moral and ethical one.

Both groups strongly agreed with the statement that everyone should abide government laws. A business firm is not just limited to primary stakeholders but also to the governmental bodies and regulatory agencies. They should play an active role in trying to ensure that organizations accept and meet their responsibilities to its stakeholders.

It is important to remember that the different responsibilities on the continuum of CSR overlap, creating gray areas where societal expectations on organizational behavior are difficult to categorize. In considering the overlaps among various demands for CSR, however, as educators teaching future businessman we should keep in mind that in the view of the consumers, economic and legal responsibilities are required, ethical responsibility is expected and philanthropic responsibility is desired.

ANALYSIS

Perceptions on CSR based on Carroll’s Pyramid

Based on the interview conducted by the researchers, both groups have different view and opinion about CSR. Like the question about advantages of CSR, most of the AS answered it based on profit maximization, and increase in shareholder’s wealth. While the BAS answered it on a different perspective, like fulfilling legal obligations, enhance market growth and market share for the company. It was common answer for both groups that CSR promotes good reputation for the business.

The context for engaging in CSR in schools and universities like FEU is normally framed around the questions of poverty, social need, environmental management, governance, and government responses. Also, poverty levels are relatively high in developing countries like the Philippines. The poverty line is high, where large portions of the population have less access or control over productive resources. With the rising unemployment and underemployment rates, there

is enormous pressure for the government to deliver basic social services and create a sound economic opportunities for the poor.

During the interview, it is evident that transfer of resources is common. This is usually in the form of corporate-giving and philanthropy through individual charity, partnership with charitable organizations or through corporate foundations. In the Philippines, corporate-giving has remained to be a major driver for CSR. Like Nestle Philippines reported that monetary donations made up 73 % of total corporate-giving in 1999, while in-kind donations made up 27%.

When the students were asked about CSR activities of various businesses here in the Philippines, both groups have the perception of “dole-outs”. Doing CSR is not just donating any excess profit or goods of the company, as seen in the Related Literature, doing CSR should have community involvement, immersion and organization. There should be an impact on the part of the community, which should benefit from the CSR activities.

Since community involvement is important in doing CSR, students should be immersed while they are studying, like during NSTP 1 and 2. This refers to the direct involvement of the firm in community-based programs either by themselves or in collaboration with other firms, schools, NGOs or government agencies. The coalition arrangement allows not only the pooling of resources and expertise it also provides insurance or lessens the risks for companies. Big companies here in the Philippines like Petron and Jollibee have engaged in community social initiatives either in partnership with charitable organizations or through their own corporate foundations, an idea that began in the 1960s. Today, most of the largest corporations have their own foundations.

CONCLUSIONS and RECOMMENDATIONS

Based on the findings of this research there was no significant difference between the level of perception on CSR for both groups (accounting and business administration students) since the two groups are business related courses.

Accounting and business administration students should realize and accept their role in community development, they aid in the institutional of programs and initiatives geared towards such endeavors. Top management strengthens CSR programs with its support and endorsement. Its supervisory function assures that CSR initiatives are “institutionalized through the consistent and persistent implementation of the programs, which later on translates into habit.

As future corporate leaders the students should begin to realize and accept their role in community development, they aid in the institutionalization of programs and initiatives geared towards such endeavors. Top management and administrators should strengthen CSR programs with its support and endorsement. Its supervisory function assures that CSR initiatives should be persistent implementation of the programs, which later on translates into habit.

It is important that there is strong commitment and good rapport at the top management and ultimately throughout the organization. Leadership alone does not guarantee proper and effective performance of the firm with respect to its community initiatives. The students, which are the future leaders, must also engage in the involvement of the business organization.

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